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Coldwell Banker NRT Buyer Sentiment Survey Reveals Growing Buyer Optimism

In Southern California, the enthusiasm for real estate has continued into 2013. The region's housing market posted its best January in six years, as the median price increased 24% and sales jumped 11% from a year earlier, according to DataQuick. What is the reason behind the record sales and buyer demand? Recently, NRT, the company that owns and operates Coldwell Banker Residential Brokerage, conducted a Buyer Sentiment Survey* to find out what has been motivating buyers to jump into the market right now.

According to the survey, the three most common factors motivating buyers to look for a home right now are low interest rates (83%), change in life situation (60%) and the expectation that home prices will rise (57%). The expectation that home prices will rise is a very new sentiment to occur in the last 12 months. Michael Collins, a Coldwell Banker sales associate in Beverly Hills and Estates Director for Coldwell Banker Previews International®, believes buyer optimism is driven by economic improvement in both retail spending and job creation categories.

"The lack of inventory has created what may be a false economy, but there are always buyers who need to buy now," he said. "With the lack of inventory, the urgency grows, a feeding frenzy begins and the property sells, in many cases, over the asking price. Hence, the buyer perception that now is the time to buy. Of course it doesn't hurt that mortgage rates are at record lows."

Mark Schneidman, a Coldwell Banker sales associate in Santa Barbara, says buyers are not only "comfortable that prices have hit bottom, but also concerned that interest rates will rise and see real estate as a safe harbor for their money."

The survey also found that 60% of agents said buyer confidence is increasing, across the board. 63% of agents found that home prices were increasing and 78% of agents found inventory to be decreasing. For example, Michael said prices in the Hollywood Hills are up by approximately 10-15% from a year ago, while the West Hollywood flats are up 20% from a year ago. He estimates inventory in these areas is about 50% down from the previous year. In the Carpinteria through Goleta and Santa Barbara area, Mark noted a similar phenomenon: the 2013 year-to-date median price currently sits at \$869,000, compared to \$785,000 in 2012, while inventory is down nearly 28% year-over-year.

If you are planning on purchasing a home this year, we strongly advise that you seek the guidance of a knowledgeable real estate agent to help you navigate such a competitive real estate landscape. With a little patience, perseverance and determination, you could soon be unlocking the door to your new home and future in Southern California.

* The NRT Buyer Sentiment survey had a total of 5,865 responses.

Questions or comments? Jeff can be reached at jeff.culbertson@NRTSouthwest.com

- Survey reveals clear correlation between growing value optimism and increasing frustration about lack of inventory
- 57% of agents cite the expectation that home prices will rise as third-most important factor driving demand
- 63% of agents said that home prices were increasing and 78% said inventory was decreasing



LOS ANGELES, SANTA BARBARA
& VENTURA COUNTIES

Publisher's Cover Pick

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