

NATIONAL ASSOCIATION OF REALTORS®
RESEARCH DIVISION

Survey of REALTOR® Sentiment Region 13 October 2011



REPORT CONTENTS

Region 13 Survey Results	Page 3
National Survey Results	Page 6
Methodology	Page 9

2011 NAR LEADERSHIP TEAM

RON PHIPPS, ABR, CRS, GRI, GREEN, e-PRO, SFR	President
MAURICE "MOE"VEISSI	President-Elect
GARY THOMAS	First Vice President
WILLIAM J. ARMSTRONG, III, GRI	Treasurer
VICKI COX GOLDER, CRB	Immediate Past President
ELIZABETH MENDENHALL	VP & Liaison to Committees
VINCE MALTA	VP & Liaison to Government Affairs
JIM HAMILTON, CRS, GRI	Region 13 Vice President

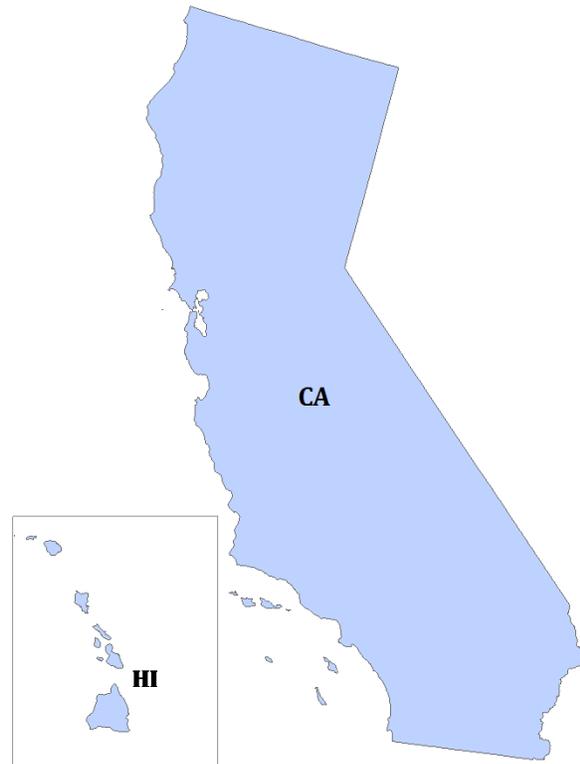
REGION 13 SURVEY RESULTS

October 2011

Region 13 (Hawaii and California)

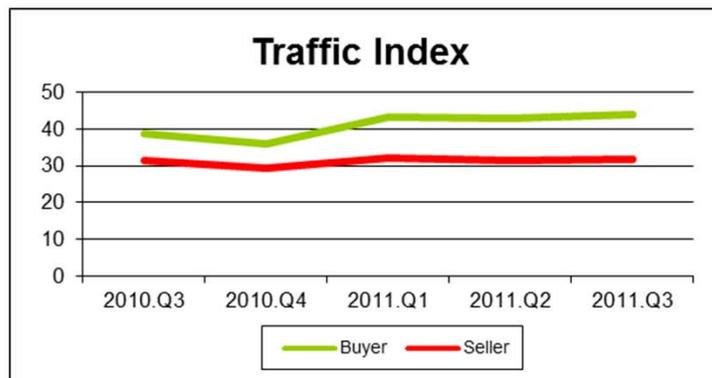
Jim Hamilton, CRS, GRI
Regional Vice President

The overall region continues with its challenges. The total impact of reducing the conforming loan limit has yet to be felt. There are buyers who are waiting to see what the ultimate decision will be forthcoming from Congress. There are areas in California that have fared better than others. The Bay area, including Silicon Valley, continues to see modest growth in value over last year. The coastal areas of California are doing better than the central and eastern areas of the state. The unknown variable is still the amount of REO properties that are to come. Hawaii continues to follow the California trends. Guam is looking forward to a possible stronger market, due the military buildup that is planned for the island. The region continues to keep a very close eye on what decisions Congress will make with regards to housing. Those decisions can and will have long term and far reaching effects on homeownership throughout our region.



