

# HOUSING TRENDS UPDATE

## October 2011

*Housing Trends Update* is derived from the

### Campbell/Inside Mortgage Finance HousingPulse Tracking Survey

It is based on a national survey of more than 2,500 real estate agents each month and provides up-to-date intelligence on home sales and mortgage usage patterns throughout the United States



### Housing Trends Update

*Housing Trends Update* is published monthly and is available only to real estate agents who are part of the Campbell/Inside Mortgage Finance HousingPulse survey panel.

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## Mortgage Backlogs Cause Home Purchase Closing Delays, Latest *HousingPulse* Finds

Backlogs in approving mortgages are causing significant delays in home purchase closings, according to the latest Campbell/Inside Mortgage Finance *HousingPulse* monthly tracking survey of real estate market conditions.

While the normal mortgage approval timeline is around 30 days, heavy lender workloads due to a surge in refinancing applications and appraisal complications have stretched timelines to 45-60 days. In some areas, up to half of home purchase closings have been affected, according to real estate agents responding to the national *HousingPulse* survey in September.

Mortgage problems have been especially acute for distressed property closings, including both foreclosed and short sale transactions. For foreclosed properties, damage to the property often prevents uncontested or simple appraisals. For short sale properties, mortgage origination preapprovals sometimes lapse before all parties—mortgage servicer, mortgage investor(s), and homeowner—have agreed to the transaction.

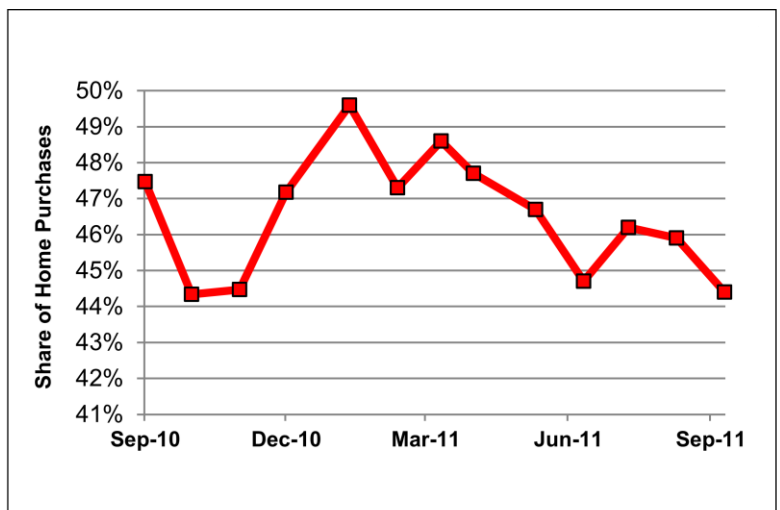
Further complicating the situation is a new California law prohibiting forced deficiency notes on short sales, which has made second lien holders slow to negotiate these transactions.

Meanwhile, the total proportion of distressed property in the housing market, as tracked by the *HousingPulse* Distressed Property Index (DPI), fell to 44.4% in September from 45.9% in August. The gap between the supply of distressed properties and the absorption by first-time homebuyers narrowed to 8.8 percentage points in September, down from 11.0 percentage points in August.

### Change in Distressed Property Market Share

The latest *HousingPulse* Distressed Property Index (DPI) shows that the share of home purchases involving distressed properties fell to the lowest level in a year last month.

