

DMBA Appraisal Update – April 2021!!

Special request questions for DMBA Members? If any of you have questions during the month, please feel free to email or call for a personal response. If the topic is of enough interest, it can be expanded to and include for next month's update. Thanks,

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Mark's Market Thoughts!

Low rates with Fear of Rate increases, NO SUPPLY!! equals CRAZY!!!! We are experiencing one of the strongest market price increases in years! In my opinion, these are stronger increases than the inflation years of the 1970's and 1980's.

Spring has sprung and we do not know how long this can continue. The increases are nation wide and Dallas, while CRAZY HIGH, is only moderate as compared to the other sections of the US market. See the article below about Austin and realize it is based upon data which has only accelerated.

The second article indicates a shift to suburban areas, especially for minorities, due to the COVID impact. This could be a stretch unless it is backlash for high density markets such as New York, Chicago . . .

Coming appraisal discussion!!

"Market Value" or "Auction Value" and as appraisers which do the lenders want and which are the buyers expecting? Buyers are no longer negotiating prices this spring; rather they are "BIDDING" contract prices above list price. Then they are attempting to "sweeten the offer in order to win" by absorbing seller paid costs,(i.e., sellers title policy), allowing free rent after closing and what ever else can be thrown on the table! Realtors have reported listings with 20 to 50 bids, all are above list price. They are having so many bids they are preparing Excel spread sheets for the buyer to analyze, the "Bid prices", down payments, terms, and benefits.

Again, this is happening across the nation. This is real, if the buyers are paying cash differences between the list or market values and the contract bids. We likely will have a bubble "POP" if these premiums are allowed to be absorbed by the mortgage lenders. Watch for a full discussion!! And better yet, send in your stories and thoughts!!

March 24, 2021 at 8:00 AM EDT

Austin Homes Selling 7% Above Asking Prices--The Biggest Premium in the U.S.

Homes in the Texas capital were selling for 1% below asking prices pre-pandemic. The reversal is driven in part by out-of-towners moving into Austin, driving up competition and prices.

SEATTLE, March 24, 2021 /PRNewswire/ -- (NASDAQ: RDFN) — The average home in the Austin metro sold for 7.1% above its asking price during the four weeks ending March 14, according to a new [report](https://www.redfin.com) from Redfin ([redfin.com](https://www.redfin.com)), the technology-powered real estate brokerage. That's the biggest premium of the 47 metros included in Redfin's analysis of recent home sales, and it's up 8 percentage points from a year ago when the average Austin home sold for 0.9% *below* its asking price. It represents a larger year-over-year gain than any other metro.

Austin has had one of the hottest housing markets of the pandemic era, with the typical home selling for 23% more than the year before in February, and the typical home selling in 30 days—12 days faster than the year before.

"Nearly every offer my clients make faces competition, and most homes are going for more than 20% over asking price," said Austin Redfin agent April Miller. "I recently submitted an offer on behalf of a client for a remodeled three-bedroom, two-bathroom home listed at \$515,000. We offered \$100,000 over asking price and waived the appraisal and financing contingencies, and we still came in third out of 38 total offers. Every single potential buyer offered more than the asking price, and four of the offers were \$100,000 or more over."

Austin is perennially one of the most popular destinations for [Redfin.com](https://www.redfin.com) users looking to move from one metro area to another, and its popularity has skyrocketed over the last year. Nearly three times more out-of-towners looked to move into Austin in January than the year before. Affluent migrants are one reason for Austin's competitive market and soaring home prices. In Austin, the average out-of-towner had an \$852,500 homebuying budget in 2020, 32% higher than locals.

Nationwide, the average home in the U.S. sold for exactly 100% of its list price during the four weeks ending March 14—an all-time high. That compares with an average of 1.8% *below* its list price a year earlier. This is the first time the average U.S. home has sold for the same as or above its list price since Redfin started tracking this data in 2016.

Homes in San Jose, Seattle, San Francisco and Sacramento are also selling for well above their asking prices

The average home in the San Jose metro sold for 5.5% above its asking price in the four weeks ending March 14, the second-biggest premium of the metros tracked by Redfin, after Austin. It's followed by Seattle (5.3% above asking), San Francisco (5%) and Sacramento (2.7%). Although some Bay Area remote workers are moving away from the region to more affordable parts of the country, residential neighborhoods in the San Jose and San Francisco metros remain competitive.

Austin, Seattle and Sacramento are also on the list of places with the largest increases in premiums above asking price. Seattle saw a 4.1 percentage-point gain, with homes selling for 5.3% above asking price in the four weeks ending March 14, compared with 1.2% above asking price a year earlier. Next come Buffalo, NY (4-point increase to 1.7% above asking price), Sacramento (3.1-point increase to 2.7% above asking price) and Providence, RI (3.1-point gain to 1.1% above asking price).

San Francisco is the only market that saw its premium decline. The typical San Francisco home sold for 5% above its asking price in the four weeks ending March 14, down from 6.4% above a year earlier. Even with the drop, San Francisco still has the fourth-highest premium of all the metros tracked by Redfin, as noted above.

The average home in the Miami metro sold for 4% *below* its asking price in the four weeks ending March 14, the biggest discount of the metros tracked by Redfin. Even so, Miami's housing market has been hot during the pandemic, particularly for high-end homes. Homes selling below their list price reflects market norms in the area.

Miami is followed by New Orleans (2.5% below asking), Pittsburgh (-2%), Orlando (-1.7%) and Chicago (-1.6%).

