

Expecting More Seller Price Concessions? Spring Is Not the Time*

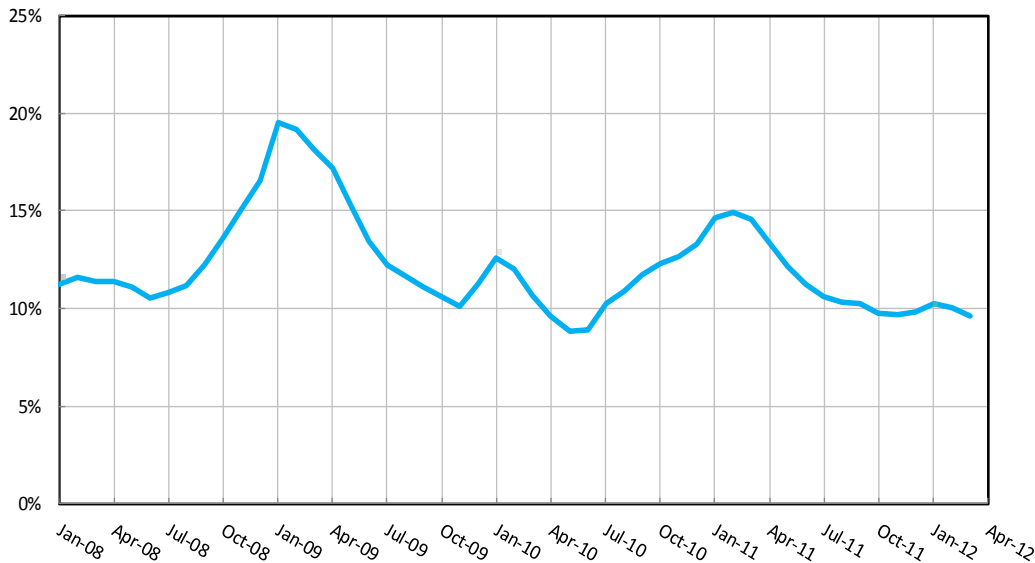
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Home sales are up again, according to March numbers released by the National Association of Realtors, marking the ninth consecutive year-to-year growth. On a month-to-month basis, however, both March and February show declining sales volumes from the previous months, meaning the spring home buying season has yet to begin. The latest numbers on new housing starts from the Census Bureau show similar trends.

Nevertheless, a seasonal pick-up in home sales and listings is widely expected in the coming months. Record lows of home prices and mortgage financing costs will continue to play out favorably for potential homebuyers. On the supply side, a continued acceleration in disposing distressed homes will provide home buyers and investors alike with attractive investment opportunities.

Rising seasonal demand in the spring is also typically, and not surprisingly, associated with home sellers offering smaller price concessions. The shaded areas in the chart below show this seasonal decline pattern, whereby the asking price discount is the percentage difference between the final sales price and seller's initial asking price.

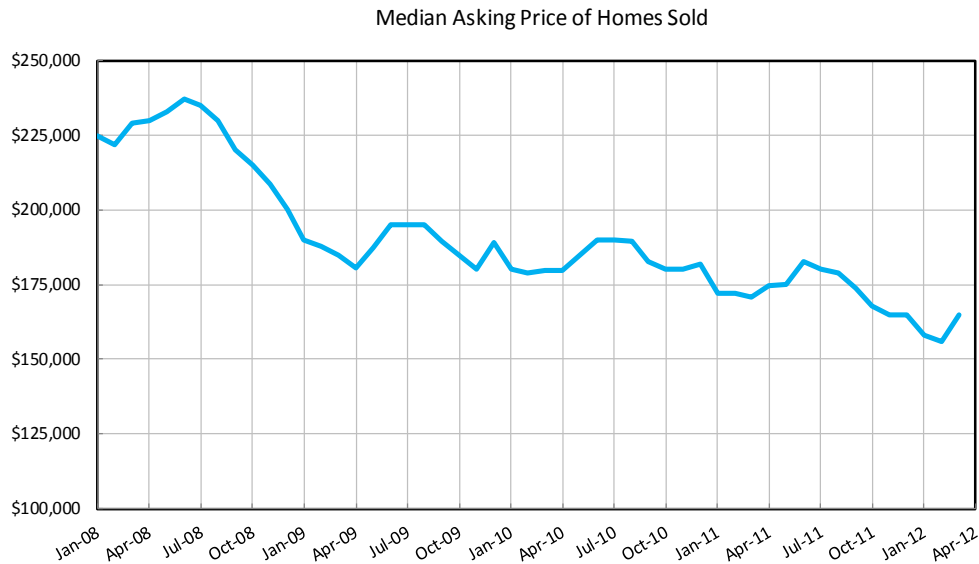
Median Asking Price Discount in the For-Sale Market



Source: FNC Data & Analytics

* Please send your comments or questions to ymayer@fncinc.com.

In March, homes were sold at an approximately 9.6% discount to sellers' initial listing prices, a sharp drop of 5.0% from a year ago at 14.6%. Excluding Spring 2010 when the housing market rebounded briefly under the federal tax credits, the asking price discounts have been at post-crash lows in recent months. The median asking price in March rose 5.8% to \$165,000 from \$156,000 in February.



Asking Price Discount

MSA	Mar-12	Mar-11	Year-to-Year Change
Chicago	19.0%	22.6%	(3.6%)
Cleveland	18.1%	17.7%	0.4%
Atlanta	16.1%	21.1%	(5.0%)
St. Louis	14.3%	13.8%	0.4%
Cincinnati	14.2%	16.0%	(1.8%)
Detroit	13.0%	20.0%	(7.0%)
Tampa	12.5%	20.2%	(7.7%)
Philadelphia	12.4%	12.7%	(0.3%)
Miami	12.0%	20.2%	(8.2%)
New York	11.7%	13.1%	(1.4%)
Baltimore	11.3%	14.6%	(3.3%)
Minneapolis	11.0%	17.3%	(6.3%)
Seattle	10.5%	13.1%	(2.6%)
Portland	10.2%	14.4%	(4.2%)
Pittsburgh	9.8%	10.9%	(1.0%)
Orlando	9.7%	21.4%	(11.7%)
Boston	9.5%	9.8%	(0.3%)
Kansas City	7.9%	8.2%	(0.3%)
Las Vegas	7.6%	9.9%	(2.4%)
Houston	7.1%	7.3%	(0.2%)
San Antonio	6.2%	6.0%	0.2%
San Diego	5.9%	7.9%	(2.0%)
Dallas	5.8%	6.3%	(0.4%)
Los Angeles	5.7%	7.0%	(1.2%)
Denver	5.5%	9.6%	(4.2%)
Riverside-CA	5.4%	7.9%	(2.5%)
Sacramento	5.0%	10.4%	(5.4%)
Phoenix	5.0%	14.7%	(9.7%)
Washington D.C.	4.4%	8.1%	(3.7%)
San Francisco	3.8%	7.4%	(3.5%)

Source: FNC Data & Analytics



Know Your Collateral

Home buyers across different local markets can expect to see wide variations in sellers' price concessions. The table above shows the latest numbers on the asking price discount and year-to-year comparison for the nation's largest housing markets. Highlighted are the markets where asking price discounts are at post-crash lows: Detroit, Miami, Orlando, Phoenix, Riverside, CA., and Tampa. These markets also show significant year-to-year declines. Sellers in Chicago, Cleveland, and Atlanta offered home buyers the largest price discounts. In contrast, the price discounts offered by sellers in Washington, D.C., and San Francisco were among the smallest.