What REALTORS® are Saying:

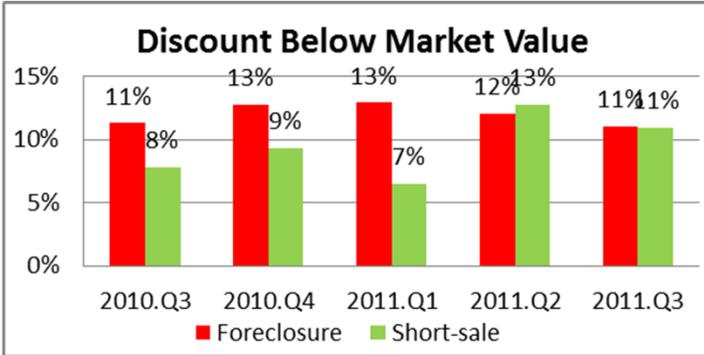
"The opportunities for first time or owner occupied buyers are very limited due to cash buyers beating them out of the market. Low inventory with the majority either being short sale, REO or investor flips. First time or owner occupied buyer activity is very strong, just a lack of a level playing field." – CA



REGION 13 SURVEY RESULTS

October 2011

"It's a competitive market. There is not enough inventory to satisfy buyers' needs. Sellers cannot sell

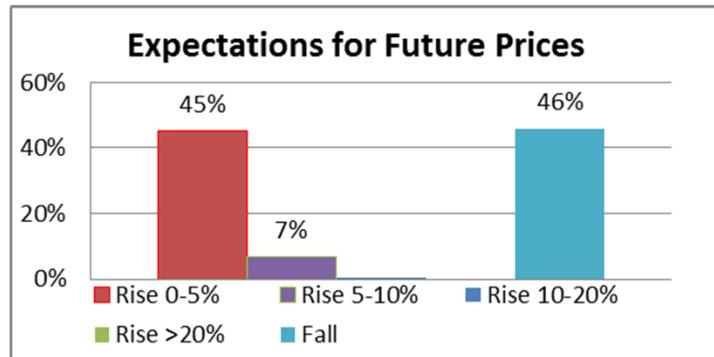


because their mortgages are upside down. The prices have to rise to unfreeze the market but are artificially held down by exorbitant requirements to obtain mortgages. Once again politicians are messing with markets." – CA

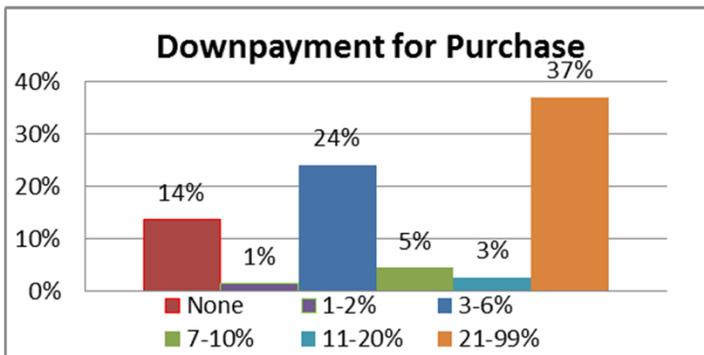
"I live in a great area, but buyers are demanding here, they want a completely remodeled home in the best school districts or the property just sits. Also,

nobody wants to sell their homes because they've put so much money into them. They believe that loan modification is the way to go and most of them end up losing them to foreclosure. It's tough here most people don't want to sell!" – CA

"Lenders are not helping homeowners. They deny short sales and then foreclose and then sell subject property as a REO for much less than the short sale offers. Or they sell at the auction for much less than the short sale offers. Consensus among REALTORS I talk to is that there is something else going on - there has to be a financial incentive for the banks to prefer to foreclose instead of selling at a higher price as a short sale." – CA



"The HVCC issue is wreaking havoc in our industry. Appraisers are getting half of their fee to do their job. They cannot spend as much time on an appraisal as they used to. Also the cumbersome disclosure



process that lenders have to contend with is ridiculous - waiting 3-7 days before the buyer can pay for an appraisal, what is the purpose of that?? Also the new 2010 GFE buyers have no idea how to interpret that form. Short sales are also STILL a huge PIA and take forever (at least they seem to be going that is one bright spot)." – CA

