

# HOUSING TRENDS UPDATE

September 2010

*Housing Trends Update* is derived from the

## Campbell/Inside Mortgage Finance Monthly Survey of Real Estate Market Conditions

It is based on a national survey of more than 3,000 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 monthly survey panel.

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## Home Prices Stabilize in August As Homebuyer Traffic Slows

Home prices showed signs of stabilizing in August, according to the latest Campbell/Inside Mortgage Finance Monthly Survey of Real Estate Market Conditions.

Importantly, prices for all three categories of distressed properties – damaged REO, move-in ready REO and short sale – ticked upward last month, while prices for non-distressed properties were flat.

Meanwhile, leading housing activity indicators such as first-time homebuyer traffic, current homeowner traffic, and investor traffic all declined, indicating reduced homebuyer demand.

“We’re in transition,” commented Thomas Popik, research director for Campbell Surveys. “Individual homeowners listing non-distressed properties and mortgage servicers listing distressed properties are holding out for prices established before the end of the tax credit.

“Meanwhile, only a few homebuyers are willing to transact at these prices – and these are the transactions going into the averages. That’s why we saw such declines in traffic and volume in today’s market,” he noted.

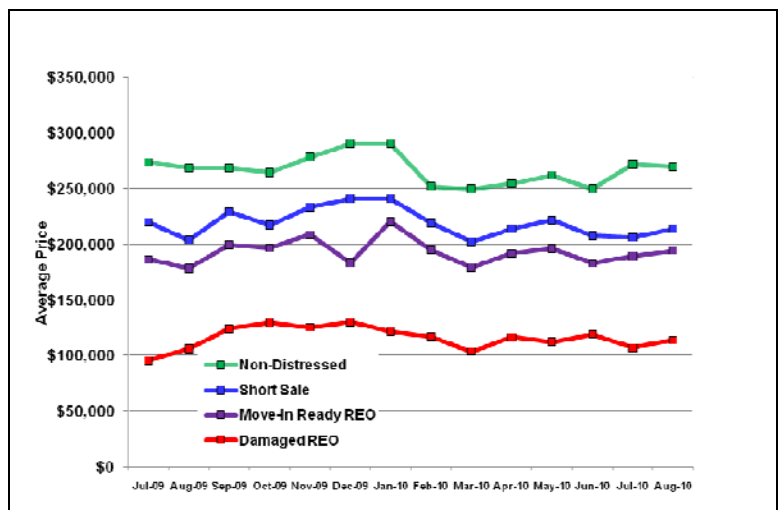
Average prices for damaged REO rose a healthy 6.3% from July to August, while prices for move-in ready REO rose 2.5%. Prices for short sales, another category of distressed property, rose 3.8%. Meanwhile, average prices for non-distressed properties were nearly level, showing a slight 0.9% decline.

Individual real estate agents responding to the survey commented about hold-out sellers. “We are seeing that sellers of non-distressed properties who have their houses/condos priced fairly are strongly resisting low-ball offers even to the point of

