

Luxury Home Prices Soar Even More

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Sale prices of luxury homes in the second quarter of the year surged 7.5 percent compared to a year ago. It's the first time the luxury market's gains outpaced the rest of the market since 2014, according to data by the real estate brokerage Redfin. Redfin defines the luxury markets as the top 5 percent of the priciest homes sold in each city.

But one of the main reasons behind the luxury market's strong performance may be because sellers have gotten more realistic about their list prices, CNBC reports. Luxury sellers are asking a little less for their homes, which has spiked more interest among buyers, and in turn, is helping to boost prices once again too.

"There have been several years of a large disconnect between luxury sellers and market conditions, and what we've noted in all our research is that sellers are now much more willing to travel farther to meet the buyers," Jonathan Miller, president and CEO of Miller Samuel, a real estate appraisal and consulting firm, told CNBC.

Miller cites a recent example: A home in Brooklyn, N.Y., recently sold for \$15 million, which was a 40 percent discount of its original price.

Sales of homes priced above \$1 million surged 19 percent in June compared to a year ago, according to the National Association of REALTORS®. That marks a bigger sales gain than the lower price points.

The spike in sales has caused a lower supply of luxury homes for sale. Listings at or above \$1 million dropped 9.4 percent compared to a year ago, according to Redfin's data.

"The housing shortage is now affecting the top of the housing market," says Nela Richardson, Redfin's chief economist. "Yet despite the strong uptick in

prices, the luxury market is not nearly as competitive as the rest of the market. Only 1 in 50 luxury homes sold above list price in the second quarter, compared to more than 1 in 4 homes in the bottom 95 percent."

Source: "Luxury Home Prices Soar as Sellers Come Back Down to Earth," CNBC (Aug. 3, 2017)

Consumers Fear Another Housing Bubble

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More than half of American homeowners—58 percent—say they expect there will be a “housing bubble and a price correction” within the next two years, according to the latest survey of more than 1,000 Americans from ValueInsured’s Modern Homebuyer Survey.

Many consumers surveyed say they believe that real estate is reaching the top of the market. Because of that, 83 percent of Americans surveyed say now is a good time to sell their home, up 9 percentage points since last quarter.

But their confidence in buying may be getting a little shaky. Many buyers surveyed say they were concerned whether a property they bought now would hold its value. Fifty-seven percent of American owners believe that homes in their area are overvalued and that current prices are unsustainable.

Millennials are particularly concerned. Seventy-two percent of millennial home buyers say they are concerned with timing. They want to ensure they are “not buying high.” Just 43 percent are confident that a home they purchased today will increase in value by the end of 2018.

NAR's latest Housing Pulse survey echoes some of ValueInsured's findings, with six of 10 respondents saying they are concerned about the cost to buy a

home or high rent prices in their area. Eighty-four percent of the Housing Pulse respondents say they believe buying a home is a good financial decision, and affordability was ranked as the fourth top issue, after affordable health care, low wages and debt, and heroin and opioid drug abuse.

“We see more home buyers concerned with timing the market,” says Joe Melendez, CEO of ValueInsured. “This is especially true for millennials, who are more likely to switch jobs, relocate or need to upsize in the next few years. No one wants to buy at the peak and find themselves underwater as so many did a decade ago.”

The top five states where residents believe the market is approaching a “housing bubble,” according to the survey are Washington (71 percent), New York (68 percent), Florida (63 percent), California (59 percent), and Texas (58 percent).

“Beyond the jitters, I see in our survey an increasingly informed nation of home buyers, who understand the risk of the market,” Melendez says. “To those concerned about a price correction, or waiting to time the market, I recommend a proactive approach. Have an exit plan; then anytime you find a home you love is a good time to buy.”

Despite their concerns, nearly 79 percent of ValueInsured's respondents say that homeownership is an important part of their American dream.

Source: [ValueInsured](#)

2 Major Reasons Why Inventory Is So Low

DAILY REAL ESTATE NEWS | FRIDAY, AUGUST 11, 2017

Inventory of available homes on the market is the lowest it's been in two decades, but the reasons may surprise you. Two of the likely culprits are

baby boomers and homeowners who are simply satisfied with their home, according to realtor.com®'s Housing Shortage Study.

Baby boomers are showing a desire to age in place in their current homes, and their refusal to sell is creating a clog in the market, according to the study. Eighty-five percent of baby boomers surveyed say they are not planning to sell their home in the next year. That means 33 million properties—many of which are urban condos or suburban single-family homes—will stay off the market. Many of those properties would be popular choices for millennials, a generation still largely waiting in the wings to break into homeownership.

“Boomers, indeed, hold the key to those homes the market desperately needs, both in the urban condo and the detached suburban home segment,” says realtor.com® chief economist Danielle Hale. “But with a strong economy and rising home prices, there’s really no reason for established homeowners to sell in the short term. Although downsizing might be on the minds of boomers, they face the same inventory shortages and price increases plaguing millennials.”

Furthermore, 63 percent of respondents to the survey indicate that their current home meets the needs of their family. They cite low interest rates (16 percent), recently purchasing their home (15 percent), and needing to make home improvements and low property taxes (each at 13 percent) as reasons not to sell. “Life events drive real estate transactions,” Hale says. “When the majority of homeowners feel their family’s needs are being met by their current home, there is nothing compelling to them to put their home on the market.”

There may be hope that more starter homes will hit the market soon. Possibly offsetting the low supply of starter homes, which is down 17 percent year over year, 60 percent of respondents to realtor.com®'s survey

who did say they plan to sell in the next year are millennials who want to move to a larger home or one with nicer features.

“The housing shortage forced many first-time home buyers to consider smaller homes and condos as a way to literally get their foot in the door,” says Hale. “Our survey data reveals that we may see more of these homes hitting the market in the next year, but whether these owners actually list will depend on whether they can find another home.”

Source: [realtor.com®](#)

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Source: realtor.com®

Scam Dupes D.C. Home Buyers Out of \$1.5M

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A couple lost \$1.5 million in the purchase of their dream home in Washington, D.C., because of a real estate scam that is nabbing more victims across the country.

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As the couple—who put down \$200,000 on the home—waited for closing, they received an email that appeared to be from their title company with directions to wire the remaining funds for the purchase. The couple replied to the email to double-check the instructions. When they received a reply, they proceeded to wire the remaining \$1.3 million to what they thought was a legitimate bank. But when they went to sign the papers at settlement, they realized they had been scammed.

“When you have a young child, and you move into your house for the first time, and you close on that house—that should be a really special moment. Not a moment when a massive amount of money is stolen from you,” Michael Nadel, the couple's attorney, told NBC News 4 in Washington. “So the whole experience has been marred.”

The couple was still able to purchase the home with inheritance money, but they are suing the title company and others in hopes to recover the stolen funds. The FBI is investigating the incident and says the computer servers of the title company, Federal Title and Escrow, likely were hacked. “Federal Title’s internal review has determined that no other customers were affected by this attack,” a company spokesperson told the television station.

Such scams are becoming more common. The National Association of REALTORS® has been [issuing warnings](#) to its members about scams where hackers are breaking into the email of real estate professionals and providing clients with fraudulent wiring instructions for their down payment funds. The emails containing “new” wiring instructions may

appear to come from the customers' agent, title representative, or attorney.

Urge your clients to call first if they receive such an email. Also, they should not go by the phone number on the email but look up the number to make sure it's the correct one.

Source: "D.C. Homebuyers Lose \$1.5M in Title Scam," NBC-4 (Washington, D.C.) (Aug. 9, 2017)