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This Article

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4 opportunities agents should cash in on

Grow your real estate business in 2012

BY BERNICE ROSS

Editor's note: This is the first of a two-part series.

At the recent AFIRE (Awesome Females in Real Estate) conference, Deborah Falcone, real estate director for the Wall Street Journal, shared the Journal's latest research on the key trends currently shaping today's real estate market as well as ways brokers and agents can capitalize on these trends to grow their business.

1. **Investors move the market**
According to the National Association of Realtors, the number of homes purchased in 2011 by investors jumped 65 percent to 1.2 million. Investors represented 27 percent of all home sales.

Opportunity: Working with investors will continue to be a great source to expand your business whether you are an individual agent or a brokerage. Many Gen Yers are having difficulty finding employment or are so burdened with college loans that they cannot afford to purchase a home. As a result, "Gen Rent" will continue to drive the demand for rental properties and investments.

2. **Bull run for rentals**

Demographics, employment numbers and tight credit have made it harder for people to purchase. The result is bidding wars on apartments. To illustrate this point, Falcone said that the average rent for a two-bedroom apartment in New York City is $3,766 per month. This is an increase of 4.1 percent in just May alone. This is being fueled by the low vacancy rates (5 percent). As Falcone described it, "It's a landlord's market with (rental) incomes up 15 percent at the end of the first quarter of 2012."

Opportunity: Depending upon your local market, there are two different opportunities. The first is to add rentals to your list of real estate services. This could include going into property management, although this requires specific software, training, and often times a much more expensive errors and omissions insurance policy.

The second opportunity is to create a niche working with investors. While the average American is now purchasing a home once every seven years, the average investor purchases two properties each year. This translates into 14 sales in seven years as opposed to one sale for single-family homeowners during the same time period.

3. **The housing market crawls back**

While prices are still falling in key markets such as Atlanta, Chicago, Las Vegas, New York City and Portland, Ore., asking prices are up, especially in places such as Miami where there is a strong demand based upon foreign and all-cash investors.

Opportunity: Real estate continues to be local. If you work in a location where there is a large population of global buyers, consider creating a niche to serve the special needs of these markets. If your MLS does not already provide for your listings to be translated into multiple languages, consider using the translation tools from Immobel.com, which also allows you to post your listings on Facebook (and have them displayed) in 13 different languages. If you are fluent in another language, consider translating the home page of your website into that language as well.

4. **Bidding wars are back**

The data from the Journal as well as from the California Association of Realtors (CAR) shows that multiple offers are back. Falcone reported that current inventory is 20 percent below what it was in 2011. The Journal's numbers show a national supply of 6.6 months, which is a balanced market.

In her session, Sara Sutachan, senior research analyst at CAR, reported there is only 4.5 months of inventory statewide in California for non-distressed homeowners. In terms of short sales and REOs (bank-owned properties), there are only 3.4 months of short-sale inventory and only two months of REO inventory. These numbers not only indicate a seller's market, but a very strong seller's market where the depletion of the inventory may soon lead to some modest price increases.

Currently, 80 percent of the sales in California are from equity (traditional) sellers rather than distressed properties. Thirty-five percent of the equity sales have multiple offers with an average of three offers per property, and 58.3 percent of the short sales and 57.5 percent of the REO properties have multiple offers with an average of three and 3.6 multiple offers per property, respectively.

Opportunity: Probably the most exciting part of this information is that traditional sellers (i.e., non-distressed property sales) are making a comeback. With the big declines in California in the distressed property market, explore what is going on in your market. If the amount of inventory has decreased substantially, now is the time to contact your past sellers who may have been waiting for the market to improve.

Also, with the tremendous increase in multiple offers in certain areas, it's time to hone up on your negotiation skills. It's also especially important to let your buyers know that they have already probably missed the bottom of the market.

Interested in more trends from the Journal and opportunities for your business? If so, see Part 2 on Thursday.

Bernice Ross, CEO of RealEstateCoach.com, is a national speaker, trainer and author of the National Association of Realtors' No. 1 best-seller, "Real Estate Dough: Your Recipe for Real Estate Success." Hear Bernice's five-minute daily real estate show, just named "new and notable" by iTunes, at www.RealEstateCoachRadio.com. You can contact her at Bernice@RealEstateCoach.com or @BRoss on Twitter.