Source:  
Campbell/Inside Mortgage Finance *HousingPulse* Tracking Survey

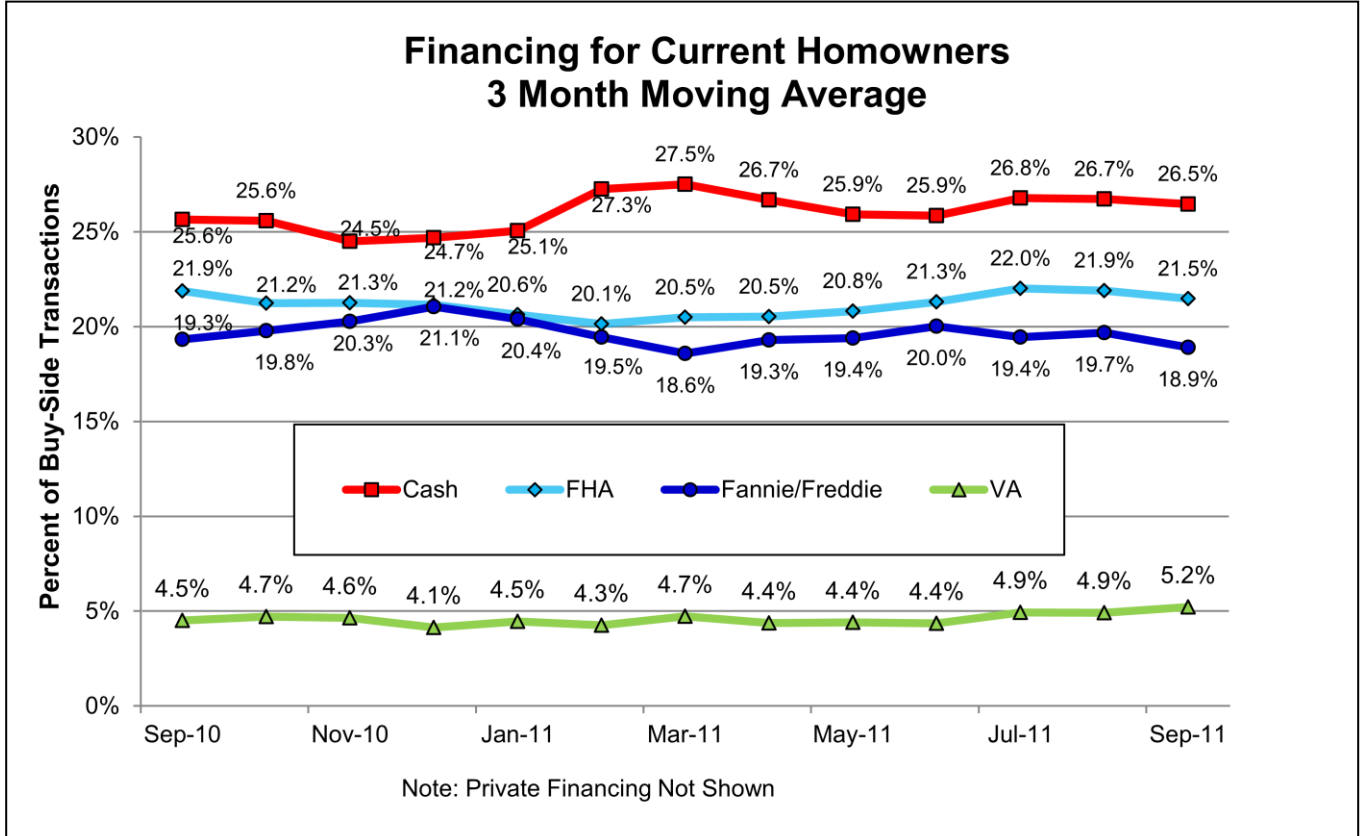


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But major delays in closings was the big housing news in September. “Per other agents in office, approximately 45-50% of transactions delayed due to mortgage application timelines. And the issue seems to be getting worse,” commented a real estate agent in Mississippi who responded to the latest HousingPulse survey.

“Approximately 70% of all distressed property closings (in our area) have been delayed



because of loan conditions,” complained an agent in California.

Many agents reported long mortgage approval timelines in the latest survey.

“Most mortgage applications are taking 45-90 days for approval. However, there really is no set time as the banks are continually asking for more info. Because of the (large) number of refinances, our mortgage officer in our office is saying it will take longer from now on,” reported an agent in Connecticut.

“Closing definitely takes longer due to loans now. Approximately 45 days instead of 30 days,” confirmed an agent in Colorado. “All closing timeframes have been lengthened due to the changes in appraisal rules,” added an agent in Michigan.

“With the new California law 458, seconds are not willing to settle. Mortgage application timelines run out for the buyers waiting to receive acceptance, counter or declination. Problems are getting worse,” predicted an agent in California.

The Campbell/Inside Mortgage Finance *HousingPulse* monthly tracking survey involves approximately 2,500 real estate agents nationwide each month and provides up-to-date intelligence on home sales and mortgage usage patterns.

