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Benefits of Homeownership Outweigh Negatives, Says Survey

To achieve their goal of home ownership most Americans are willing to make sacrifices, according to a new survey conducted for Wells Fargo by The Harris Poll, which included 1,004 U.S. adults age 21 or older.

- * Nearly half of Americans saving to buy or renovate a home (49 percent) have taken second jobs to supplement their income to pay for it, such as selling items online (37 percent), starting a side business (21 percent), driving for a rideshare company like Uber or Lyft (18 percent) or dog walking/sitting (16 percent).
- * The majority of homeowners (74 percent) said they would be willing to purchase a smaller home with fewer amenities.

- * Nearly eight in 10 non-homeowners (78 percent) said they would be willing to compromise on location to afford their own home.
- * Most homeowners (72 percent) said they were willing to give up something to save for a down payment, including dining out (44 percent), going out for entertainment events (43 percent), and vacations (38 percent).
- * Millennials who are not homeowners are even more willing to make such trade-offs. The majority said they would consider a second choice of location (85 percent). Millennials as a whole were also willing to take additional steps to improve their income, by taking on side jobs (70 percent) or cutting expenses (83 percent).





“Homeownership is part of the fabric of American life, defining communities and providing a base for families to live out their dreams,” said Michael DeVito, head of Wells Fargo Home Lending. “As today’s consumers set out to achieve their homeownership goals, they are making smart financial decisions that position them — and the communities they call home — for long-term financial success.”

For the majority of Americans (70 percent), owning a home is a sign of adulthood and signifies the person has a career (73 percent). In fact, homeownership is increasingly equated with being a successful adult — more than twice as much than having children (34 percent) or getting married (32 percent).

Almost nine in 10 adults (89 percent) said the benefits of owning a home vastly outweigh any drawbacks. Despite the fact that the majority of current homeowners (69 percent) had to sacrifice some things in order to afford their home, the majority still say that buying their home was worth the effort to save for it (90 percent). If they had to do it all over again, nearly all respondents said they would still choose to buy a home instead of renting (93 percent). In fact, the majority of homeowners (95 percent) say that, in the long run, owning a home provides more of a return than renting does.

First-time Homebuyers Still Worry About the Down Payment

However, for many Americans, the number one drawback to buying a home is saving for the down payment. More than one in four (27 percent) said the down payment is the biggest barrier and it is even more difficult for millennials with 38 percent saying the down payment is the biggest barrier preventing them from buying a home.

This attitude has changed little since Wells Fargo first conducted an annual survey on this topic in 2014 when 24 percent of respondents said that saving enough for a down payment was a major chal-

lenge to buying. This is despite the fact that some mortgage programs allow qualified buyers to put down as little as 3 percent.

Difference between Home Prices and Household Incomes Doubles Since 1960



Buying a home has long been considered part of the “American Dream” for the majority of Americans. However, a new study found homeownership is increasingly becoming out of reach for some first-time homebuyers due to increasing home prices and stagnant wages.

Clever, a real estate platform that connects homeowners with top-rated local real estate agents, used data from the Census Bureau to examine how home prices have changed from 1960 to the present. Overall, the study found that the difference between home prices and income has nearly doubled since the 1960s.

According to the study, real estate in the West is becoming unattainable for some first-time home buyers given that median home prices have increased by 195 percent since the 1960s. During the same period, the median household income only increased by 26 percent.

In the Northeast, the gap between household income and home prices was significant but has narrowed since the 2008 financial crisis. Home prices in the South rose consistently with household income until the 2000s. Since 2000 home values in the South have increased 75 percent and continue to rise.

However, the study found the gap between rental and household income growth rates is virtually non-existent in the Midwest, making it one of the last affordable areas for homeowners.



Gen Z Homebuyers Prefer Diverse Neighborhoods



According to a recent Homes.com survey of more than 1,000 Americans ages 18- to 24- years old, Gen Z homebuyers want something different than the generations before them: diverse neighborhoods.

Overall, 58 percent of Gen Z homebuyers surveyed reported that they want to live in a diverse neighborhood, while just one in eight said they preferred to live in a homogenous neighborhood.

“Generation Z is more multicultural than ever before, with demographics that include the largest percentage of Hispanics and non-Hispanic blacks, at 22 percent and 15percent, respectively,” says David Mele, president of Homes.com. “Our survey suggests that their preferences will have a substantial impact on homebuying patterns. That, in turn, may create a new dynamic where diverse communities thrive more than ever before.”

Gen Z has already demonstrated that homeownership is a major goal for them. Eighty-six percent of respondents reported they want to become homeowners in the future.

