

A TWINCITIESPROPERTYFINDER.COM RESOURCE

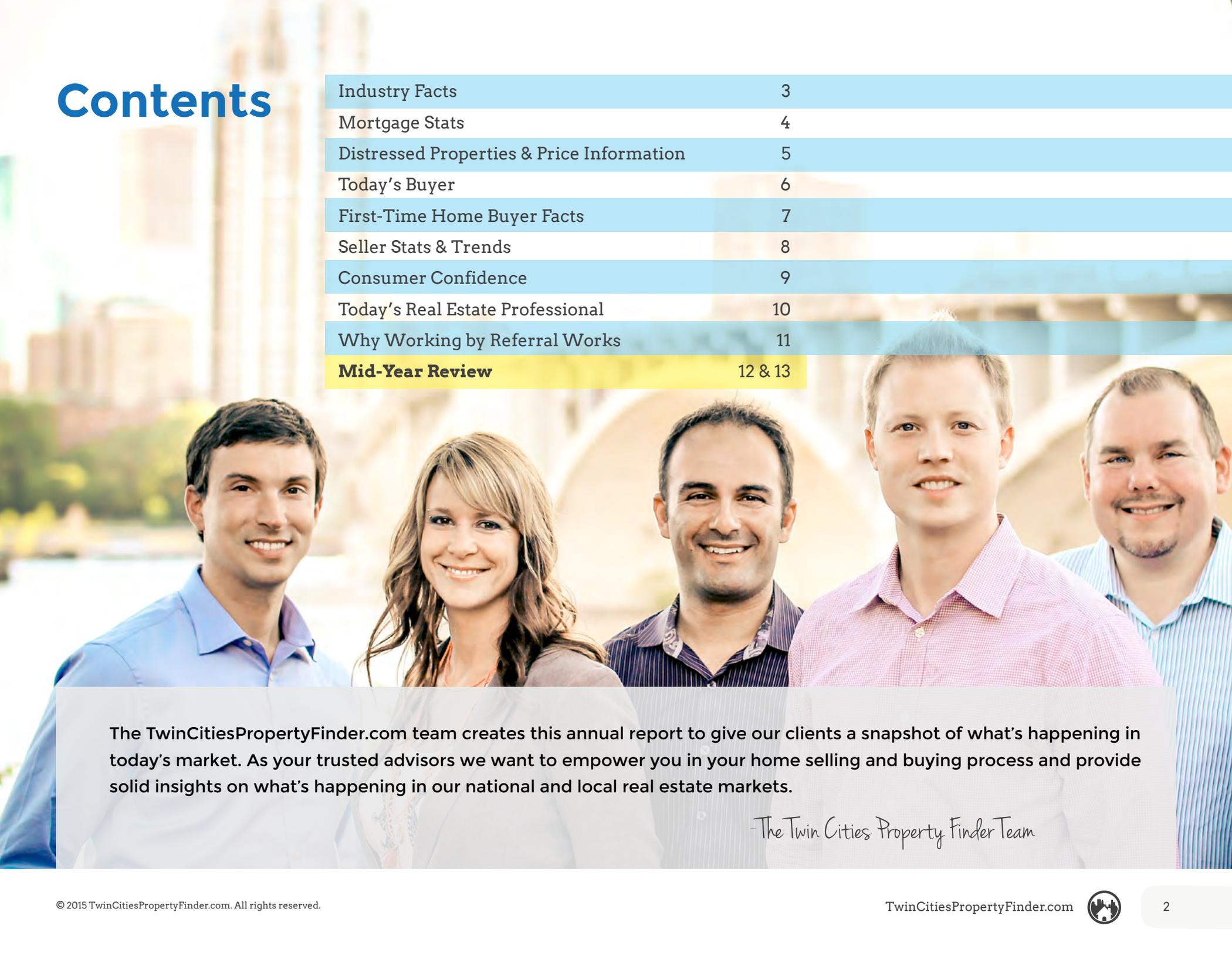
# Annual Report On Our National Real Estate Market



RE/MAX  
Results

# Contents

Industry Facts	3
Mortgage Stats	4
Distressed Properties & Price Information	5
Today's Buyer	6
First-Time Home Buyer Facts	7
Seller Stats & Trends	8
Consumer Confidence	9
Today's Real Estate Professional	10
Why Working by Referral Works	11
<b>Mid-Year Review</b>	<b>12 &amp; 13</b>



The TwinCitiesPropertyFinder.com team creates this annual report to give our clients a snapshot of what's happening in today's market. As your trusted advisors we want to empower you in your home selling and buying process and provide solid insights on what's happening in our national and local real estate markets.

