Lukewarm optimism echoes at real estate symposium

By Austin Fay

INCLINE VILLAGE – "At least, it appears the worst is over."

Economist Lawrence Yun gave a somewhat optimistic forecast to almost 500 agents from around the country during the multi-day National Association of Realtors' Resort and Second Home Symposium at the Hyatt Regency Lake Tahoe in Incline.

Yun described the worldwide economic condition as a "100- or 200-year flood" that won't happen again for "at least another 100 years."

Lawrence Yun talks real estate numbers on June 14 in Incline. Photo/Austin Fay

"But right now we are in the midst of that flood and the waters are beginning to recede," Yun said Monday.

International homebuyers from Brazil, India and China are expected to replace the baby boomers as the indispensable demographic in the U.S. resort and second-home market. About one-third of all international resort and second homes sales are to Canadians and Mexicans.

As long as people around the world see the U.S. as a symbol of financial security and are "putting American dollars underneath their mattresses," the long-term prospects are sound, Yun assured the Realtors.

Yun is the chief economist of the NAR and has a decorated past, having been instrumental in the shift from a centralized economy to a market-based economy after the collapse of the Soviet Union. He also helped establish economics departments in Russian universities.

California's outlook: Slow recovery

California's median price for a single-family home could double as a barometer for the national resort and second-home market. There is a strong correlation between resort and second-home sales to primary residences in California. California is often referred to as one big resort in real estate circles.

There were side conversations at the convention about home prices becoming inflated again as the market begins to turn around. In the first quarter of 2008, $246,000 was the median price for a house sold in California. For the same quarter in 2009, it was $305,000 – a 21 percent increase.

The trend hasn't reached Tahoe quite yet. In South Lake Tahoe, median home sales price in the first quarter of 2009 (excluding Tahoe Keys) was $326,000 (16 percent decline from 2008 median price of $390,000); the median home sales price in the first quarter of 2010 was $317,500, a decrease of 3 percent from last year.

This trend indicates the decline in median prices on the South Shore is slowing.

As for the Tahoe City and North Shore (excluding Incline Village), median sales prices for the first three months of 2010 was $453,000 versus the same period in 2009 at $400,000. That's a 12 percent increase.

These statistics indicate the North Shore median home price is about 4 percent higher than the South Shore in the first part of 2010.

Deb Howard of Deb Howard & Co. was instrumental in bringing the symposium to Incline Village. She's been apart of the NAR since its inception eight years ago and is a 31-year real estate veteran in South Lake Tahoe.

When asked if elements of the keynote speeches were alarming or disturbing, Howard told *Lake Tahoe News* concerns of a supply shortage could spell inflated home prices.

"That's just one of those little sleeper things … with population growth, immigration, and the lack of financial support to develop, we're going to have a real collision, then here we go again," Howard said, in reference to her feeling of impending inflation in resort and second-home markets.

However, housing markets across the nation, including the resort and second-home markets, are plagued by excess supply.

Steve Goddard, president of the California Association of Realtors, has a different take on the state of the housing market of California.

"We're coming back and doing quite well now … the investors and the buyers have discovered that the California market has stabilized, and if they want to buy property, now is the time," Goddard said, lightly pounding the lectern as he stood giving his blend of sales pitch and speech.

One could say now is the time to buy in Nevada too because of the abundance of foreclosures. Nevada is No. 1 in the nation in foreclosure rates, with one in every 74 homes receiving a foreclosure notice.

Linda Rheinberger, president of the Nevada Association of Realtors, spoke of her “new friends” Fannie Mae, Freddie Mac, Federal Deposit Insurance Corporation, and the Department of Housing and Urban Development.

The state is struggling to hedge its spiraling unemployment and foreclosure rates. Nevada’s recovery is greatly intertwined with the national tourism and gaming industry. For the past two years gaming revenues have been in steep decline because of the recession as many of Nevada’s visitors are holding onto their discretionary dollars much tighter.