



# Real Estate Reality... Real Estate Trends for 2008

-Debbie Yost, CLHMS, CLS, GRI

**A**s I reflect over the past year and the changing real estate market and look toward the start of 2008, I see many positive trends that have emerged as a result of our “market correction” the past few years. As I continue to look at both local and national market statistics and speak with Realtors from all areas of North America I notice several trends:

The initial transition from a sellers’ market to a buyers’ market occurred in 2006 in Arizona. This market was one of the first in the nation to decline, and it will also be one of the first to rebound. The initial shock is over and all the parties involved in a real estate transaction, buyers, sellers, lenders, appraisers, inspectors and Realtors are realistic in their expectations.

Mortgage financing has undergone a transformation from ridiculous loan programs that financed more than the purchase price for buyers with problem credit histories to traditional lending programs at lower interest rates. If you have stable employment, a track record of paying your bills on time and handling financial obligations responsibly and are purchasing a home at the appraised value, you will easily be able to obtain a mortgage loan. There still are and will continue to be loan programs available to first time homeowners with minimal down payments but these will be backed by lending giants such as FHA, Freddie Mac and Fannie Mae, not predatory lenders whose exorbitant closing costs or adjusting interest rates virtually guarantee future default by the buyer.

The pros are back! The wildly appreciating market of a few years ago enticed thousands to obtain their real estate license or become loan officers. Realtors became “order takers” instead of mastering their skills at marketing property, understanding values, negotiating, and preparing and understanding the legally binding contracts they prepared for their clients to sign. The days of taking a listing, planting a sign and placing it in the MLS, only to receive multiple offers within hours are gone. Reputable loan officers who provide credible advice and loan options for borrowers won’t be competing with the shady lenders who took advantage of unsophisticated buyers. Appraisers who were willing to match any price on a purchase contract are out of business and the appraisal experts who truly understand market conditions and are willing to take the time to properly evaluate a property are sought after by lenders.

Housing represents a home to live in again, instead of a commodity to be “day traded.” Yes, real estate is an appreciating asset and most of the wealthiest families in American have heavily invested in real estate as part of a long term wealth building strategy. I’m happy to see the frenzy of unemotional commodity trading of real estate over.

Buyers have a choice of well priced homes in good condition. Inventories are leveling off with homes priced at realistic values, properly staged and in good condition. Sellers are not only willing to negotiate again, but they understand that their properties must be in good repair. Buyers are no longer forced to overbid on a home and

accept it in “as is” condition regardless of flaws discovered during the inspection. Interest rates are quite favorable and financing programs for solid purchasers are readily available. Arizona is predicted to remain as one of the top ten states for population growth over the next several years and the growth of the golden corridor between the metro areas will continue. Interestingly, folks from outside the US see the opportunities in this market. Our office is currently working with several homebuyers and investors from Canada and Europe who see the opportunities in this market cycle.

While all these trends seem positive to me, I also see a few that are disappointing and hopefully short lived. There are always those people who find a way to profit from the misfortune of others and this market provides opportunities for new spins. Unfortunately two of these include preying on folks who are delinquent in their mortgage payments and possibly facing foreclosure. These scams include bogus foreclosure consulting firms and equity skimming schemes. It can be emotionally exhausting to deal with your lender and all the paperwork required when attempting working out a solution for a mortgage delinquency. Some consulting firms charge an upfront fee to negotiate on your behalf with your lender to avoid foreclosure. Unfortunately, many of these firms pocket the fee and do nothing more than you can – sit on hold and wait to speak with the customer service person at your mortgage company. Rather than pay a fee of \$500 to \$1500 to a third party, take the time yourself to speak honestly with your lender, and offer that fee as a partial payment toward delinquent payments.

The second scam involves a buyer, usually an investor or company to buy your home, who will allow you to rent it back from them while you get back on your feet financially. The offer usually allows you to buy back your home directly within a year or two at a predetermined price. This all seems like a great solution. Unfortunately after closing the buyer skims off whatever equity you have in the property, never makes payments on the property and pockets the rent you’ve paid to them. There are many variations of these two scams and probably by the time this article is printed there will be new ones. I’ve always been told, “If it sounds too good to be true it probably is” and perhaps you can use that as your litmus test if you are tempted by offers such as these.

On behalf of everyone at Yost Realty Group and RE/MAX Casa Grande I’d like to take this opportunity to wish you and your loved ones a very happy, healthy and peaceful holiday season.

*Debbie Yost, CLHMS, CRS, GRI is the Broker/Owner of RE/MAX Casa Grande and can be reached at [Debbie@Yosthomes.com](mailto:Debbie@Yosthomes.com).*