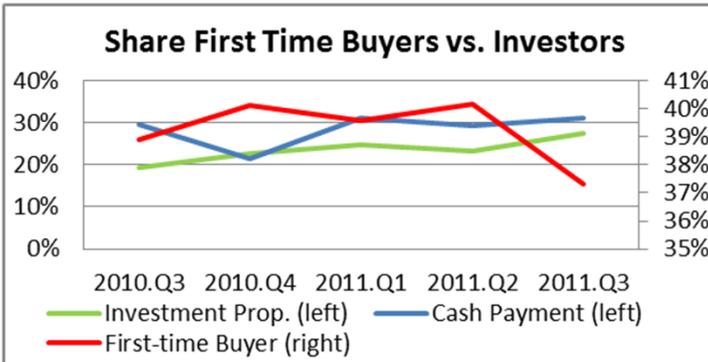
"I've been running into multiple offers at

all price points (\$250K-\$1.5M) on homes in good condition with great schools & location, selling for more than asking price (along the 680 corridor in Contra Costa County; also in sections of Alameda

REGION 13 SURVEY RESULTS

October 2011

County. Lots of "all cash" deals, too (up to \$1.45M; Buyer from Canada). I've also had problems (as the

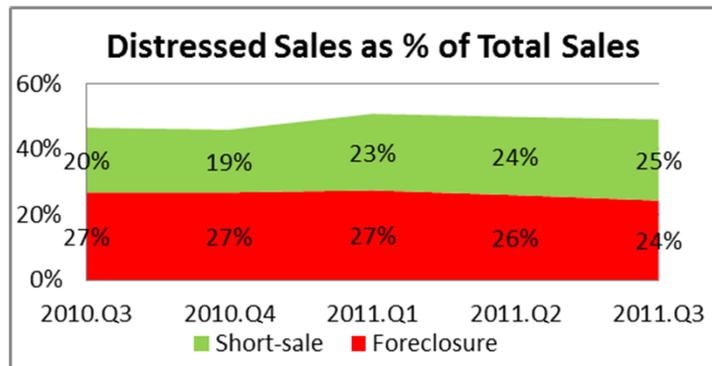


listing agent) with short sales going through HAFA/Equator; the Loan Resolution group is a challenge; UTLS is better; LR makes too many errors & close files by mistake, resulting in having to start the process over again." – CA

"Constantly working with all cash investment buyers below \$120,000. I foresee many more foreclosures in our areas of Fresno County. We are seeing

more strategic foreclosures. Sellers letting homes go to foreclosure for a purely financial business decision. Banks in contracts for short sales still foreclosing and end up selling those properties for less than the short sale price. They MUST be getting gov't bail-outs. AS a seller's agent, I have had 1 short sale with the same buyer/after 17 months, they purchased the home for \$50K less. As a seller's agent, I also had an escrow at \$450K. The bank foreclosed and the same buyer got the home for \$350K. I GOT NOTHING!" – CA

"We have 'shadow REO inventory', due to a new Foreclosure Law (Act 48) in Hawaii. We will see a deluge of inventory in the next 6-9 months which will bring our prices down considerably." – HI



"Almost all condominiums on Maui are declared condotel requiring 35% down. Condominiums are affordable for a residence but 35% down eliminates a new home owner buyer. Hawaii is unique as to the many resident buyers in condominiums." – HI

"Our market is a bit touchy because it's so dominated by the second home buyer. The seller's want to sell and can afford to take the huge losses. Many have decided not to put their home on the market for this reason. We seem to have a lot of buyer inquiries but they seem to be sitting on the fence." – HI

