

IAR Broker Sentiment Survey

September 2010 www.illinoisrealtor.org/DRlegalnews

Traffic for Sellers

Strong 24%
Moderate 40%
Weak 36%

"Sellers that must sell can still sell quickly for less money."

"Credit-worthy buyers are too few and far between."

"There are a lot of listings including short sales and foreclosures, but who's buying?"

"Some prospective sellers are staying out of the market."

Traffic for Buyers

Strong 6%
Moderate 20%
Weak 74%

"I'm surprised more qualified buyers are not looking."

"Jobs, job security and lenders need to help to get buyers into the market."

"Under 200K or short sales."

"Lack of qualified and motivated buyers. Some doubling up observed."

"The majority will be investors/speculators."



Illinois managing brokers surveyed in mid-September report slow conditions across all markets except for rentals. Short sales and foreclosures continue to permeate, sellers taking large price reductions and getting a loan remains a challenge for buyers. Jobs still the top concern.

Single Family Market: 54.5% describe this market as poor, 34.5% fair, 9.1% average and 1.8% very good. Expectations for the next six months follow a similar pattern.

Condo Market: Most (70.9%) describe the condo market as poor; 18.2% fair with just 1.8% reporting an average market. Expectations for the next six months only slightly improved (63% poor, 25.9% fair, 3.7% average).

New Home Market: A strong majority (74.5%) describe current conditions poor, 16.4% fair, and 5.5% average. Expectations for the next six months are essentially unchanged.

Rental Market: Brokers report an increase in calls from people looking for rentals with 14.5% describing current conditions as very good, 32.7% average, 38.2% fair and 9.1% poor. Expectations for the next six months unchanged.

Commercial Market: 59.3% say current conditions are poor, 25.9% fair, 1.9% average; over the next six months expectations remain the same.

Comments

- "Sales that are accomplished are short sales, estate sales or foreclosures that are purchased for extremely low prices."
- "Sellers are taking large price reductions in order to get the property sold."
- "Rental buyers are abundant."
- "The only calls that come into our office lately are folks looking for rentals. We used to refer that business out, now we keep it."
- "The only thing moving right now are single family homes. Condos can't get financing and most owners are now trying to rent their unit so they can go buy the next home."
- "The banks have made it so difficult to get loans that potential buyers are being turned down for loans."
- "If people don't have jobs, they are not buying!"
- "Until there is job growth and the real estate market has corrections the market will remain weak."
- "Based on current economics, I don't expect much to change."

The IAR Broker Sentiment Survey is conducted by the Illinois Association of REALTORS® to gain insight into the housing markets now and in the future. Respondents are managing brokers in real estate offices throughout the state. This survey is an indicator of the housing market based on their responses to a survey conducted mid-September 2010.

How are you or your agents handling the pricing strategy with sellers? What's been successful?

- Auction
- We review pricing with sellers on a regular basis, using IAR quarterly market reports and MLS reports as a basis to ask for a reduction in price.
- Sellers are advised that inflated pricing may reduce showings and if sold the property may not appraise.
- We recommend pricing ahead of the market. We presently have an absorption rate of 13 months. We ask our sellers "When would you like your home to sell? In one month or in 13 months?"
- Showing them what has sold in the last six months.
- Go as low as you can without needing negotiation room.
- The truth backed by substantial facts.
- Be realistic, emphasize market time when showing active listings and closed comps. Don't take overpriced listings.
- "Counseling" provided to sellers to compete with foreclosures and cloaking that dialog in a rose-colored picture to encourage sellers to accept their losses as the necessary means to move on with life. Sellers will or will not choose the path as they wish.
- Must be aggressive and deliberate. If sellers are not willing to listen, must move on.
- We stress that they must be one of the best values in their market. If it isn't shown in a month, reduce it.
- We are not painting anything but an honest realistic picture of current market situation. We would rather walk away from listings where the seller is not realistic than spend time and marketing dollars promoting overpriced properties.
- The most important thing is to get sellers to understand market conditions and get them to have reasonable expectations.
- Be realistic in market analysis. Price properties to be competitive or don't list.
- Use current comps and strong dose of reality.
- Price with or just above local short sales.
- Define how motivated they are for selling their home and do an in-depth study of the sales for the last 90 days.
- Pricing homes to an all-time low so to compete with short sales and foreclosures.
- I am suggesting that they have their property appraised prior to listing by a state-certified professional. I suggest three or four reputable designated appraisers and allow them to find their own appraiser.

What growth areas are you or your agents focusing on to find buyers?

- Auction
- With interest rates at an all-time low and financing in our area readily available, we're targeting move-up buyers who may or may not need to sell first.
- Lower-end housing (\$50,000 - \$90,000 range).
- Buyers who haven't realized the impact of ultra-low interest rates on their buying power.
- More advertising pertinent to our property types.
- More buyers in the second tier (not first-time buyers)
- Market the distressed/foreclosed market.
- Investors/speculators who have cash.
- Trolling by Internet and yard signs isn't working. Working sphere of influence seems to be having better results.
- I primarily work the foreclosure market and buyers usually call me looking for bargains. The market downturn has actually helped me with volume but I'd rather see fewer foreclosures and a healthier economic outlook.
- Investors, transferees.
- First-time buyers, move-up buyers and investors.
- Magazines, newspapers and referral groups.
- Prospecting, prospecting and more prospecting calls. Additionally, tons of networking.
- Empty nesters looking to downsize.
- Selling cheap. Explaining the upside of a down market for purchasing or moving up to the larger home as a winning proposition to a buyer/seller.
- New home buyers are still our best buyers and with pricing being so low and interest rates staying low it's our best buyer right now. Investment buyers are also reaping the benefits of market conditions.
- Credit-worthy buyers willing to take advantage of current market interest rates. Talking to renters on rent vs. ownership.
- Rental market, low interest rates, open houses below \$150,000.
- Foreclosure and REO.
- We are looking for buyers everywhere. Informing anyone we meet that there are good interest rates out there. However, it is hard when banks are turning new buyers down. That has been an issue lately with the potential buyers we do meet.