

BROKER'S CORNER

INSIGHTS FROM INDUSTRY LEADERS

Missed Opportunity

Guest Writer: Jim Sexton

Remember the 1980's rock duo "Hall & Oates"? Recently one of their songs has brought on another meaning to those who remember it - "Missed Opportunity". It could apply to this market and to this economy. Currently the real estate market feels like a roller coaster. Just as things start to settle down banks announced that they are freezing equity lines because they believe that real estate values have gone down. That was preceded by the great news that FHA has raised its maximum mortgage amount to \$346,250 and will allow sellers to contribute up to 10% towards buyer's costs and down payment. With historically low interest rates and the possibility of no down payment, home ownership is once again attractive. Standard economic indicators have been little, if any, help in determining what to do in today's real estate market. While we sit around wondering, there are some fabulous opportunities being missed.

Housing inventories in Arizona Regional Multiple Listing Service (ARMLS) have been shrinking slightly over the past few months indicating that sellers are getting more realistic. There were approximately 4,300 closings in ARMLS in March, the highest number in the past seven months. But, the best indicator in our real estate market is that many buyers are now facing multiple offer situations in homes selling for under \$210,000. In this market

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over half of its sales are vacant homes, i.e. bank owned or foreclosed properties. The market is taking longer to recover based on "One and Done" sales. In most cases sellers, i.e. the banks, are not converted to buyers for the next transaction. Although, there is still pent up demand among buyers who don't have a home to sell and are living with someone or renting a property.

We don't have a real estate problem here, we have a financial and consumer confidence challenge. Whether the economy is in a recession or not, and most consumers believe we are, buyers want and need to buy. There are too many advantages to home ownership and too many great deals out there to miss this opportunity.