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# Bargain hunters boost home sales in some markets

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Enlarge By Steve Marcus for USA TODAY

Potential buyers check out foreclosed Las Vegas homes. A small but growing number of people are seeing opportunity amid the housing recession.

By **Stephanie Armour, USA TODAY**

Home prices are sinking. Banks are seizing properties from owners who can't pay their mortgages. Yet for Amber Gilmore, the miserable housing market has never looked better.

After searching for a home for more than a year, Gilmore and her fiancé found one in foreclosure. Once the bank cut the asking price by more than \$100,000, the first-time home buyers eagerly sealed the deal for \$230,000.

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In about a month, the couple will move into the two-bedroom house in Chicago with a small fenced yard and garage. The previous owners invested in gleaming granite countertops and hardwood floors. Their loss, Gilmore says, is her gain.

"This is the best time to buy — so many homes are in foreclosure," says Gilmore, 25, a news coordinator for *Telemundo*, a Spanish-language media company. "The market right now is, to us, a benefit."

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As home sales and prices drop across much of the USA, many potential buyers remain scared to jump into the market, and sellers are resorting to slash-and-burn prices. The national median price sank to \$195,900 in February, down from \$213,500 in February 2007. Foreclosures are up nearly 60% from March 2007, according to RealtyTrac.

But to a small but growing number of buyers across the nation, the grim housing recession offers a tantalizing upside: They can get a home at a fire-sale price. In some metro areas, price declines are galvanizing bargain hunters — especially first-timers, foreign investors and out-of-state buyers looking to rent properties they hope to sell later for a windfall.

Those shoppers are forming isolated pockets of real estate activity, especially in cities where foreclosure rates are high but jobs remain available to attract potential home buyers.

In some areas, such as Charlotte and Detroit, home sales are ticking upward, following a trend of upward sales as far back as 2006. In other markets, bargain-hunting activity is still too sporadic to fuel an overall rise in sales.

Few economists expect the sporadic purchases to signal a bottom to the housing market's slump, but the bottom-fishing for home deals is a hopeful sign amid all the bad news about the troubled housing market.

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**PRICES DROP NATIONWIDE**

House prices are declining in major metro areas around the USA. Changes in the S&P/Case-Shiller Home Price Indices, which measure residential housing prices in major metro areas:

Metro area	Percentage changes		
	Dec.-Jan.	Nov.-Dec.	1 yr.
Atlanta	▼1.8%	▼1.5%	▼4.8%
Boston	▼1.2%	▼1.7%	▼3.4%
Charlotte	▼0.2%	▼0.6%	▲1.8%
Chicago	▼2.2%	▼1.0%	▼6.6%
Cleveland	▼3.2%	▼1.1%	▼8.5%
Dallas	▼1.8%	▼1.3%	▼3.3%
Denver	▼1.5%	▼1.8%	▼5.1%
Detroit	▼3.0%	▼1.8%	▼15.1%
Las Vegas	▼5.1%	▼2.9%	▼19.3%
Los Angeles	▼3.7%	▼3.1%	▼16.5%
Miami	▼2.7%	▼2.6%	▼19.3%
Minneapolis	▼3.0%	▼2.1%	▼10.0%
New York	▼0.9%	▼1.1%	▼5.8%
Phoenix	▼4.1%	▼3.5%	▼18.2%
Portland, Ore.	▼2.0%	▼0.6%	▼0.5%
San Diego	▼2.5%	▼3.4%	▼16.7%
San Francisco	▼2.9%	▼3.2%	▼13.2%
Seattle	▼1.8%	▼1.2%	▼1.3%
Tampa	▼2.7%	▼1.6%	▼15.0%
Washington, D.C.	▼2.5%	▼2.4%	▼10.9%

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Source: S&P/Case-Shiller Home Price Indices



Enlarge By Brett T. Roseman for USA TODAY

Amber Gilmore and fiancé Rodrigo Espinoza in their new Chicago home. They got it for \$230,000, after the seller lowered his price by \$100,000.

National housing analysts say they lack hard numbers to quantify the degree to which investors and other bottom-fishers are affecting sales in many markets. However, "We've heard anecdotally that there are some investors looking to pick up these properties," says Paul Bishop, the National Association of Realtors' managing director of research. "That helps put a floor in some of these markets."

Some real estate agents are trying to cash in by buying or renting buses and treating prospective buyers to tours — complete with free meals — of foreclosed homes in Las Vegas, Cleveland, Orlando and some parts of Michigan and California. In Auburn, Calif., potential buyers are ferried to bank-owned homes in style — via a 40-foot stretch limousine.

"There are people looking for deals, and the deals are out there," says Patrick Lashinsky, CEO of ZipRealty. "People aren't priced out of the market anymore. Two years ago, there was a stigma to buying foreclosed homes. Buyers felt like they were taking advantage of someone's bad luck. That's not there anymore."