For these homebuyers, their top priorities in choosing a place to live were proximity to work (71 percent), followed by living close to friends and family (52 percent), urban living (25 percent), proximity to places to shop (24 percent), and access to nightlife (12 percent).

Homesellers Stressed About Home Sales



Zillow polled more than 1,000 Americans who sold a home within the past three years and found that more than a third experienced significant stress, to the point of bringing them to tears.

“If you’ve ever sold a home before, you know how daunting the process can be,” Zillow brand president Jeremy Wacksman says. “More Americans were stressed over selling their

home than planning a wedding, getting fired or becoming a parent.”

Of the individuals that reported significant stress, 70 percent said uncertainty over their home’s final sale price caused the most stress. Another 69 percent of respondents said they were worried their homes would not sell within the desired time frame.

Another 65 percent were worried an offer from a buyer would fall through. Finally, 65 percent said they were most stressed about making renovations to their homes.

In addition, 61 percent of homesellers surveyed revealed they were simultaneously buying and selling a home. This added another layer of pressure and financial complexity to the process causing additional stress for these sellers. Roughly 70 percent of the respondents said they miscalculated the amount of time it would take to sell their home, with over 33 percent reporting the sale took longer than expected.

Nearly Half of All Renters Wish They Owned Instead



Homeownership has its faults, from the bidding wars to expensive home repairs. However, renters are not finding things to be any easier. In fact, renters are the ones who actually have more regrets, according to a recent Zillow Housing Aspirations Report.

The survey, which included 10,000 homeowners and renters in 20 of the country’s largest metro areas, found that 45 percent of renters said their biggest regret is not buying a home. For renters who want to buy a home, the current real estate market conditions make it especially difficult for first-time buyers, despite recent softening in home prices.

Among renters, their top regret is that they are not able to build equity or customize or improve their rentals (52 percent). The sec-



ond biggest regret, according to 50 percent of renters, is that they wished their rents were not so expensive.

Forty percent of renters revealed they feel their homes are too small (compared to 21 percent of homeowners) and 49 percent believe they lack private outdoor space (compared to 25 percent of homeowners).

The metros where the largest share of renters reported having regrets about renting were Phoenix, Ariz. (93 percent), San Francisco (92 percent), and San Jose (91 percent).

Senior Living One of the Most Active Types of Real Estate Transactions



Senior living is driving growth in the number of real estate transactions this year, according to a recent study conducted by law firm Akerman LLP. The firm conducted an interview with 210 of its clients and other real estate executives from

across the country.

According to the report, 67 percent of respondents said that multifamily housing, which included senior living for the purposes of the study, would be the most active sector for real estate transactions in 2019.

The findings are similar to last year's results in which 63 percent of the respondents gave the same answer. Among multifamily property types, survey respondents also ranked apartment development as the type of construction that is likely to be the most active in 2019, with senior living community development coming as a close second.

Additionally, 45 percent of respondents believe that America's aging population is one of the top three trends expected to have the biggest effect on real estate development, followed by technology

and tax reform.

The findings were released in the "2019 Akerman U.S. Real Estate Sector Report." The Akerman U.S. Real Estate Sector Report is conducted annually as a part of the Akerman Survey to provide insights on the economic conditions affecting U.S. real estate markets.

Single-family Rent Prices Rise Faster in Metros with High Employment Growth



The cost of renting a single-family home is on the rise. According to the latest CoreLogic data, monthly rent for a single-family home increased 3 percent year-over-year in May. This put the national average rent at \$1,442 per Yardi Matrix data.

In housing markets across the country, rent price increases have stabilized in the last year, rising around 3 percent on average. In May 2018, rent prices increased 2.8 percent, roughly the same amount they increased this year.

However, the data also uncovered steeper rent increases in metros with high employment growth.

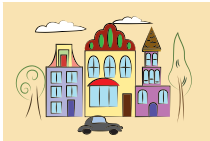
"Job growth in Phoenix, Orlando, and Las Vegas doubled the national average [of 1.5 percent] during May — stimulating increased rental demand in these markets and therefore driving rent prices upward," said Molly Boesel, principal economist at CoreLogic.

The report identified the southwest as the region with the nation's fastest rising rents. In contrast, Houston, Texas, and Miami, Fla., were the two cities with the lowest year over year rental price increases at just one percent.

According to CoreLogic, rapid job growth can both help and hurt renters. While more people can afford housing, rapid job growth triggers rental price spikes in areas that have limited new construction.



