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NEWS RELEASE



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Real Estate Consumers Shed Light on the Listing Conundrum in Berkshire Hathaway HomeServices' Second Homeowner Sentiment Survey

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Respondents maintain a favorable view of housing and share impressions of housing's challenging inventory shortage

IRVINE, CA (Sept. 1, 2015) – Berkshire Hathaway HomeServices, part of the HSF Affiliates LLC family of real estate brokerage franchise networks, today released results of its second Homeowner Sentiment Survey indicating that real estate consumers remain optimistic about housing and its long-term prospects yet are hesitant to list their homes in a market largely favoring sellers.

U.S. real estate has moved forward since the “Great Recession,” though its recovery has been tempered by various market conditions. For example, strict mortgage-qualification guidelines continue to stem the flow of consumers to real estate while homebuilders have not kept pace with growing demand and household formation. Concurrently, much of the glut of homes generated in the downturn – “Shadow Inventory” – was gobbled up by investors who now rent the properties. These factors and others have led to a low supply of homes, which in turn has intensified competition for existing properties and driven up home prices in many markets.

Adding to the challenge for real estate consumers and the industry is that many homeowners are simply not listing their homes. Why?

Overall, a significant majority of Homeowner Sentiment Survey respondents (71%) said U.S. real estate is heading in the right direction, though this number is down from first quarter results. Yet among contemplators – those who are considering selling their homes but have not yet listed – 73% point to home prices that have not recovered to pre-recession levels, and 61% say uneasiness about the U.S. economy has kept them on the sidelines to this point.

“Though home prices around the country have recovered much of the ground lost during the downturn, contemplators are telling us they want more confidence in the decision to list,” said HSF Affiliates CEO Gino Blefari. “They’re also telling us they need more information about their markets, pricing and specific home improvement in order to list.”

In general, respondents said credit-score impairment caused during the downturn, stringent lending guidelines

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and the competitive landscape for homes – in particular, the challenge facing first-time buyers in competing with all-cash, equity-flush and international buyers – as top concerns today. Among current homeowners, 68% said underwater mortgages remain a hurdle.

Ironically, less than half of all respondents identified low inventory as a market challenge and only a small minority – 12% of prospective homeowners and 6% of current homeowners – described housing inventory as “decreasing.” Still, the most common barriers cited by contemplators for not yet listing reflect the inventory shortfall, including “Waiting for the right opportunity” and “Haven’t found my ideal home yet.”

“This is a classic case of supply and demand,” said Berkshire Hathaway HomeServices President Stephen Phillips. “The low supply of homes in many markets creates a strong opportunity for those able and willing to list their properties. Good homes priced correctly are selling quickly in many cases.”

Opportunity also exists for buyers as mortgage rates remain near historic lows. And, as more homes come on the market, balance will return to U.S. real estate, Phillips added.

“Education is essential in today’s market,” explained Blefari, noting that 55% of contemplators said they’d be more likely to list if they had additional information on the home-selling process. “The stage is set for real estate professionals to connect with consumers, learn their needs and concerns and determine the best way for sellers and buyers to capitalize on the opportunities that exist today.”

Full survey details are available upon request.

Berkshire Hathaway HomeServices Consumer Sentiment Survey Methodology

Interviews with 2,557 respondents were conducted online by Edelman Berland in July 2015. The respondents captured were either current homeowners (individuals who currently own a home as a primary residence) or prospective homeowners (individuals who are looking to buy a home within the next six months). The margin of error is +/-1.9% for all respondents.

About Berkshire Hathaway HomeServices and HSF Affiliates LLC

Berkshire Hathaway HomeServices, based in Irvine, CA, is a real estate brokerage network built for a new era in residential real estate. The network, among the few organizations entrusted to use the world-renowned Berkshire Hathaway name, brings to the real estate market a definitive mark of trust, integrity, stability and longevity.

Irvine, CA-based HSF Affiliates LLC operates Berkshire Hathaway HomeServices, Prudential Real Estate and Real Living Real Estate franchise networks. The company is a joint venture of which HomeServices of America, Inc., the nation’s second-largest, full-service residential brokerage firm, is a majority owner. HomeServices of America is an affiliate of world-renowned Berkshire Hathaway Inc.

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