

What they're saying about ... the housing market

By JUDY STARK, Times Staff Writer
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What to make of the recent wave of disheartening news on the housing front? New-home sales down 21 percent. Existing-home sales down 11 percent. Interest on 30-year fixed-rate mortgages at 6.76 percent in July, up a full percentage point from a year ago. Local condo projects canceled. Incentives from builders. No money down. Less than a year ago the experts were talking about "soft landings" and "the air coming out of the balloon" (but no bursting bubbles) and a return to a healthy normal from the overheated, unsustainable pace of the last few years.

Here's what some of them are saying now. Quote them as you gather around the barbecue this Labor Day weekend. - JUDY STARK, Times Homes editor

"The current downswing in home sales reflects both falling affordability and a pullout by investors/speculators that were a major factor behind the unsustainable pace of new-home sales last year. We've seen an inevitable mid-cycle correction of housing market activity from the records posted last year. We expect the market to bottom out during the first half of next year and then move to a solid, sustainable trend." - David Seiders, chief economist, National Association of Home Builders

"Many potential home buyers have been on the sidelines, some 'kicking the tires' but mostly waiting for sellers to compromise on prices and terms. Now sellers in many areas of the country are pricing to reflect current market realities. As a result, there could be some lift to home sales, but it'll likely take some months for price appreciation to rise." - David Lereah, chief economist, National Association of Realtors

Since concessions and givebacks, which lower the real sale price, "don't show up in the house price indexes used by economists, the decline in housing prices so far is actually considerably larger than most analysts recognize. . . . The decline in consumption that will result because people can no longer borrow against their homes will have an even more dramatic impact on the economy. The financial system will also be shaken by an unprecedented wave of mortgage defaults." - Dean Baker, co-director, Center for Economic and Policy Research, Washington, D.C.

"Your sales prospect has Attention Deficit Disorder. You, the sales agent, are the Ritalin. HELP THEM FOCUS!" - Melinda Brody, real estate sales trainer, speaking to the Sales & Marketing Council of the Tampa Bay Builders Association

"Investors don't have much skin in the game. All they want is a return on their deposit." (Anything they get back beyond that deposit is gravy. A builder, however, is concerned about recovering gross construction costs.) "But most investor units have no options; the units are plain vanilla. They're the least expensive but the hardest to sell."

- Robert J. Kanjian, Building Solutions, West Palm Beach

"I don't see a turnaround in any of the markets. I don't see any forming a bottom."

- Robert Toll, chairman of Toll Brothers, luxury home builders, on reporting that third-quarter profits dropped 19 percent. Material from the Associated Press was used in this report. [© Copyright, St. Petersburg Times.](#) All rights reserved.