

## Local real estate market better than most think

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For The Transcript

Local real estate experts and statistics show that the housing market in Norman and surrounding communities is not nearly as scary as national media have portrayed.

Norman Board of Realtors President Jayme McLaughlin said while the national media has been reporting a terrible real estate market, the local market is doing just fine.

"While we may be feeling the ripple effect from the media coverage of the markets that are having a tough time, we are not having the same problems as California, Arizona or Georgia," McLaughlin said. "Oklahoma's foreclosure rate, according to RealtyTrac.com, is down 31 percent compared to 2006, while the nation saw a 58 percent increase in foreclosures this year."

Tom McAuliffe, broker manager of Don Cies Real Estate Inc., said he is frustrated with the gloom and doom national news on the real estate market and said the national media is making broad generalizations for the entire country.

"It's like predicting the weather in Oklahoma by saying it's raining in Pennsylvania," McAuliffe said. "All real estate is local."

The national trend has shown that there are many homes in foreclosure, causing a slowed and depreciating real estate market. But McLaughlin said there are currently 41 homes in foreclosure or up for auction in Norman. They range in price from \$50,000 up to \$300,000.

"In a city the size of Norman that is a small amount of homes in foreclosure," McLaughlin said.

According to an MSNBC.com study, out of the top 100 metro area foreclosures in the U.S., Oklahoma City ranks 64 (below Tulsa at 58). The study shows that in the third quarter, the total filings for foreclosure were 1,639, which is one home out of every 309 homes.

Jonathan Leavey, executive vice president of American-First Abstract Co. in Norman, said that is only one-third of 1 percent of homes in the metro area.

The area with the most foreclosures was Stockton, Calif., with 7,116 filings. Leavey said that is one in 31 homes in foreclosure or 3 percent of the homes in the area.

"This is a CNN phenomenon that Norman and Oklahoma are getting caught up in," Leavey said. "We are so much more in touch with what is happening nationally and internationally that we see these reports and are panicked.

"We should be conservative, but not panicked. To me, if you look at the national media, they are crying fire down the block but saying the fire is here, as well, and they are panicking people."

McAuliffe said people are seeing the national reports and are afraid.

"We are not crumbling in Norman, Okla.," he said.

McLaughlin, the board president, said homes are sitting on the market longer, but buyers are not feeling any pressure to hurry their decisions.

"But homes that are priced at or just a tad below market value are moving from 'just listed' to 'sold' in about 45 to 60 days," she said.

McLaughlin said when a home is priced right, staged well and in a desirable location, it sells within the first 30 days of the listing.

"We know this to be true because it happens that way for us," McLaughlin said. "Just three weeks ago I listed a 4-year-old, one living, one dining, approximately 1,650-square-foot, three bed, two bath, mother-in-law plan home with a study at market value. After five showings, it is now currently under contract to close by the middle of December. The sellers accepted an offer that was \$1,500 less than their asking price."

She said houses are averaging a listing length of 90 to 120 days in Norman. The price range of homes selling the fastest are those priced between \$110,000 to \$150,000, with the upper end of the market moving slower. She said homes priced at more than \$250,000 are taking six months to two years to sell. The median range for Norman sales is \$157,000.

McLaughlin said there is always an ebb and flow to the market.

"The last couple of years were incredible and so we now find ourselves in a more normalized market," McLaughlin said.

Additionally, Dee Taylor, local Realtor and past president of the Norman Board of Realtors, said the market is typically slower this time of year.

Taylor said there is a slowed investors market because the home equity market has slowed down.

But even though the market may be a little slower now, Taylor said owning a home is a smart move.

"It's still one of the wisest investments people can make," Taylor said.

The local economy helps the real estate market, as well, McAuliffe said.

"There are a lot of people working in the oil industry and are making lots of money again," he said. "We have a nice, rising appreciation rate. Our local economy seems to be doing pretty well."

Leavey said the major problems in the real estate market are on the East and West Coasts. Homes there appreciated at record rates.

"The values are falling on the West Coast because they rose so high so fast," Leavey said. "They have a long way to fall."

Leavey said, according to data from the Office of Federal Housing Enterprise Oversight, that five years ago if you bought a house for \$250,000, today it would be worth \$296,925 in Dallas and \$540,050 in Los Angeles.

"The west markets are unmaintainable," he said.

He said the local market has had small, reasonable incremental price increases during the last five or 10 years.

Adding flames to the fire were adjustable mortgages that allowed buyers to get into a mortgage at a rate that would change and become unaffordable.

With the inflating price of homes and people wanting to be homeowners, Leavey said people started living beyond their means.

"The people who were qualifying were having a harder time, so the adjustable rate mortgage allowed people to go in and pay interest only," Leavey said.

This caused negative amortization and, "the hole they were in kept getting deeper," he said.

Unlike the coastal states, the homes in Oklahoma have stayed affordable, he said.

Leavey suggested the government needs to help the situation at a national level. He also suggests buyers deal with "brick and mortar banks" where lenders and buyers can meet eye-to-eye.

The Option ARMS — or mortgages where buyers are only required to pay partial interest — are great tools for investors who buy, remodel and then sell a home. They aren't good for the average buyer.

"That was a tremendous tool that got misused," he said.

McLaughlin said most buyers should remember that home ownership is a long-term investment.

"Buying a home is not a quick-in, quick-out investment, like buying a stock," McLaughlin said. "Homeownership builds wealth over the long-term."

"Home ownership is the American Dream. A family buys a home, lives in it for 10 to 20 years, and when they sell it has increased in value, usually three to six percent a year."

With the market slowing down, some buyers may have unrealistic expectations.

"I think buyers are hoping to snag the deal of the century," she said. "They want cheap prices when they buy and high prices when they sell."