## Home Prices Start to Stabilize

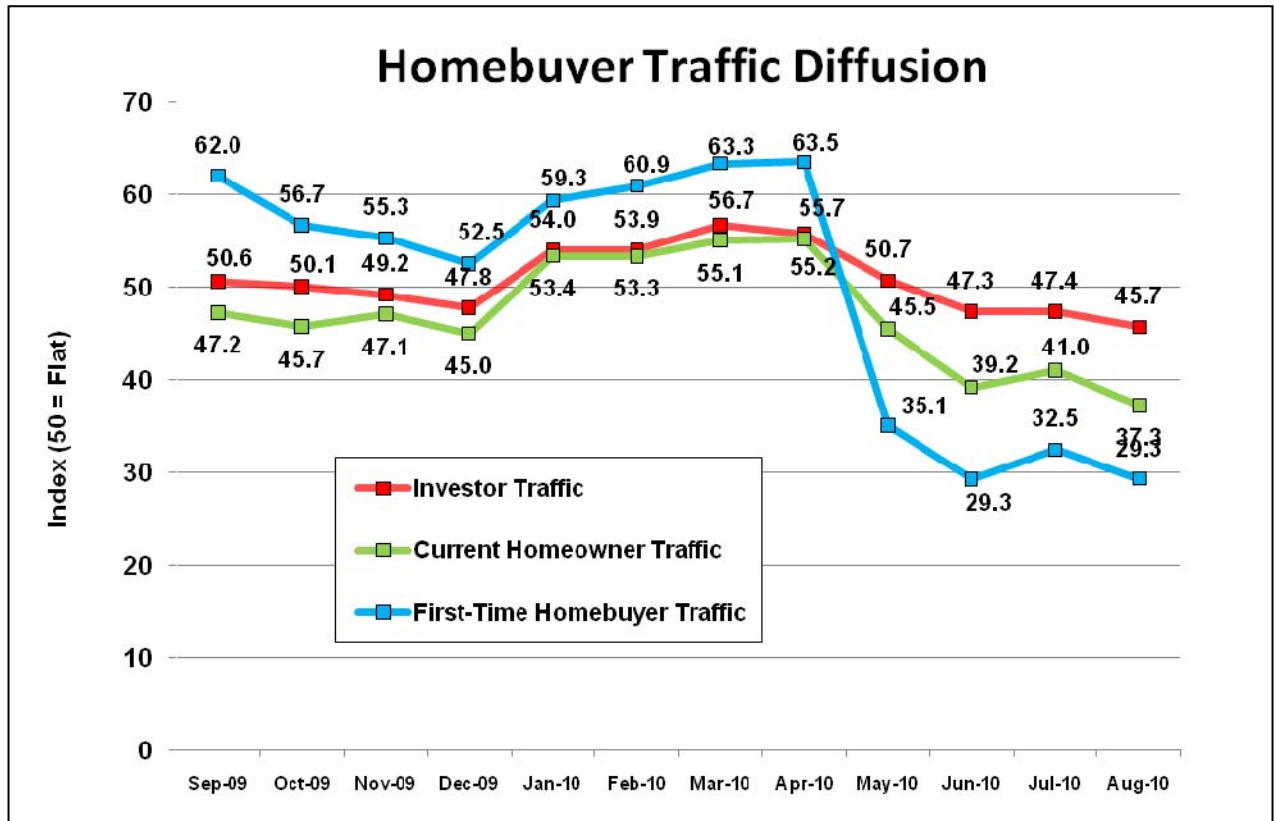
Despite a drop in home purchase activity over the summer, prices appear to be stabilizing across different property types.

Source:  
Campbell/Inside Mortgage Finance Monthly Survey of Real Estate Market Conditions



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not countering. Informed buyers are recognizing quality deals and moving forward, the uninformed are looking for the deals that are touted on Good Morning America or the Today show,” reported a real estate agent in Florida.



“Our market has been remarkably stable over the last six months, with the exception of sales falling under the tax credit allowance...prices continued to stay stable or even rose,” added an agent in California.

At the same time, comments from real estate agents indicate that buyer interest is falling. “It’s like we hit a brick wall. The market has almost come to a standstill. First part of the year was great and we actually saw a slight increase in home values. Now listings are reducing their prices – if we can even get an offer, it’s a low offer,” commented an agent in Indiana.

“The phone stopped ringing after April 31, 2010. No one shows up to open houses,” complained another agent in California.

The Campbell/Inside Mortgage Finance index for first-time homebuyer traffic fell from 32.5 in July to 29.3 in August; this index had registered as high as 63.5 as recently as April. Current homeowner traffic fell from 41.0 in July to 37.3 in August; this index had registered at 55.2 as recently as April.

“Investor traffic has been affected much less by end of the tax credit,” noted Popik. “Investors provide resilience to the housing market, stepping in with cash financing when other homebuyers have difficulty with mortgage financing.

“We expect to see investors buying more properties in the fall months—real estate agents may want to start tailoring their marketing plans to this group,” he concluded.