

HOUSING TRENDS UPDATE

December 2009

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 1,500 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 monthly survey panel.

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Current Homeowners Step Up Home Purchase Activity During November

Current homeowners, who had been sitting on the home buying sidelines for much of this year, stepped up their home purchases in November, according to the latest Campbell/Inside Mortgage Finance Monthly Survey of Real Estate Market Conditions.

The increase in home buying by current homeowners came at the same time that both first-time homebuyers and investors reduced their activity, the report for November transactions indicated.

The latest monthly tracking survey showed that existing homeowners accounted for a very healthy 41.4% of home purchase transactions in November, a sharp increase from their 37.7% of transactions in October. Meanwhile, the proportion of home purchases tied to first-time homebuyers slipped from 46.9% in October to 44.9% in November. Investors also saw their share of reported home purchases drop, falling from 15.4% in October to 13.7% in November.

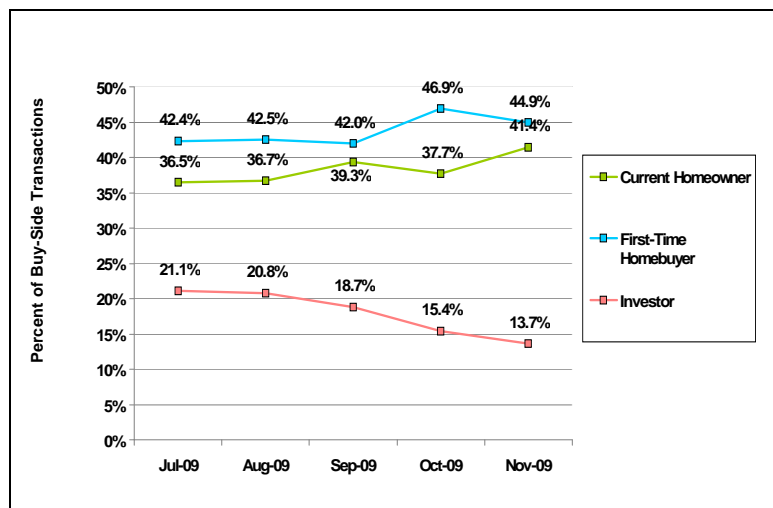
“Our survey statistics are showing the effect of Congress’s delay in extending the homebuyer tax credit and then its eventual extension,” said Thomas Popik, research director for the Campbell/Inside Mortgage Finance Survey. “The first-time homebuyers started to lose interest in October when it appeared that Congress wouldn’t extend the credit. When the credit was finally extended in early November, current homeowners jumped at the new opportunity for a tax credit on their home purchases.”

Prior to passage of the law’s revision on November 6, the \$8,000 tax credit applied only to first-time homebuyers who closed transactions before December 1.

Homebuyer Trends in November

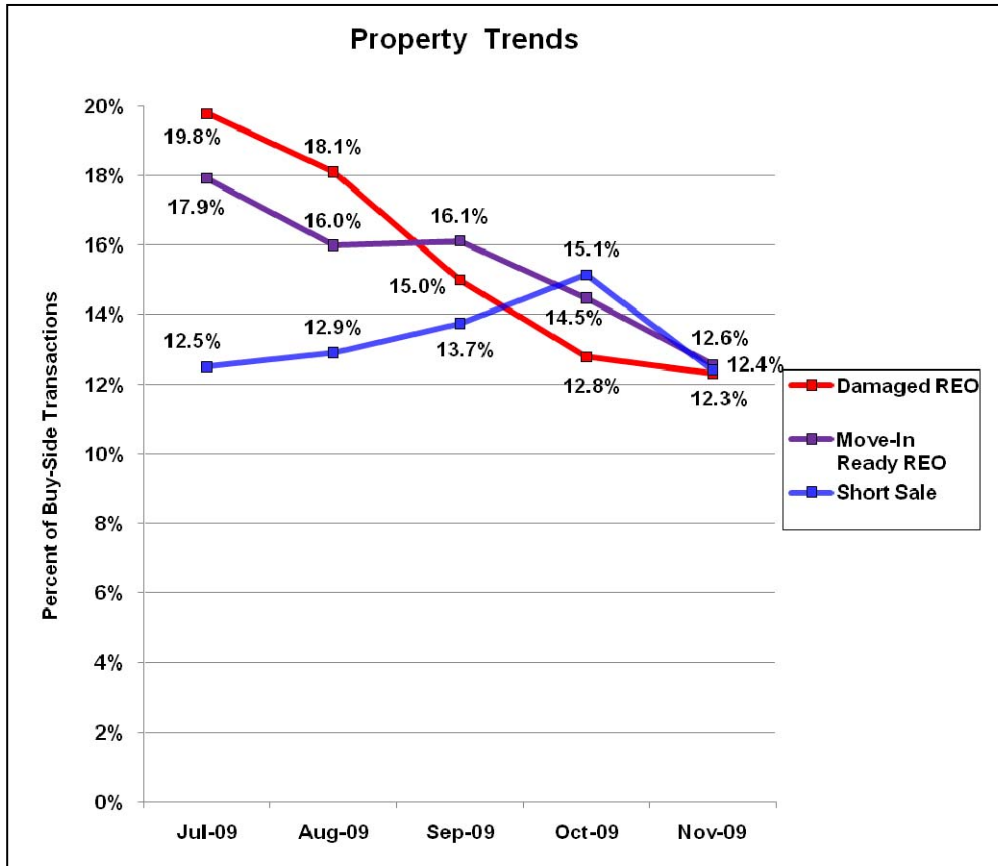
Current homeowners watched their share of home purchase activity rise in November while both first-time homeowners and investors saw their shares dip.

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



When Congress extended that tax credit until April of 2010, it also added a \$6,500 credit for current homeowners who purchased a new primary residence.

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Prior to passage of the law’s revision on November 6, the \$8,000 tax credit applied only to first-time homebuyers who closed transactions before December 1. When Congress extended that tax credit until April of 2010, it also added a \$6,500 credit for current homeowners who purchased a new primary residence.

“The extension of the first-timer tax credit has caused the first-timer buyer pool to remain about the same,” reported one real estate agent survey respondent in commenting about November’s activity. “The addition of the lower credit for current homeowners under certain circumstances has brought more of them into the market to test the waters.”

A decrease in distressed property activity also impacted the change in homebuyer mix last month. The proportion of damaged REO, move-in ready REO, and short sales all fell from the month of October to November. All three of these property types tend to be purchased by investors and first-time homebuyers.