*The Twin Cities Property Finder Team*



# INDUSTRY FACTS

## MEDIAN DAYS ON THE MARKET:

**66 Days**

in December 2014

**73 Days**

in December 2013

**72 Days**

in December 2012

*The housing affordability index was 189.4% at the close of 2014. A median-income family would have more than one-and-three-quarter times the income needed to purchase a median-priced home.*

Existing home sales reached **5.3 million** units in 2014, a nine-year high.

**Existing home sales have risen 20%** since 2011 due to job growth, low mortgage interest rates and increased demand.

**65%**

of Americans feel that **now is a good time to buy a home**, while **38%** say it's a good time to sell.

## SUPPLY OF LISTED INVENTORY:

**5.4 months**

in Q4 2014

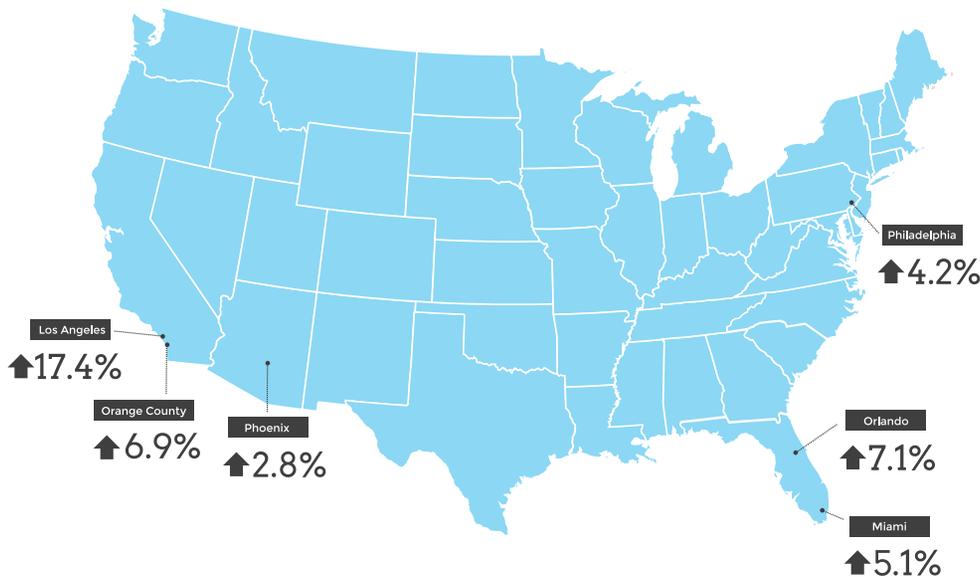
**4.9 months**

in Q4 2013

**4.8 months**

in Q4 2012

## HOME INVENTORY IS UP IN THE FOLLOWING MARKETS:



New home sales grew **16.2%** from Q3 2012 to Q4 2014 to a seasonally adjusted rate of 441,000.

**80% OF AMERICANS BELIEVE** that buying a home is a good financial decision.

**The homeownership rate is 65%**

Home values are expected to appreciate an average of 3.8% in 2015 and 2.1% in 2015.

Single family home starts are estimated to reach **826,000** in 2014, and are expected to reach **1.16 million** by end of 2015.

SOURCES: NATIONAL ASSOCIATION OF REALTORS, FORBES, BLOOMBERG, ZILLOW, FANNIE MAE, NATIONAL ASSOCIATION OF HOME BUILDERS, WALL STREET JOURNAL



# MORTGAGE STATS



of consumers believe that it would be easy for them to get a mortgage.

88% of home buyers financed their home purchase

## % WHO FINANCED, BY GENERATION:

- > 97% of Gen Y
- > 96% of Gen X
- > 85% of Younger Boomers
- > 71% of Older Boomers
- > 53% of Silent Generation
- > 65% of GI Generation

Interest rates are expected to reach 5.4% by the end of 2015.



Experts predict that even if rates hit 6%, they'll still be viewed as affordable by historical standards.

Buyers typically **financed 90%** of their home purchase.

55% of consumers say that mortgage rates will go up in the next 12 months.

Higher mortgage interest rates are expected to drive increased demand as homeowners rush to buy before rates go higher.

95% of first-time buyers financed their home purchase, while 86% of repeat buyers did the same.