#### 'I'd almost call it a frenzy'

Ruth Ahlbrand, a Realtor in Las Vegas, began noticing new opportunities in the housing market last year, as banks that had seized homes began lowering the prices. In a market where casino projects promise plenty of job opportunities, she knew buyers could be found.

So she hatched a plan. Ahlbrand began training her agents to specialize in foreclosures, revamped her Internet marketing campaign to appeal to buyers intent on finding screaming deals and bought a 40-seat bus, which she spruced up with reclining seats and air-conditioning vents for each rider.

On Feb. 13, Ahlbrand put into service her foreclosure bus — a red, white and blue coach splashed with slogans such as "Hottest Bank Owned Homes!" to take potential buyers on three-hour tours. The tours include free meals after the ride and an agent with a microphone to point out the deals and explain how to buy a home in foreclosure.

So far, Ahlbrand says, more than 700 riders have taken the tour, and prospective buyers frequently drop in to see when the next tour is.

On weekdays, the bus rides up and down Las Vegas Boulevard, without passengers, to drum up more business. Sales have increased more than 10% since she began using the bus.

"It's like a seminar on wheels," Ahlbrand says. "Buyers are saving up to 30% or 50%. People are really looking for a deal. I'd almost call it a frenzy. We've hit the bottom, and Las Vegas is

growing."

In one sign of the trend, she says, more than 40% of the homes her agency sold in December and January were bank-owned at the time of purchase.

And Las Vegas is one metro area where prices are dive-bombing. After prices soared during the national real estate boom of 2005, the city has absorbed one of the sharpest drops in home prices in the USA, according to a price-index report from S&P/Case-Shiller.

Las Vegas reported a 19.3% decline in home prices in January, compared with January 2007. And the median home price sank from \$314,950 in March of 2006 to \$243,169 in March 2008, according to the Greater Las Vegas Association of Realtors.

While overall home sales are showing their steepest declines in more than a decade, the allure of low prices to bargain-hunters offers a glint of light in an otherwise bleak real estate landscape.

Boston, Cleveland, Detroit, Sacramento and San Diego have all seen sales increases recently after a period of price declines, according to a March report by Radar Logic, a real estate data and analytics firm. In Detroit, sales of homes and condos rose 12.8% in February compared with a year ago, according to Realcomp.

That doesn't necessarily mean prices are rising, too: In January, Boston still posted a 3.4% price decline over last year, according to the S&P/Case-Shiller index.

#### A risk-taker's market

Joel Naroff, chief economist with Naroff Economic Advisors, says bargain buyers are moving in but some may be getting into deals in which they are expecting too much bang for their investment.

#### PREVIOUSLY CLOSE TO HOME

**Close to Home index:** Cities, towns, counties featured beginning July 2007



**Archive:** Real estate markets in Close to Home before July 2007

Among the bargain shoppers:

•**Investors.** Single-family home prices in 10 major metro areas tumbled 11.4% in January — the steepest decline since such figures were first collected in 1987 — according to a March report by the S&P/Case-Shiller composite index.

One result: mouth-watering opportunities for some investors, some of whom are buying multiple properties with plans to rent them out until the housing market picks up and prices rise again.

Alison Diboll, a marketing executive in San Francisco, closed a deal in March on the first of four homes she's buying in Charlotte and Dallas. She bought the homes, which were previously in foreclosure and have been rehabilitated, for about \$100,000 each.

She plans to rent them out for five to seven years and sell them once the market rebounds.

Diboll is so confident that her four homes are a shrewd buy that she hasn't bothered to see any of them and is having them managed by a third party.

That sort of breezy approach toward buying a home without having seen it firsthand conjures up memories of the risk-taking by buyers during the real estate bubble. But Diboll insists her investment is safer than it would be in the stock market.

"With the stock market as volatile as it is, it's not a good idea for me," Diboll says.

"Real estate is the great American Dream," she adds. "I read that the people who made money during the Great Depression were those who had money and took a risk."

•**Foreign buyers.** International investors also are eyeing the U.S. housing market. Thirty-three percent of international buyers from April 2006 through April 2007 were from Europe, according to a 2007 report by the NAR.

Buyers from Asia and North America (outside the USA) were also active, accounting for 24% and 23% of international clients during that same time period.

Sales to international buyers have been turbocharged by the steady drop in the value of the U.S. dollar relative to other currencies. Lawrence Yun, chief economist with the NAR, says the dollar's dwindling value means that foreign buyers can get U.S. real estate at a relative average discount of 30%. (That percentage can run lower or higher depending on the buyer's home country.)

