

## Open House: Realtors missing essential niches in real estate world

by Jim\_Woodard

Many real estate agents and their associates are neglecting important and growing niches in today's real estate market, according to Frances Martinez Myers, one of the speakers at the recent Realtors Conference & Expo.

For example, immigrants represented 40 percent of new household formations between 2000 and 2005, and their numbers are still growing dramatically, it was noted. In the 25-to-34 age group, about 20 percent of the population is now foreign-born. And about 14 percent of recent home buyers are immigrants. Those immigrants value homeownership as much as native-born citizens.

It's interesting that immigrants usually put more money down than native-borns. On average, they put down 7 percent of the total price, compared with 4 percent by native-borns. And immigrants allocate more of their income for housing - 39 percent on average compared with 28 percent for natives.

Hispanics are the largest and fastest-growing minority group. Their purchasing power is projected to equal the third-largest economy in the hemisphere by 2010.

Single women are another major overlooked market niche. They now represent 20 percent of recent home buyers - a 50 percent jump over the past eight years. Surprisingly, about 83 percent of single women home buyers choose single-family homes rather than condos. About 28 percent of all households will be headed by women by 2010, it was projected. Women now own 23 percent of homes.

Q: Are home prices still rising in some areas?

A: Many metro areas are now showing rising or stable home prices, according to a recent survey by the National Association of Realtors. In NAR's latest study, 93 out of 150 metropolitan statistical areas showed increases in median prices of existing single-family homes, as compared with last year. That includes six areas with double-digit annual gains and another 21 metro areas showing increases of 6 percent or more. About 54 had price declines, and three were unchanged.

Regionally, prices rose in both the Northeast and Midwest, as did the national condo price. Even with most areas showing improvement, a disruption in higher priced sales impacted the national median existing single-family home price - down 2 percent during the third quarter of 2007 from the previous third quarter. Median home prices in the Northeast rose about 3.2 percent during the past year. In the Midwest, the median home price increased 0.5 percent. The median existing home price in the South is about 3.6 percent below a year ago. In the West, the median price is down by 3.8 percent. Home prices generally seem to be stabilizing

in most areas of the country.

In another survey (by S&P/Case-Shiller for the National Association of Home Builders), the nation's 20 largest metro areas were targeted and studied. It was determined that five of those areas are showing home price appreciation rates over the past year - seven posted declines of less than 5 percent and eight metro areas registered losses between 5 and 10 percent.

Q: Has there been any recent study about the good or bad performance of real estate brokers?

A: A recently completed survey by NAR reveals that 79 percent of home buyers and sellers are using a real estate professional in their buying and selling transaction. That's up from 77 percent over the past three years, and nearly nine out of 10 buyers were satisfied with their agent's knowledge of the process.

About 41 percent of home sellers found their agent as a result of a referral, while 23 percent used the agent in a previous home purchase. The survey also noted that 43 percent of buyers relied on referrals to find an agent, while 17 percent of repeat buyers used an agent from a previous transaction.

Another interesting finding from the study: About 81 percent of sellers use full-service brokerage, while 9 percent chose limited-service brokerage firms and another 9 percent used minimal-service firms (such as simply listing the property on a multiple listing service). These figures are about the same as reported last year.

About 34 percent of buyers said they first learned about the home they purchased from a real estate agent, 29 percent said it was from searching the Internet, 14 percent from yard signs, 8 percent from a friend or neighbor, 8 percent from home builders, 3 percent from a newspaper ad, 3 percent from the seller, and 1 percent from a magazine.

The typical home buyer today is 39 years old, two years younger than last year, according to the new survey. That typical buyer earns about \$74,000 annually and purchased a home costing \$215,000. Buyers searched for about eight weeks and visited 10 homes before making a decision. These national figures vary widely from region to region.

Q: What's most popular: fixed-rate or adjustable-rate mortgages?

A: Fixed-rate mortgages are definitely the "loan of choice" by today's homeowners seeking a refinance

mortgage. About 85 percent of refinance mortgages in recent months have been fixed-rate loans, according to Freddie Mac, a major government-sponsored buyer of existing mortgages. Those applications include many homeowners who initially had a hybrid ARM or adjustable-rate mortgage.

"Mortgage rates on 30-year fixed-rate conventional conforming loans have become more favorable to applicants of refinance loans," Freddie Mac reported. "The difference in rate between fixed and adjustable rate loans has narrowed. Also, although the spread between the 30-year fixed-rate and 15-year fixed-rate mortgages has not moved significantly in recent months, more borrowers replaced their 15-year fixed-rate mortgages with 30-year fixed-rates when they refinanced."

The report also shows that refinancing into the 30-year fixed-rate mortgage among borrowers who originally had an ARM loan has been increasing. However, fewer borrowers who first had a balloon mortgage are switching into a 30-year fixed loan, many opting instead for an ARM or hybrid mortgage. The proportion of borrowers who originally held 30-year fixed-rate mortgages and are now applying for a refinance mortgage of the same type has remained about the same in recent months.

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