94% of borrowers chose a fixed-rate mortgage.

## TYPE OF LOANS BUYERS CHOSE:

- 57% Conventional loan
- 26% FHA loan
- 10% VA loan

## AMONG FIRST-TIME BUYERS:

- 42% Conventional loan
- 39% FHA loan
- 8% VA loan

## AMONG REPEAT BUYERS:

- 67% Conventional loan
- 18% FHA loan
- 11% VA loan

The national average down payment was 15.73%.

12% of buyers said saving for a down payment was difficult. Reasons for the difficulty:

- 43% STUDENT LOANS
- 38% CREDIT CARD DEBT
- 31% CAR LOANS



# DISTRESSED PROPERTIES

## AVERAGE TIME ON MARKET

Short sales

**122 Days**

Foreclosed properties

**67 Days**

Non-distressed properties

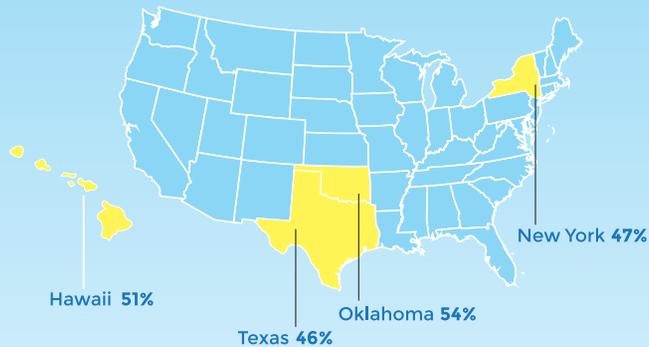
**66 Days**



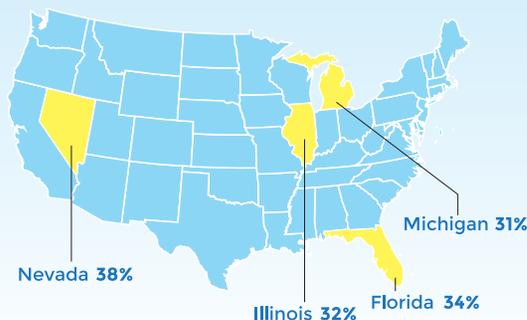
**6%** of buyers in 2014 had previously sold a distressed property.

**10.3%** of all homes with mortgages were considered "deeply underwater" in December 2013, down from **26%** in January 2013

## STATES WITH THE HIGHEST PERCENTAGE OF FORECLOSURES WITH EQUITY:



## STATES WITH THE HIGHEST PERCENTAGE OF UNDERWATER HOMES (HOMES WITH LOAN-TO-VALUE RATIO OF 125%+):



## DISTRESSED PROPERTIES AS PERCENTAGE OF ALL SALES:

**10%**  
December 2014

**14%**  
December 2013

**24%**  
December 2012

## PRICE INFORMATION

### TOP 5 STATES WITH HIGHEST HOME APPRECIATION:



Nevada	California	Michigan	Arizona	Georgia
+25.3%	+21.3%	+14.4%	+13.5%	+13.3%

The national median existing-home price was up **11.5%**, the highest price increase in **eight years**.

The national median existing-home price for all housing types in 2015: **\$212,100**

**49%** of Americans expect the value of their homes to increase over the next 12 months.

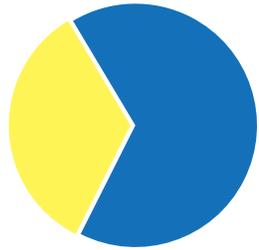
**Home prices are expected to rise by 6% this year.**

**45%** of consumers say that home prices will stay the same over the next 12 months; **43%** say that home prices will rise over the next 12 months.

SOURCES: NATIONAL ASSOCIATION OF REALTORS, RIS MEDIA, CNN MONEY, CORELOGIC, FANNIE MAE



# TODAY'S BUYER



## 66%

of homebuyers were married couples, the highest share since 2001.

Median household income of buyers: **\$83,300**

- **14% OF BUYERS** purchased a multi-generational home due to children returning home, cost savings and issues related to the caretaking of aging parents.
- **THE MEDIAN HOME PURCHASED** was built in 1992, and was located 12 miles away from the previous residence.
- **THE TYPICAL HOME PURCHASED WAS 1,900 SQ. FT.**
- **30% OF ALL BUYERS CITED THE DESIRE** to own a home of their own as the primary reason for buying.

