

JONAS

= AND ASSOCIATES =

Today's buyers and sellers face unique challenges, and it's up to trusted real estate professionals to guide them through these conditions. To help with this mission, I produce the Brian Buffini Real Estate Report twice a year. This is a guide that provides relevant information to help you understand what's going on in your region and at the national level. Dive in and learn all you need to know about the current state of the market.

It's a Good Life!®



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State of the Real Estate Market

From buyers and sellers to agents and lenders, the real estate market has had its share of ups and downs over this past year. Although mortgage rates are higher than a year ago, home prices in many markets are higher than before the pandemic. Despite tight inventory, buyers are starting to see less competition for homes. Sellers who price their home right will stay competitive.



How the 2023 Real Estate Market Differs From the 2008 Housing Crisis:

- Tighter restrictions on obtaining a mortgage in place.
- Less inventory of available homes now.
- Job growth is still healthy.
- Mortgage delinquencies are still low, only rising 0.4% from 3.0% in 2022 to 3.4% in 2023.



State of the Real Estate Market

While the market may be shifting, housing inventory remains tight. Buyers are still facing challenges as they attempt to purchase their desired home.

New Construction Slowly Rising

Housing Starts:

1.63 million

+5.7% Year-Over-Year

Housing Completions:

1.52 million

+5% Year-Over-Year

Single family:

997,000

Rising lumber prices have added \$14,000 to the average price of a new single-family home.

Housing Inventory
May 2023

1.08 million
-6.1% Year-Over-Year



Existing Home Sales

4.3 million

-20.4% Year-Over-Year

Median Home Sales Price

\$396,100
-3.1% Year-Over-Year



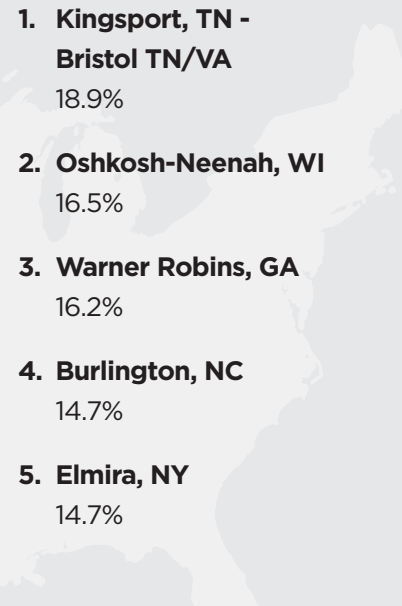
National Market Snapshot

As mortgage rates continue to shift, so does the migration trend out of cities to the suburbs and more rural areas. Home prices are approximately 50% lower in rural areas and 20% lower in suburbs.

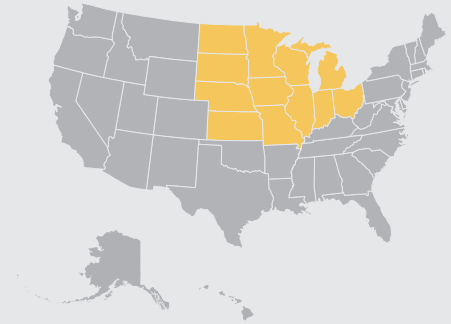
Top 10 Most Expensive Home Markets and Median Prices

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1. San Jose-Sunnyvale-Santa Clara, CA
\$1,618,400
 2. Anaheim-Santa Ana-Irvine, CA
\$1,195,500
 3. San Francisco-Oakland-Hayward, CA
\$1,192,600
 4. Urban Honolulu, HI
\$1,029,000
 5. San Diego-Carlsbad, CA
\$880,000
 6. Salinas, CA
\$863,900
 7. San Luis Obispo-Paso Robles, CA
\$850,200
 8. Oxnard-Thousand Oaks-Ventura, CA
\$844,800
 9. Boulder, CO
\$836,900
 10. Naples-Immokalee-Marco Island, FL
\$777,000

Top 10 Metro Areas With Largest Year-Over-Year Price Increases

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1. Kingsport, TN - Bristol TN/VA
18.9%
 2. Oshkosh-Neenah, WI
16.5%
 3. Warner Robins, GA
16.2%
 4. Burlington, NC
14.7%
 5. Elmira, NY
14.7%
 6. Oklahoma City, OK
14.7%
 7. Milwaukee-Waukesha-West Allis, WI
13.7%
 8. Appleton, WI
12.4%
 9. Hickory-Lenoir-Morganton, NC
12.0%
 10. Santa Fe, NM
11.7%

Regional Trends: Midwest*



Existing Home Sales

990,000

-20.8%

Year-Over-Year

Median Sales Price

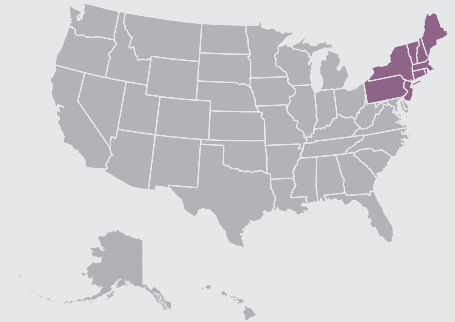
\$298,000

+1.1%

Year-Over-Year

*As of May 2023.