To view the full report, including additional metro-level data, please visit:

<https://www.redfin.com/news/austin-homes-selling-above-asking-price>

Outlying Suburbs Appeal to More Home Buyers

BY ROSE QUINT ON MARCH 25, 2021 • (1)



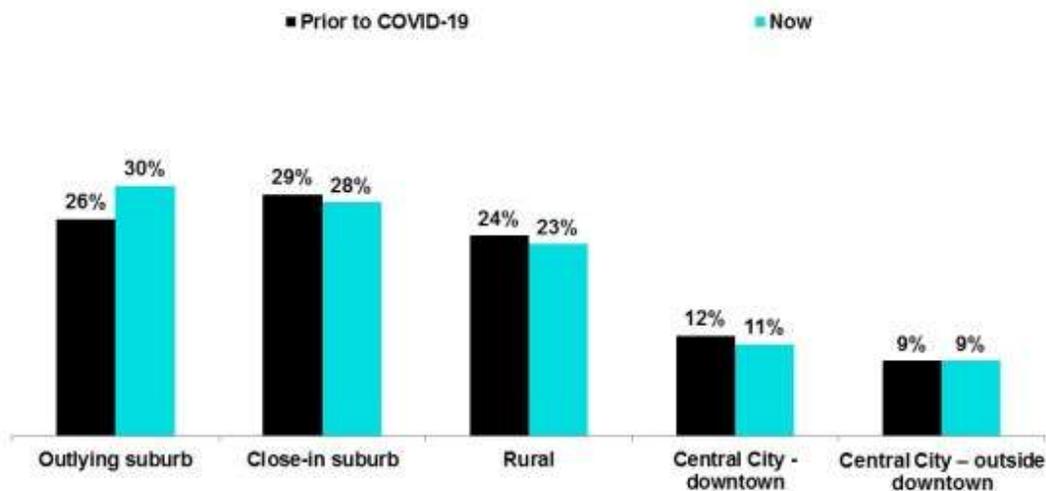
A recent NAHB study* found that COVID-19 has impacted the housing preferences of [25% of home buyers](#). More specifically, the survey asked about location preferences both prior to COVID-19 and now: did buyers' preferred location change as a result of the pandemic? Results show that a segment of home buyers have in fact shifted their preference towards the outlying suburbs due to the health crisis.

Prior to COVID-19, 26% of buyers wanted to buy a home in an outlying suburb; since the beginning of the pandemic, that share is now 30%. On the other hand, each of the other location options saw small declines or no change at all in preference.

For example, the share of buyers who would prefer a close-in suburb went from 29% prior to COVID-19 to 28% now; for a rural area, the share went from 24% to 23%; and for the downtown area of a central city, from 12% to 11%. Meanwhile, the share of buyers who want to purchase their next home in the central city outside of downtown remained unchanged at 9% before and after the onset of COVID-19.

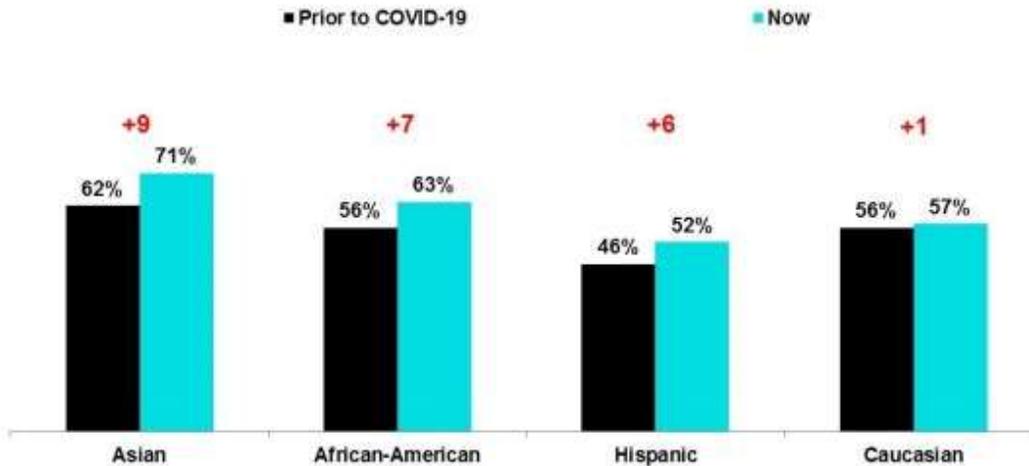


Location Preferences Shift Toward Outlying Suburbs



Looking at results across racial/ethnic groups reveals that minorities are driving the increased interest for the suburbs (whether outlying or close-in). Among Asian home buyers, 62% preferred a suburban location prior to COVID-19, compared to 71% now – a 9-point increase. Among African-American buyers, the share rose seven points, from 56% to 63%; and among Hispanic buyers, it increased six points, from 46% to 52%. Meanwhile, the share of Caucasian buyers who prefer a suburban location did not change much because of COVID-19, up only one point from 56% to 57%.

Minorities Drive Increased Interest for Suburbs



* *What Home Buyers Really Want, 2021 Edition* sheds light on the housing preferences of the typical home buyer, but also on how those preferences change over time, and how they may vary based on demographic factors such as age, income, and geography. The study is based on a comprehensive, nationwide survey of 3,247 recent and prospective home buyers conducted in the summer of 2020. For a complete article summarizing the most important findings, please [click here](#).

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