To listen to a recording of Thomas Popik, research director for Campbell Surveys, explain more on the dynamics of the September housing market, click on this link:

[October 2011 HousingPulse Audio File](#)

## Residential Real Estate Pricing and Commission Metrics

Average Sales to Listing Price Ratio	2011 Year to Date			
	Damaged	Move-In Ready	Short Sale	Non-Distressed
<u>Region</u>	<u>REO</u>	<u>REO</u>	<u>Short Sale</u>	<u>Distressed</u>
AZ & NV	96%	99%	95%	93%
California	98%	98%	95%	96%
Farmbelt	87%	97%	93%	94%
Florida	95%	97%	91%	93%
Industrial Midwest	92%	93%	91%	94%
Northeast	94%	95%	92%	94%
Oil Producing	90%	98%	92%	96%
Pacific NW	97%	95%	96%	96%
Rocky Mountain	91%	96%	92%	95%
South	88%	96%	91%	95%
<b>National Average</b>	<b>93%</b>	<b>96%</b>	<b>93%</b>	<b>95%</b>

Average Listing Side Commissions	2011 Year to Date			
	Damaged	Move-In Ready	Short Sale	Non-Distressed
<u>Region</u>	<u>REO</u>	<u>REO</u>	<u>Short Sale</u>	<u>Distressed</u>
AZ & NV	2.62%	2.47%	2.91%	2.81%
California	2.49%	2.53%	2.81%	2.66%
Farmbelt	2.69%	2.84%	2.88%	2.91%
Florida	2.70%	2.81%	2.87%	2.90%
Industrial Midwest	2.69%	2.81%	2.87%	2.84%
Northeast	2.68%	2.76%	2.83%	2.78%
Oil Producing	2.78%	2.67%	2.91%	2.77%
Pacific NW	2.78%	2.67%	2.77%	2.76%
Rocky Mountain	2.68%	2.73%	2.93%	2.73%
South	2.73%	2.65%	2.89%	2.82%
<b>National Average</b>	<b>2.69%</b>	<b>2.69%</b>	<b>2.86%</b>	<b>2.80%</b>

Average Buy Side Commissions	2011 Year to Date			
	Damaged	Move-In Ready	Short Sale	Non-Distressed
<u>Region</u>	<u>REO</u>	<u>REO</u>	<u>Short Sale</u>	<u>Distressed</u>
AZ & NV	2.85%	2.89%	2.79%	2.92%
California	2.72%	2.78%	2.70%	2.70%
Farmbelt	2.79%	2.89%	2.73%	2.77%
Florida	2.86%	2.86%	2.86%	2.94%
Industrial Midwest	2.85%	2.88%	2.80%	2.85%
Northeast	2.73%	2.71%	2.68%	2.65%
Oil Producing	2.85%	2.89%	2.84%	2.93%
Pacific NW	2.79%	2.84%	2.73%	2.81%
Rocky Mountain	2.86%	2.89%	2.78%	2.85%
South	2.89%	2.89%	2.85%	2.88%
<b>National Average</b>	<b>2.83%</b>	<b>2.85%</b>	<b>2.77%</b>	<b>2.82%</b>

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### Average Property Price by Region--Year to Date

<u>Region</u>	<u>Damaged REO</u>	<u>Move-In Ready REO</u>	<u>Short Sale</u>	<u>Non-Distressed</u>
AZ & NV	\$100,883	\$178,952	\$175,160	\$256,273
California	\$205,161	\$260,477	\$310,307	\$446,768
Farmbelt	\$68,952	\$142,154	\$167,693	\$203,948
Florida	\$80,751	\$148,296	\$155,886	\$255,848
Industrial Midwest	\$61,181	\$111,145	\$141,981	\$207,922
Northeast	\$143,587	\$278,955	\$238,086	\$335,868
Oil Producing	\$68,050	\$153,601	\$165,802	\$210,274
Pacific NW	\$97,925	\$238,448	\$272,748	\$340,779
Rocky Mountain	\$150,248	\$180,127	\$191,055	\$241,402
South	\$83,563	\$153,426	\$195,845	\$225,337
<b>National Average</b>	<b>\$99,330</b>	<b>\$178,163</b>	<b>\$205,164</b>	<b>\$264,088</b>

*HousingPulse Regional Map*