## HOUSE HUNTING WORRIES

- 41%** mortgage interest rates would rise before I buy
- 37%** home prices would rise before I buy
- 36%** I would not find a home for sale that I like
- 30%** I would not qualify for a mortgage
- 27%** I would have to compete with many other buyers for the home I wanted most
- 25%** home prices would fall after I buy
- 19%** I would have to decide on a home very quickly because homes for sale are not staying on the market for long

SOURCES: NATIONAL ASSOCIATION OF REALTORS, TRULIA/HARRIS INTERACTIVE POLL

© 2015 TwinCitiesPropertyFinder.com. All rights reserved.

- **MORE THAN HALF OF BUYERS SURVEYED SAID THAT FINDING** the right home was the most difficult step in the home buying process.
- **20% OF RECENT HOME BUYERS** were single females, including 23% of first-time buyers and 17% of repeat buyers.
- The typical buyer searched for 12 weeks and viewed ten homes.
- The typical buyer was 42 years old.
- **THREE OUT OF FIVE HOMEBUYERS SURVEYED** by REALTOR.com said they'd be willing to go above budget to have their children go to their schools of choice.
- 80% of home buyers bought a detached single-family home.



## WHAT BUYERS WOULD DO TO GET THEIR DREAM HOME

- 33%** bid above the home's asking price
- 25%** offer to pay the seller's closing costs
- 17%** write a personal letter to the home's seller
- 12%** borrow money from family or friends to be able to make a 20% down payment
- 8%** remove all contingencies
- 5%** borrow money from family or friends to be able to make an all-cash offer



# FIRST-TIME HOME BUYER FACTS

The typical first-time home buyer was **31 years old**.

42% of first-time buyers purchased their home at the time they did because they were ready to buy, 23% because of the mortgage financing options that were available, 18% due to home affordability.

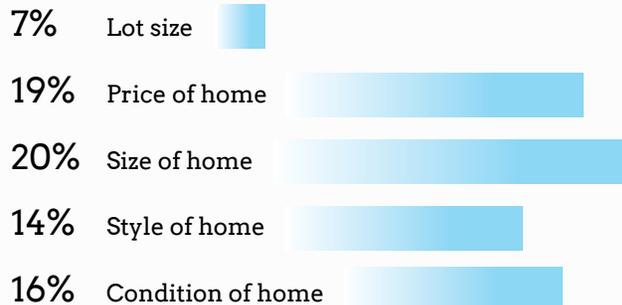
## PERCENTAGE OF EACH GENERATION WHO WERE FIRST-TIME BUYERS:

- 79% of buyers 32 and younger
- 36% of 33 to 47 year olds
- 19% of 48 to 57 year olds
- 14% of 58 to 66 year olds
- 5% of 67 to 87 year olds
- 13% of 88 and older

**95%**

of first-time buyers mortgaged their home purchase.

## WHERE ARE FIRST-TIME BUYERS LIKELY TO COMPROMISE?



The median household income of first-time buyers was **\$67,400**.

**60%** of first-time buyers purchased a home because they had a desire to own a home of their own.

**65%** of first-time buyers would consider purchasing a foreclosure.

**56%** of first-time home buyers were married couples, 19% were single females, 11% were single males and 13% were unmarried couples.



## SELLER STATS & TRENDS

**87%** of sellers sold their home when they wanted to sell.

**32%** of sellers were first-time sellers; 68% were repeat sellers

Homes were on the market a median of 5 weeks before they sold.

**30%** of sellers surveyed reported that their home was on the market for one to two weeks before it sold.

### TOP REASONS FOR SELLING:

**19%** Home is too small

**15%** Job relocation

**13%** Want to be closer to friends or family

**10%** Neighborhood has become less desirable

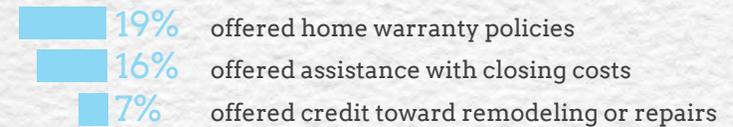
**10%** Home is too large

**53% of sellers** did not reduce their asking price, 25% reduced the price once, 12% reduced it twice, 6% reduced it three times and 5% reduced it four or more times.

**64%**

of sellers did not offer incentives to attract buyers.

Of those who did:



**88%** of sellers used a real estate agent to sell their home.

Two challenges sellers commonly face are **unrealistic home value expectations** and difficulty getting their home to appraise for the contract purchase amount.