Smaller Communities Are Becoming Red Hot Real Estate Markets



The next hot U.S. real estate markets might not be what homebuyers typically think of when it comes to great locations to buy a home. According to a report released by WizeHire, an online employment recruiting service, the markets

that are set to see substantial growth in the coming years are ones where the needs of homebuyers are not yet being met by a large talent pool of agents.

As home sales and prices start to compress in major metros, residential real estate activity is on the rise in smaller cities. The communities identified by WizeHire as the next hottest markets made the list thanks to their affordability.

According to WizeHire, here are the top ten biggest opportunity markets for real estate agents:

Rank	City	Opportunity Index	Market Hotness	Median Home Price
1	Yuba City, Calif.	10	92.8	\$317,700
2	Pueblo, Colo.	10	89.6	\$252,900
3	Beaumont-Port Arthur, Texas	9.7	79.3	\$183,008
4	Salinas, Calif.	9.4	74.9	\$887,000
5	Lafayette-West Lafayette, Ind.	9.2	83.4	\$195,425
6	Tyler, Texas	9.1	72.1	\$278,250
7	Modesto, Calif.	8.2	90.5	\$348,242
8	Springfield, Mass.	8.2	78.7	\$239,000
9	Amarillo, Texas	8.1	67.2	\$229,950
10	Rockford, Ill.	8	70.4	\$129,950

Who Is the Average First-time Homebuyer in 2019?



Young homebuyers aged 25-39 were key to the rise in homeownership following the recession, according to a study conducted by Harvard University’s Joint Center for Housing Studies (JCHS). The researchers hypothesize that this group was encouraged to buy thanks to historically low interest rates and a hot seller’s market.

However, the study also noted that although “young” and “first-time” homebuyers are not the same demographic, the overlap is large.

According to JCHS, there were 3.1 million first-time homebuyers in 2016 and at the start of 2017. Some key characteristics of this homebuyer group include:

- ✳ **Young:** 54 percent were under 35 years old
- ✳ **Diverse:** 65 percent were white, 9 percent black, 15 percent Hispanic, 11 percent Asian or other.
- ✳ **Non-traditional Households:** 26 percent were married with children, 10 percent single parents, 23 percent married without kids, 22 percent single
- ✳ **Want Smaller Homes:** 43 percent purchased homes that were under 1,500 square feet, compared to about 25 percent of repeat buyers. Just 6 percent purchased homes 3,000 square feet or larger.
- ✳ **Prefer Affordable Properties:** 58 percent paid less than \$200,000 for their homes. Only 12 percent bought a home priced at \$400,000 or more.
- ✳ **Separate Homestead:** The vast majority, 77 percent, chose single-family detached homes. In this characteristic, first-timers are very similar to repeat buyers.



5 Ways to Improve Your Sales Communication



Prioritize the following five ways to improve your sales communications so they align with your strengths and weaknesses. Invest in what you do well already and prioritize the areas that need more attention and you will become a supercharged communicator.

- 1 Become a Listener** – Too often sales people focus more on what they want to say next instead of listening to what their clients are trying to tell them. The opportunity? Talk less and listen more. Periodically record your presentations and client conversations to see what you might be missing. Are you really adding value or just chattering away? Learn how to become strategic instead of simply responding impulsively during client conversations.
- 2 Ask More Questions** – Sometimes buyers, especially first-time buyers, are not fully aware of what they do not know or understand about real estate. As a professional, you can fill in the gaps for your clients by preparing questions and query sequences that are designed to achieve specific communication goals during the sales process. Not only are these questions useful for gathering information, they also increase your clients' awareness of how and why to think about making their decisions.
- 3 Anticipate Objections** – Some real estate professionals forget that buyers and sellers may be nervous about signing contracts or have little experience in dealing with large financial decisions.

The result is the deal evaporates as well as the potential for a referral.

Find out what is not working for the buyer or seller. What objections does the buyer or seller have that you can address head on? How can you build rapport and establish yourself in a supportive role to help your clients feel comfortable explaining their concerns?

When you anticipate and prepare for objections you can ensure that any client hesitation is replaced with confidence and clarity.

- 4 Recognize the Decision Making Process** – In a hot market, there may not be enough time for multiple viewings or for an attorney to review the buyer's offer. Clients who add requirements at the last minute have destroyed many deals, but this does not have to happen.

To improve sales communications, find out early on in the process who all the decision-makers will be.

- 5 Ask for the Deal** – Buyers and sellers are naturally inclined to not take action unless prompted to. Even when they have enough information to make an informed decision, they fail to move forward.

Instead of waiting for your clients to take the next step, develop approaches that will encourage them to act. If they say "no" when you ask for the offer, then the conversation will reveal their objections and you can then address them.



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