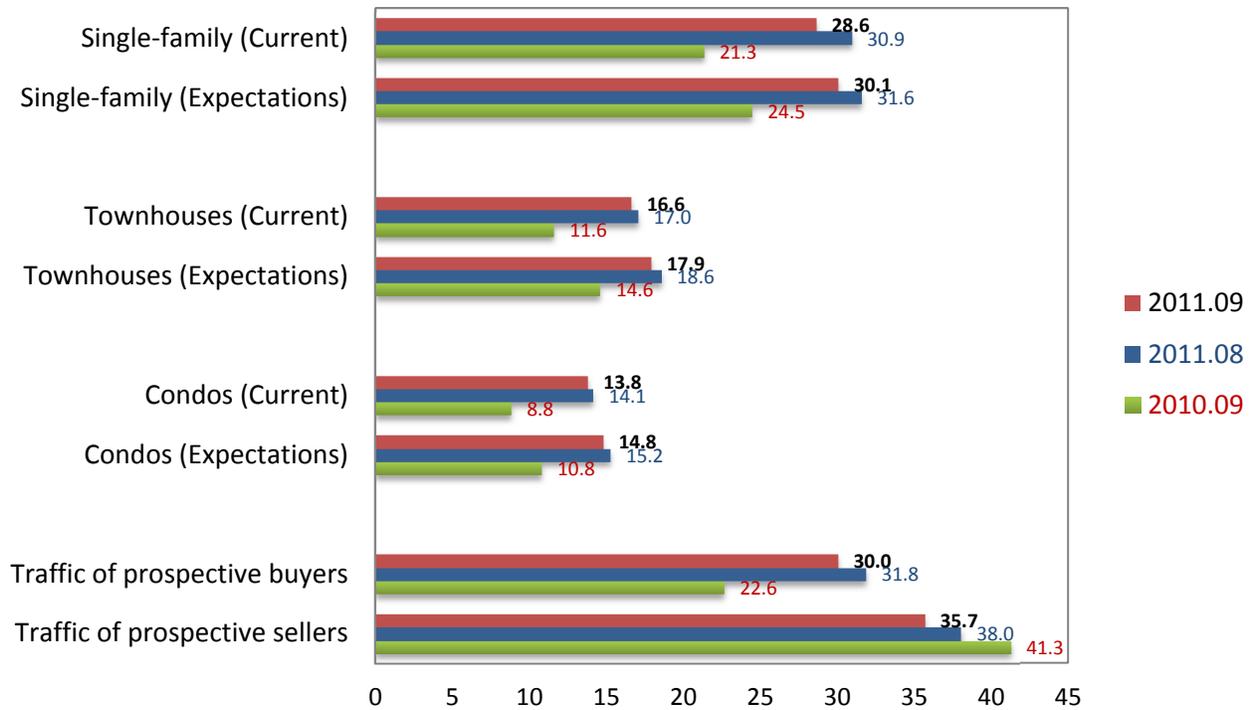
"IF the property is upgraded and priced well, then we see multiple offers... otherwise, buyers are picky and are willing to wait for price drop or keep looking. Short sales timelines for approval are still a problem. Buyers and Realtors are weary about the time to get a short sale approval. When the short sale is finally approved, the Short sale lenders are still unrealistic on their demand to close in 30 days." - HI

