

New Signs that Home Prices May Be Stabilizing



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A new sign that home prices may be stabilizing-fewer sellers are slashing prices while their homes are on the market.

Twenty percent of sellers slashed prices by an average 10 percent in April, and while that may sound like a lot, it's a good deal less than the 27 percent who did so in April of 2009, all according to real estate website Trulia.com.

Granted, sellers still slashed a collective \$23 billion dollars from their original expectations, but at least the numbers are headed in the right direction.

"Market stabilization is helping to define fair market value, and this helps agents and consumer price better," says Trulia's Ken Shuman.

The big question is what will happen when federal stimulus finally exits the housing market, as the home buyer tax credit expires April 30. Increases in foreclosures are already beginning to weigh on home prices, as distressed sales now dominate the market.

Going locally, some of the hardest hit metropolitan markets are now seeing some of the biggest decreases in seller concessions. In Las Vegas, just 13 percent of sellers on the market have slashed prices, compared to 28 percent a year ago. San Diego and San Francisco are seeing comparable trends. On the flip side, Seattle and Denver, which were late to boom and later to bust are still seeing an increase in price reductions.

The average price reduction, again 10 percent nationally, is also changing depending on the market. San Francisco sellers are lowering prices by about 8 percent compared to 13 percent a year ago. But Phoenix, with its huge rate of foreclosure, is seeing prices slashed 13 percent compared to 12 percent last year.

In addition to market stabilization in some metros, the fact also is that sellers, inundated with news of the troubled housing market, are simply more realistic than ever before. Realtors report that more of their clients realize that underpricing will generate more offers faster. Also, those sellers demanding prices of yesterday, are taking their homes off the market to wait out the recovery.