

Home Market 2013

By Nan Hayes for Caring Transitions

In the past year, sales of existing homes rose by 11% or 4.75 million and the [National Association of Realtors \(NAR\)](#) expects sales to rise to nearly 5.1 million in 2013. Sales have increased across all regions and all price categories.

Despite the positive outlook and improvements in housing market indicators, many remain cautious and lack the complete confidence that consumer spending, employment and [lending](#) will fully recover. The good news is most economists say the majority of these issues will be resolved by the second half of 2013, giving the housing market a chance to continue its positive trend.

Challenges for Buyers

Over the past few years, many potential sellers waited for the market to trend up before listing their homes and during that time much of the home inventory that was out there dried up. As we move into 2013, markets such as Chicago are seeing record lows in inventories. This inventory reduction provides encouraging news for sellers who stand to sell quickly, near or even above list price; however, a low inventory market isn't so great for buyers, who will undoubtedly face stiff competition for available properties.

The 2013 market may see a rapid increase in prices as an increased number of buyers compete over these low inventories and engage in [bidding wars](#). Buyers are on the rise in many markets and for many reasons. More buyers will enter the market as the economy recovers and hiring increases. High rental occupancy and [rising rents](#) are encouraging renters to move on to homeownership, creating even more buyers and as home prices increase, owners who were in negative equity situations will begin to sell their homes, but they will also become buyers searching for their next home. With so many people looking for properties during a time when [home building](#) and financing for builders remains at historical lows, the biggest question for 2013 may be "Where are the homes?"

Distressed properties are still available in some markets, but even foreclosure filings are expected to dwindle throughout 2013. The number of inexpensive homes for sale has dropped significantly over the past year. This resulted in an increased number of transactions in the mid to high price ranges and caused dramatic increase in the median home price in many areas.

Fifty cities experienced double-digit increases in home prices, led by Phoenix, with a gain of 28.4% where the properties had become severely undervalued. Many of the cities that are showing the largest increases are those who suffered most at the beginning of the crisis. They

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are now on the leading edge of the recovery. Across the board market observers agree that home prices will keep rising in 2013, but they disagree by how much. Forecasters speculate anywhere from a 2% to a 5% increase.

According to Kiplinger's Report, the following 12 cities report the largest percentage *increases* in home prices late 2012; Phoenix, AZ, Provo, UT, Ft. Meyers, FL., Minneapolis, MN., Akron, OH., Youngstown, OH., Seattle, WA., Salt Lake City, UT., Boise, ID., San Jose, CA., Washington, D.C. and Tucson, AZ.

While these markets experienced the largest percentage *decreases* in the same time frame; Louisville, KY., Columbia, S.C., Springfield, MA., Baton Rouge, LA., Scranton, PA., Greensboro, N.C., Memphis, TN., Omaha, NE., Knoxville, TN., Toledo, OH., Philadelphia, PA. and Portland, ME.

Challenges for Sellers

Based on the inventory situation, you would think home prices would be skyrocketing and sellers quickly jumping into the market. But it hasn't really happened. On one hand desirable homes that are priced well move fast, but on the other hand homes that are [too cluttered](#), in need of serious repair or in poor locations may continue to languish.

And sellers are not yet as optimistic as one would think they'd be. Many sellers entering the market are selling their homes due to affordability problems such as inability to pay their mortgage or finding their investment in an ["underwater"](#) position. Other are suffering from job uncertainty, loss of household income or just choosing to move to a more [affordable market](#). These owners' reasons for selling reflect the hardships that many are experiencing and may explain why sellers are not very hopeful about the future of home prices. According to the Home Buyers Report, only about one in five sellers believe home prices will continue to increase.

Still, the shortage of preferred inventory in the market will still work to the advantage of some buyers, especially those who are well positioned, have a home in reasonably good condition, who seek out the right broker and list at the right price before everyone else jumps in the game.

Let us help you get your home ready for the 2013 selling season! Downsizing, decluttering, estate sale and online auctions from [Caring Transitions](#)!

About Caring Transitions

As life changes, it may become necessary to leave a familiar home and part with personal belongings in order to downsize and relocate to a smaller home or retirement community. At Caring Transitions, we help our clients understand the process, evaluate their options and make informed decisions that suit their best interests. We are committed to making each client's experience positive by minimizing stress and maximizing results.

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