Sellers sold their homes for an average of **97%** of the listing price.

The average seller lived in their home for **nine years**.

**85%**

of sellers reported that their home was listed and advertised on the MLS.

**2/3**

of home sellers contacted only one agent before finding the one they used to sell their homes.

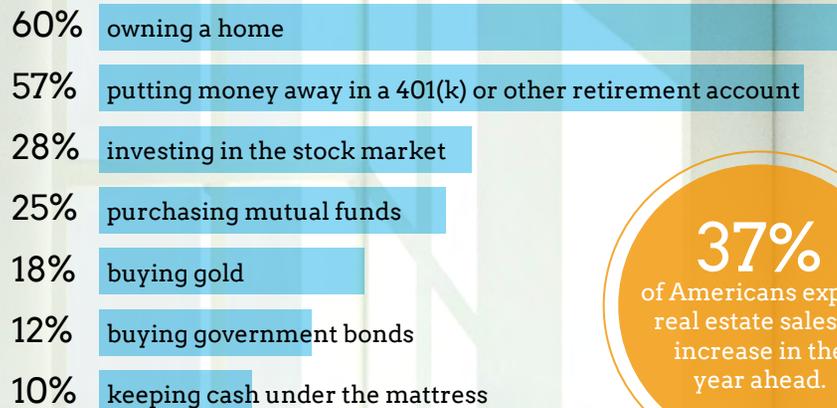
# CONSUMER CONFIDENCE

**49%** of Americans believe prices in their neighborhood are more expensive than they were a year ago.

**80%** of Americans believe that buying a home is a good financial decision.

**35%** of homeowners said that it is very important that their neighbors are homeowners.

## WHAT DO CONSUMERS BELIEVE ARE THE BEST LONG-TERM INVESTMENTS



**37%**  
of Americans expect real estate sales to increase in the year ahead.

- **51% OF RENTERS SAY** that owning a home is one of their highest personal priorities.
- **65% OF AMERICANS FEEL** that now is a good time to buy a home, while 38% say it's a good time to sell.
- **74% OF HOMEOWNERS GENERALLY** like their neighbors compared to 58% of renters.
- **36% OF RENTERS** are thinking of buying, up from 25% from previous year.
- **61% OF HOMEOWNERS KNOW** their neighbors' names compared to 39% of renters.



38% of Americans feel that activity in their local housing market increased in the past year, compared to 22% who reported a slowdown in activity.

16% of homeowners said neighbors were "very important" when choosing a home.

New home buyers spent an average of **\$2,769 on appliances**, **\$5,288 on furnishings** and **\$4,275 on alterations and repairs** when moving in.

Existing home buyers spent an average of **\$1,919 on appliances**, **\$2,365 on furnishings** and **\$4,642 on alterations and repairs** when moving in.

SOURCES: NATIONAL ASSOCIATE OF REALTORS, TRULIA/HARRIS INTERACTIVE POLL, FANNIE MAE, NATIONAL ASSOCIATION OF HOME BUILDERS, EPSILON: NEW MOVER REPORT



# TODAY'S REAL ESTATE PROFESSIONAL

70%

of agents have a website

12%

have a real estate blog

56%

use social media

**63%** of buyers and sellers said that a good agent can help them make the right choices about the type of home and community they want.

## WHAT DO BUYERS WANT MOST FROM THEIR AGENTS?

- 53% Help find the right home to purchase
- 12% Help negotiate the terms of sale
- 11% Help with the price negotiations
- 8% Determine sale price of comparable homes
- 7% Help with paperwork

## WHAT DO SELLERS WANT MOST FROM THEIR AGENTS?

- 25% Help seller market home to potential buyers
- 20% Help sell the home within specific timeframe
- 19% Help price home competitively
- 15% Help find a buyer for home
- 11% Help seller find ways to fix up home to sell it for more

## TOP FIVE BENEFITS AGENTS PROVIDE TO BUYERS:

- 59% Help buyer understand the process
- 53% Point out unnoticed features/faults with property
- 44% Negotiat better sales contract terms
- 44% Improv buyer's knowledge of search areas
- 43% Provid a better list of service providers

SOURCES: NATIONAL ASSOCIATION OF REALTORS, RISMEDIA, TWINCITIESPROPERTYFINDER.COM

© 2015 TwinCitiesPropertyFinder.com. All rights reserved.