Agents are trying to reach out to some of these far-flung buyers, many of whom are seeking vacation homes. Ralph Haverkate, a broker at Tarbell Realtors in Palm Springs, Calif., is dangling an unusual inducement: Buyers from Canada are reimbursed for their travel and hotel expenses — up to \$1,750 — if they close on a home. The home doesn't even have to be one that his agency is selling, but they do have to use his firm as their representative. The agency is now offering the same sort of deal for European buyers, initially targeting Switzerland, Germany and the Netherlands.

"We've had buyers flying in back-to-back," Haverkate says. "My partner and I literally have three or four couples a week coming in, and we take care of them. Prices are low, and if you combine that with the currency exchange, the savings are really big. The market is suffering — but for them, it's good."

Economists say the international interest is a hopeful sign in today's market.

•**First-time home buyers.** First-time home buyers who found themselves priced out of the real estate market during the frenzied market of 2001 to 2005 are among those who are now tentatively starting to buy properties in some areas where prices have plunged.

In November 2007, about 39% of purchasers were first-time home buyers, up from 36% in 2006, according to the NAR.

Buyers who find a price they can afford still face other obstacles in the current economic climate, says Patrick Newport, an economist with Global Insight.

"It's still hard to get credit," he says. "Banks are being careful and requiring bigger down payments. But there are people jumping into the market, including investors, who are hoping to make a killing."

And buying a home through foreclosure or an auction can be problematic, with properties often sold "as is," or with potential buyers unable to arrange for a full inspection.

Financing needs to be secure, because homes bought at an auction often require closing within 30 days. And some buyers intent on snatching up low-priced bargains they plan to sell quickly could end up being burned if the housing market remains stuck in the doldrums for years to come.

Meanwhile, foreclosure tours — some in double-decker buses or swanky limos — represent part of a trend that analysts say could help prop up the real estate market in some areas.

"If you have any interest in real estate at all, you can't ignore the hype about foreclosures," says Nikki Holmes, a Realtor at Keller Williams Realty in Auburn, Calif., who has begun conducting Saturday-morning tours in a white stretch limo to showcase foreclosed homes to prospective buyers.

"Buyers are getting very savvy and educated," Holmes says.

"People are saying, 'It's a really sad story we have this huge mortgage bust, but it's an opportunity for me.' When

something fails, something else comes along to take its place, and that will re-energize the economy."

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[whynooutrage.com](#) wrote: 4m ago

This is how the housing crisis should be solved... without interference from politicians.

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[John Spencer](#) wrote: 9m ago

Who ever wrote below that it cost \$30 to \$50,000 to build a house is just wrong. I was the construction manager for 7 Habitat for Humanity homes, 3 bedrooms each, all single level homes. Even with a fair amount of donated materials and 100% volunteer labor we had a hard time keeping the cost of the house below \$60,000, assuming the lot cost \$10,000, and this was in the 1990's. You will be hard pressed to find a house builder that will build a house for under \$125/sq ft on your lot, assuming reasonable quality materials, meet all current building codes, finished with all floor coverings/cabinets. The heating systems alone can run \$10,000 as many areas now require 90+ efficiency furnaces and 13.5 SEER rated air conditioners. Have you put a roof on a house lately? Try \$5000 and up, just for shingles/paper.

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[demosthenes](#) wrote: 14m ago

Bargain Hunters?

Don't you mean the next round of suckers.

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[jojocarp](#) wrote: 26m ago

if these home values drop it wont be a bargain.

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[Slimbo](#) wrote: 30m ago

Guys, this is a great time to buy. Think, two years ago many people couldn't even think about buying a house due to the escalating prices etc. Now some normality has returned. Sure they will need a larger deposit and their credit has to be "clean" but maybe that not a bad thing.....

There will be a lot of public sector workers who can now afford their homes whereas that would have been a dream to them 18 months back.

I don't care what anybody says, you still need somewhere to live, and in five years time these buyers will look back on what will be their "great value purchase."

Lets face it where do you want be in five years? An owner or a tenant!

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**ma740988** wrote: 30m ago

Citizen Anon wrote: 3m ago  
Is that a group of Chinese buyers in that photo?

Yes, it's the - according to the article - 'Asia and North America (outside the USA) ' buyers, which account for 24% and 23% of 'international' clients. I guess us yankees are doing much.

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**ma740988** wrote: 32m ago

Two bedroom for 230K previously 330K. Even with the 'gleaming granite countertops and hardwood floors', I'm not sure if I'd call this a bargain. I'm missing something. What do they pay these 'news' coordinators over Telemundo. I would guess spanish is mandatory .. sucks for me

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**folger** wrote: 34m ago

I think this article is a little early in the cycle. The bigger bargains will be in November as people realize the 2008 selling season is ending and want to unload so they don't have to carry the house and pay for heating over another winter.

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**Citizen Anon** wrote: 35m ago

Is that a group of Chinese buyers in that photo?

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