



For more information, contact:

Michelle Wardlaw 202/383-1042 mwardlaw@realtors.org

Realtors® See Buyers Returning to Market

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Historically high housing affordability and low mortgage interest rates, combined with buyer opportunities in the distressed sales market, have increased home sales in many areas of the country.

“There has never been a better time to buy,” said National Association of Realtors® Chief Economist Lawrence Yun, who presented NAR’s economic outlook today at the Economic Issues and Residential Real Estate Business Trends Forum. Yun commented on a convergence of favorable buying conditions while emphasizing how important it is for home buyers to stay within their budgets. “Housing affordability is at an all-time high, mortgage rates are historically low, and interest rates are the lowest they’ve been since the days of Eisenhower,” said Yun.

The forum was part of the weeklong **Realtors® Midyear Legislative Meetings & Trade Expo**. During a national real estate summit here earlier in the week, Shaun Donovan, U.S. Secretary of the Department of Housing and Urban Development, announced that the Federal Housing Administration is going to permit its lenders to allow qualified home buyers to use the \$8,000 tax credit as a downpayment.

“Now that buyers will be able to use the \$8,000 tax credit as a downpayment, we should see additional buyers enter the market,” said Yun.

While he doesn’t anticipate an immediate pickup in the coming months, Yun believes early summer will be a critical indicator of how home buyers are responding to the \$8,000 tax credit. “The home buying process takes time,” said Yun. “This summer will gauge the success of the first-time home buyer tax credit.”

Evidence of recovery is already demonstrated in California, where home sales are rising much faster than anticipated; some areas in the state are seeing a 70 to 80 percent increase in sales. Yun attributes this extraordinary surge to buyers who may have been sitting on the fence but are now taking advantage of the great opportunities for fear of being left out of current deals in the market.

According to Yun, many first-time buyers are attracted to deeply discounted and distressed home prices. Nationally, about half of all recent transactions have been distressed sales. Fifteen to 20 percent have been short sales and 30 to 35 percent have been foreclosures. Yun says while these statistics are unfortunate the situation along with current home buying incentives have created an impressive window of opportunity for potential home buyers.

“The stimulus and falling inventory levels will help stabilize prices,” said Yun. “My projection is home sales will be 10 to 20 percent higher the second half of this year than last year and we will come out of this recession in 2010.”

The National Association of Realtors®, “The Voice for Real Estate,” is America’s largest trade association, representing 1.2 million members involved in all aspects of the residential and commercial real estate industries.

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