## BUYER'S PREFERRED METHODS OF COMMUNICATION WITH THEIR REALTOR IS:



92%  
Email



90%  
Phone



74%  
Text



28%  
Email



26%  
Instant Message

In 2014, the average amount of homes sold per agent was 3.1.  
**Our team, 81.3.**

## THE TOP FIVE AGENT SKILLS AND QUALITIES THAT BUYERS CONSIDERED VERY IMPORTANT:

1. Honesty and integrity
2. Knowledge of purchase process
3. Responsiveness
4. Knowledge of the real estate market
5. Negotiation skills



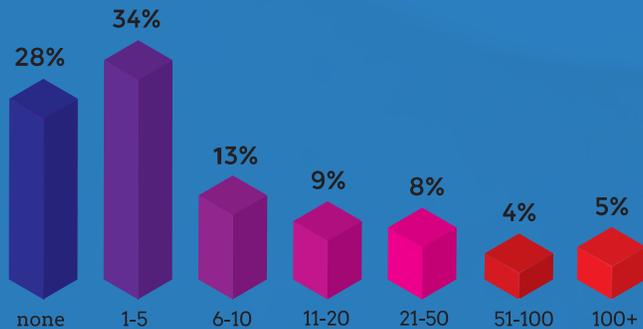
# WHY WORKING BY REFERRAL WORKS

25% of agents generate more than 50% of their business from repeat clients.

21% of agents get more than 50% of their business from referrals from past clients.

88% of buyers would use their agent again or refer them to others, 84% of sellers would use their agent again or refer them to others.

## HOW MANY INQUIRIES AGENTS RECEIVED FROM WEBSITES LAST YEAR:



92% of consumers **trust recommendations** from friends and family above all other forms of advertising.

39% of sellers who used a real estate agent found them through referral from friends or family; 25% used the agent they worked with previously.

The typical agent earned **42%** of their business from repeat clients and referrals from past clients

- 65% of agents get no business from open houses.
- 24% get less than 10% from open houses.



“There is no lead more powerful than one referred from someone you know—someone who knows you, trusts you and will put their name to you.”

—David Olson  
Owner & Agent,  
TwinCitiesPropertyFinder.com

SOURCES: BUFFINI & COMPANY, THE NIELSEN COMPANY, NATIONAL ASSOCIATION OF REALTORS

© 2015 TwinCitiesPropertyFinder.com. All rights reserved.

# A Mid-Year Review of the National Real Estate Market

Thinking about buying a home or listing your current one? Whether you're considering a jump into the housing market or are just curious about what shape it's in, here are a few facts about it.

## Millennials will continue to make up the majority of first-time buyers.

Millennials make up **65% of first-time buyers**, and many of them are older Millennials **aged 25-34**.

**86%** of Millennials are buying due to a **change in family size**.

Millennials are predicted to drive **two-thirds** of household formations in the next five years.

## There are fewer foreclosures on the markets in most areas.

We're reaching the end of the foreclosure crisis. There are fewer foreclosures and short sales on the market than before, in most markets.

## Home inventory is up.

Total housing inventory is at a 4.6 month supply at the current sales pace. New listings are **up 12%** this year from 2014 levels.

# 67%

of Americans say that now is a good time to buy; 40% say it's a good time to sell.

Home builders are expected to break ground on more homes in 2015. Experts forecast a 16% growth in home construction.



# A Mid-Year Review of the National Real Estate Market, *Cont.*

## THE DEAL WITH HOME PRICES

Are home prices on the rise or are they falling? The answer depends on where you live. Home prices are more local than ever.

National median existing home price is **\$212,100**.

### MEDIAN PRICE BY REGION IN MARCH 2015:

Northeast: **\$240,500** (-1.6% from March 2014)

Midwest: **\$163,600** (+9.7% from March 2014)

South: **\$187,900** (+9.3% from March 2014)

West: **\$305,000** (+8.3% from March 2014)



**46%** of Americans say that home prices will go up in the next 12 months.

**41%** say that prices will stay the same.

## Homebuying Trends in 2015

### Multigenerational housing

The most common reasons for multiple generations living together include family values, health reasons and childcare.

### On-site income property

Many buyers are considering multifamily homes with a guest house or with space above the garage, in the attic or in the basement to convert into an apartment. Renting these spaces provides extra income to defray mortgage and other household costs.

### Less expensive locales

Smaller markets are gaining the attention of buyers who are looking for housing bargains in addition to small town amenities.



# HISTORY OF REAL ESTATE VALUES