REALTORS[®] CONFIDENCE INDEX

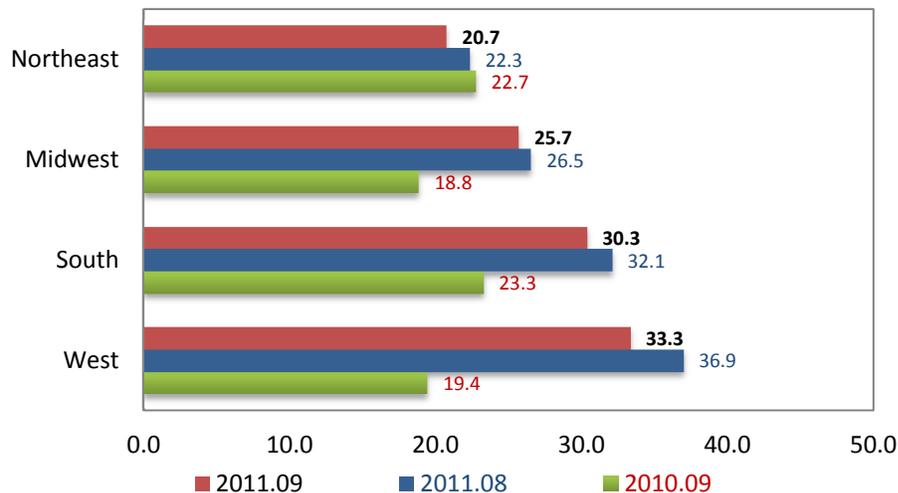
October 2011

National Survey Results

Realtor[®] Confidence Index



REALTORS[®] Confidence Index by Region

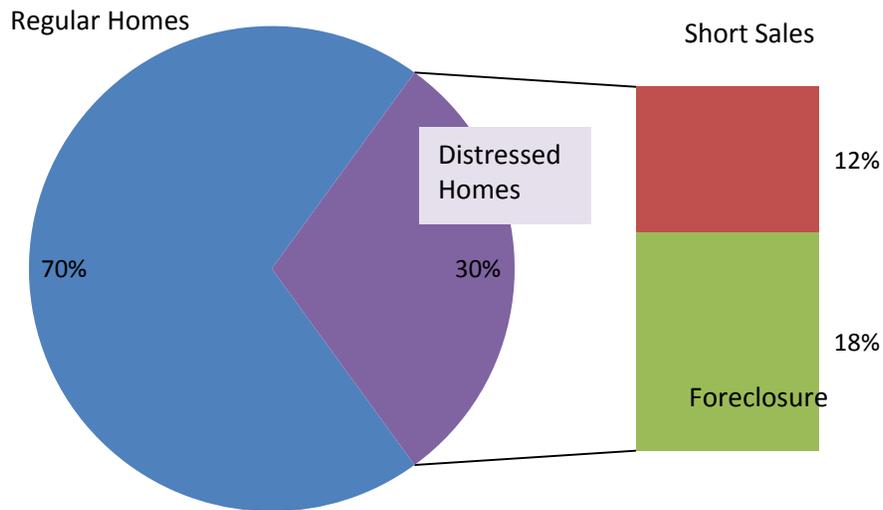


REALTORS[®] CONFIDENCE INDEX

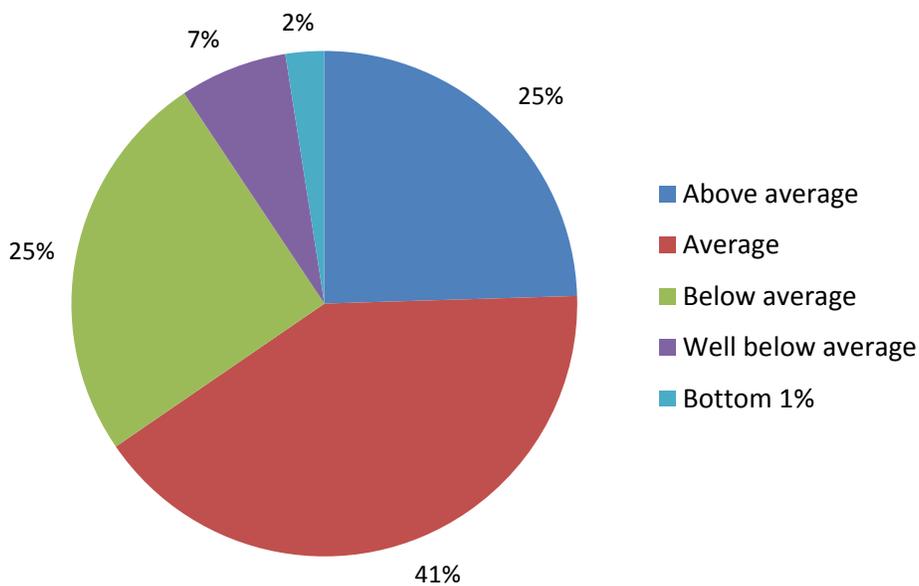
October 2011

National Survey Results

Distressed Home Sales



House Condition of Distressed Sales

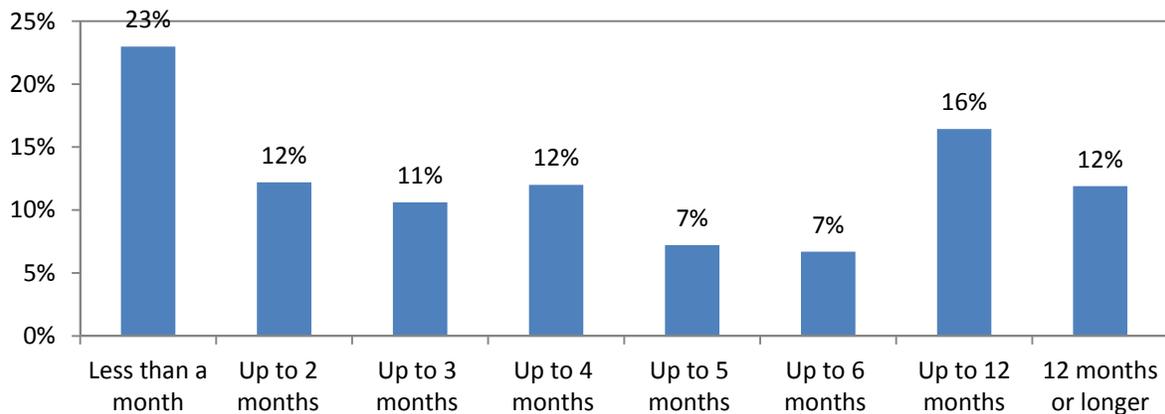


REALTORS[®] CONFIDENCE INDEX

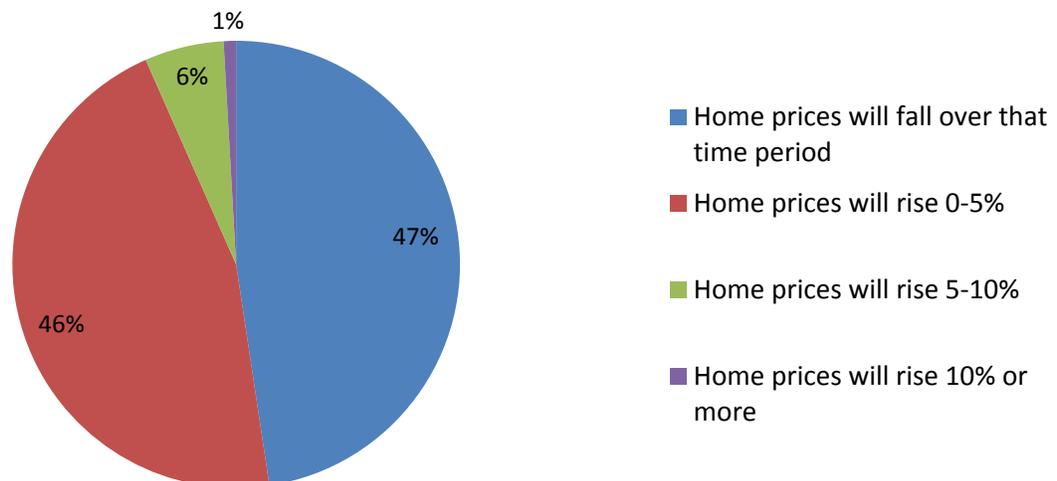
October 2011

National Survey Results

Day on the market for the last sold property



Expectations of home prices over the next year





METHODOLOGY

October 2011

Regional survey results are tabulated on a quarterly basis from responses to the monthly surveys for the national Realtor Confidence Index .

The REALTORS® Confidence Index measures the strength of the current housing market and expectations about the future. The index is based on information received from a random survey of Realtors®. The questions are designed to capture the effects of existing economic conditions and trends on the real estate business. This index provides Realtors® a snapshot of the performance, sentiments and expectations of their counterparts.

Each month participants respond to questions regarding the current and expected demand for homes, price trends, and economic conditions. The answers are then quantified and used to create the confidence index. Responses are assigned weights of 0, 50 or 100. A response of “strong” gets 100 points, while “moderate” is given 50 points, and “weak” is assigned 0 points. The index represents the average score for each question.

The results in this report reflect respondents’ confidence level for the current period and their future expectations, compared with both the previous month and the same month last year. The sample size for the monthly reports varies depending upon the number of responses, but the sample is always well in excess of the number of responses needed for a plus or minus 1 percent precision