

## Real estate market slowdown a boon to some buyers

### Slowing price growth, growing inventory creates benefits in some areas

Monday, June 05, 2006

By [Janis Mara](#)  
[Inman News](#)

For years, Rebecca Nathenson, a product manager for a San Jose, Calif., firm, and her fiancé Eric Kline have wanted to buy a house. Now, "based on the softening market, it is finally a possibility," the MBA grad said.

Growth in home prices slowed across the country in the first quarter of 2006, Freddie Mac [announced today](#), with its [Conventional Mortgage Home Price Index](#) showing an 8.7 percent increase on an annualized basis, down from a revised fourth-quarter-2005 rate of 12.9 percent and a third-quarter-2005 growth rate of 13.7 percent.

And pending [real estate sales fell nationally](#) for the third consecutive month in April, dropping 3.7 percent since March and 11.7 percent since April 2005, the [National Association of Realtors reported](#) last week.

While these reports and stories of growing inventory in a number of markets are not good news for sellers, first-time buyers like Nathenson and Kline may have an easier time of it as the market slows.

"We can afford more house now," Nathenson said. "Even though prices haven't come down that much, we're looking in the Menlo Park and Palo Alto (California) areas, and the difference that's produced by a bidding war is significant in that area. And now the bidding wars are over."

Back in August, when Nathenson and Kline signed the lease on their apartment, "Buying wasn't an option for us. We knew that trying to find a place within our price range where we could win a bidding war wasn't feasible. It was the slowdown that made us start thinking, 'Maybe this is really possible now.'"

Nathenson's experiences seem consistent with news that California real estate sales [dropped 21 percent in April](#) compared to the same period a year ago, as reported by the California Association of Realtors May 26.

Now, Nathenson said, "we can stretch a bit more and get a house we want to stay in longer term, whereas before the same amount of stretching would not have gotten us this much." In a comment that seemed to encapsulate the character of the California real estate market, the product manager said, "Our Realtor says he feels very confident he can find us a single-family house in Palo Alto for \$900,000."

In Newport News, Va., things are not quite as hopeful for first-time buyers, according to Lynn Grimsley of RE/MAX Peninsula.

"In this area the appreciation has had an impact on first-time home buyers that is not always positive," Grimsley said. Such buyers are still in a multiple-offer situation, the Realtor said. "I haven't seen that change."

There are some signs of hope, however, Grimsley said.

"There is considerably more inventory on the market than there was this time last year. We are seeing properties on the market long enough for there to be a price reduction and we are seeing properties selling for the listed price, which is a



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large change from last year," the Realtor said.

Grimsley said that while there are still multiple offers, there aren't as many, and "I just got one through and it was the sixth offer I've written for this lady." The buyer waived the home inspection and offered more than the asking price and was finally able to have her offer accepted, Grimsley said.

Home sales in Grimsley's state, Virginia, fell for the eighth consecutive month in April, while the median home price soared from a year ago, the [Virginia Association of Realtors](#) said in a [report last month](#).

First-time home buyers definitely have a better chance now in Baltimore, Md., according to Margaret Rome, a Coldwell Banker agent in the area.

"Now, you don't have four and five contracts on the same property. You don't always have to go in full price, you don't have to go in without an appraisal," Rome said.

Rome said agents in her area are now complaining, "There is too much inventory on the market, and where are the buyers? Last year they were complaining that there wasn't enough inventory and there were too many buyers," the agent said.

"I do see sellers starting to panic a bit. If their house is on the market two months, they are taking their house off the market or reducing it right away. They don't need to reduce it right away. They just need to have some patience," Rome said.

With location the watchword of real estate as always, not every area of the country has reported a slowdown. Total real estate sales in the Houston, Texas, market rose for the seventh straight month in April, the Houston Association of Realtors [reported in May](#). Sales and prices for single-family homes topped records, suggesting that first-time home buyers would face an uphill battle.



Additionally, Iowa real estate sales [jumped 20 percent](#) in March compared to one year earlier, according to the [Iowa Association of Realtors](#).

Along those lines, in Albuquerque, N.M., "the first-time home buyer market is still nip and tuck," said Linda DeVlieg of Coldwell Banker Legacy.

"The market here has not slowed that much in the first-time home buyer range," DeVlieg said. "I think the prices may be more steady, and should level off a bit in that market going forward. But the first-time home buyer has to be fully educated, confident and able to act quickly when they see something they want."

Linda DeVlieg,  
Coldwell Banker  
Legacy

DeVlieg said the types of homes available to first-time home buyers are often older, with deferred maintenance, because of the pricing.

"It's a challenge and I think the consumer has to be more educated and work with an agent who is also educated," the Realtor said. "They have to be fully aware of what they are about to get into so they can make their decision quickly and erase some of those romantic notions. Now is not the time to get overly emotional. Just get into a property so you're not a renter any more."

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