Regional Trends: Northeast*



Existing Home Sales
500,000

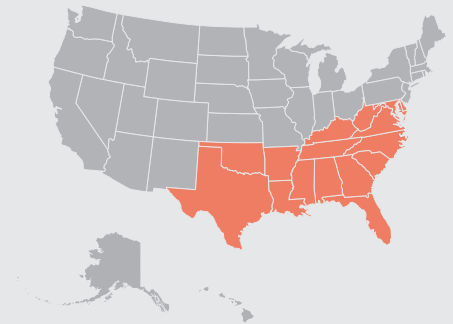
-25.4%
Year-Over-Year

Median Sales Price
\$439,000

+2.5%
Year-Over-Year

*As of May 2023.

Regional Trends: South*



Existing Home Sales
2.02 million

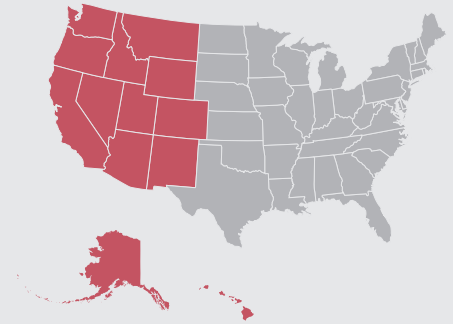
-16.5%
Year-Over-Year

Median Sales Price
\$361,400

-2.7%
Year-Over-Year

*As of May 2023.

Regional Trends: West*



Existing Home Sales
790,000

-25.5%
Year-Over-Year

Median Sales Price
\$596,500

-5.7%
Year-Over-Year

*As of May 2023.

Mortgage Stats

The most popular type of mortgage is a 30-year fixed-rate.



Marry the House, Date the Rate

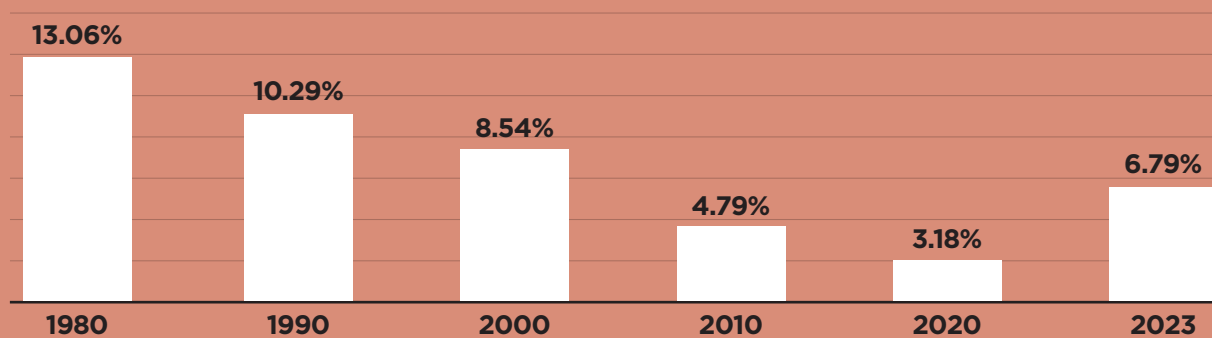
If buyers see a house they love, they should consider buying it. They can refinance later when mortgage rates go down.

Stable 30-Year Fixed-Rate Mortgage

Many analysts believe that in a future normal market, 30-year fixed-rate mortgages will be slightly higher than in the past 10 years, at around 5-6%.¹

Experts at Freddie Mac, the corporation created by the federal government to ensure access to home mortgage credit, believe the “housing market has stabilized from a sales and house price perspective.”

Mortgage Rates Since 1980*



*All rates are as of first week in June.

Buyer Profile

With the market returning to a more normal pace, buyers may have a bit more flexibility when it comes to making concessions such as forgoing home inspections. But with inventory still very tight, they should ensure everything will be in place, including their financing, for them to make an offer when they see a home they are considering.



Challenges for Buyers:

- Low inventories.
- Competition from other buyers (especially all-cash buyers).
- Home prices.
- Rising mortgage rates.
- Being able to save enough for a down payment.

Buyers Are Looking For:

Quality of neighborhoods: **49%**

Convenience to family and friends: **37%**

Nearly half (**41%**) of new-home buyers do not want homes that need major renovations or repairs.

Median Age of First-Time Buyer	Number of First-Time Buyers	Median Age of Repeat Buyer	Median Number of Homes Toured	Median Time Searching for New Home	Median Distance From Last Home
36 years old	28% of all buyers	59 years old	5	10 weeks	50 miles

Buyer Profile



All-Cash Buyers

Many millennials are finding themselves competing with boomers, who are flush with cash after selling their homes and either won't need a mortgage or can put down a significant cash deposit. Twenty-eight percent of all buyers purchase a home with all-cash offers.

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Help for First-Time Homebuyers

There are government programs that can help first-time homebuyers, including Federal Housing Administration loans, VA loans and USDA loans. Individual states also have housing finance agencies. Many financial institutions also have their own programs. In some circumstances, family members may offer monetary gifts or loans.

Cash Sales, as Percent of Sales

May 2022: **25%**
May 2023: **25%**



Typical Down Payments:

First-time buyers: 6%
Repeat buyers: 17%
All buyers: 14%

Seller Profile

A tight inventory means the real estate market is still in favor of sellers. In some areas of the country, prices are dropping a bit and homes are on the market longer. In other parts, homes are still seeing multiple bids and selling quickly. Homes that are priced right continue to sell.



In 2022, the final sales price was a median of 100% of the final listing price.

Main Reasons for Selling

- Desire to move closer to family and friends: **21%**
- Moving due to retirement: **11%**
- Neighborhood becoming less desirable: **11%**
- Home too small: **10%**
- Change in family situation: **9%**

Median Distance to New Home by Age

- 35-44 years old: **21 miles**
- 55-74 years old: **180 miles**

Median Days on Market

18 days

Median Number of Offers Received

2.7

Percentage of Properties Sold Above List Price

24%

Benefits of Staging the Home

48%

of sellers' agents say homestaging decreases a property's time on the market.



81%

of buyers' agents say it makes it easier for the buyer to visualize the property as their future home.

High-quality photography and videos are important, as many buyers start their search online.

Homes that were staged often received an offer of up to **1% to 5% more** compared to similar homes that were not staged.

Most Important Rooms Buyers Want to See Staged

- Living room: **39%**
- Primary bedroom: **36%**
- Kitchen: **30%**

Most Common Rooms Staged

- Living room: **91%**
- Kitchen: **81%**
- Primary bedroom: **81%**
- Dining room: **69%**

Made Improvements and Repairs

- Minor renovations or fixed broken items: **49%**
- Major renovations: **11%**
- Sold home as-is: **40%**

Homeownership: The Best Investment

88% of buyers view owning a home as a good investment.

Most Homeowners See Impressive Equity Gains

A typical homeowner
gained approximately
\$14,300
in equity.



Home sellers gained a
median of
\$112,000
more than their
purchase amount.



A typical homeowner
who owned a home for
more than 10 years had
more than
\$200,000
in equity.



Value of Owning a Home

- A fixed-rate mortgage offers stability for month-to-month payments.
- Homes appreciate in value faster than inflation.
- As you build equity in your home, you increase your net worth.
- Owning a home gives you the opportunity to lay down roots in your community.

Owning Versus Renting

In most markets, a median monthly mortgage payment is nearly the same as a monthly rent payment.

Median monthly mortgage payment: **\$1,964**

Median monthly rent: **\$1,942**

State of the Agent

The use of technology continues to increase in popularity, but there is still an emphasis on real-life interactions. Ultimately, skilled, supportive agents are the key to homebuyers and sellers achieving their real estate goals.

Benefits Buyers Reported From Using a Real Estate Agent

53%

received help in the buying process.



52%

said their agent pointed out unnoticed features or faults with property.

Other benefits include:

- Improving knowledge of search areas.
- Providing a better list of service providers.
- Negotiating better sales terms.



Buyers Want Agents To:

Find the right home to purchase: **49%**

Negotiate the terms of sale: **13%**

Help with the price negotiations: **11%**

Buyers looked for agents who were honest and had integrity, were responsive and had knowledge of the purchase process and the real estate market.

Sellers Want Their Agent To:

Price their home competitively: **23%**

Market their home: **23%**

Sell their home within a specific timeframe: **13%**

Help find a buyer for the home: **13%**

The most important factors for sellers when choosing an agent were reputation, trustworthiness and honesty.

Why I Work by Referral



Relationships are more important than transactions.

My business is built on relationships, so I work to provide my clients with outstanding service and care both during and long after a transaction.

You are the backbone of my business.

Your referrals are the foundation of my business, so I aim to exceed your expectations every step of the way.

Service that continues after the sale.

I am devoted to serving your needs even after the sale is complete. If you need a referral for a contractor, helpful advice or an agent for your friend or family member, I am here to help.

Approximately 63% of all transactions are conducted through a sphere of influence — there is an existing relationship that leads to sales.

89% of buyers and 85% of sellers would use their agent again or refer them to others.

“There is no lead more powerful than one referred from someone you know — someone who knows you, trusts you and will put their name to you.”

BRIAN BUFFINI,

Founder & Chairman of Buffini & Company