

The National Association of Realtors®, “The Voice for Real Estate,” is America’s largest trade association, representing more than 1.2 million members involved in all aspects of the residential and commercial real estate industries.

Remarks Prepared for Charles McMillan
2009 NAR President
Canadian Real Estate Association
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Introduction

Before I begin my formal remarks, I just want to say how glad I am to be here.

As you might imagine, this has been a very busy year at NAR. I’ve spent a lot of time in Washington, D.C., meeting with legislators and regulators. I have also been traveling across the country to meet with members who are working hard to tackle the challenges in the current market.

When the opportunity to meet with you – our great neighbors in Canada – came about, I was determined to make it happen. I want to thank your leadership for being so patient with my scheduling changes and for welcoming me here today, especially:

Calvin Lindberg, CREA President;

Pierre Beauchamp, CREA CEO;

Harry DeLeeuw, NAR's President's Liaison to CREA;

And Dale Ripplinger, CREA President-elect;

NAR has enjoyed an outstanding partnership with CREA for many years. We couldn’t ask for a better neighbor.

On behalf of all our members, I thank you for your continued partnership and support.

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Market Challenges

It’s no secret that we’ve been tackling some pretty big challenges in the U.S. real estate market. In fact, it’s been all over the news.

The financial markets became clogged early last year, making it difficult for consumers and businesses to get financing.

At the same time, many potential homebuyers also have been sitting on the sidelines for more than a year, waiting for lower mortgage rates or lower home prices.

Let me give you a brief update on how NAR is addressing these two major challenges.

Unclogging Financial Markets

First, we have been working with Congress and regulators to implement programs that will make financing more available to potential buyers and homeowners who need to refinance.

As part of our housing stimulus plan, we pushed Congress to raise the loan limits, so that financing would be more affordable for consumers in high-cost areas.

NAR also has met with regulators to encourage them to work directly with lenders to address unreasonable underwriting standards and eliminate additional fees that make loans unavailable and unaffordable.

We continue to work closely with the Obama Administration and Fannie Mae and Freddie Mac to make sure financing is available – both for new buyers and for those looking to refinance out of troubled loans. In fact, I met with the CEOs of

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both companies in recent weeks to discuss how we can work more closely together to address challenges.

Most recently we supported the Administration’s decision to buy troubled assets from Fannie Mae and Freddie Mac. This move helped move interest rates to their lowest levels in 50 years.

Of course, NAR continues to play an active role in advocating for mortgage lending reform to ensure that the same problems do not happen again in the future.

Bringing Buyers Back

While all of these efforts are necessary, they are just part of the solution.

To stabilize the real estate market and the economy we need people to buy homes. Yet, encouraging buyers to return to the market in an uncertain economy has proven to be – in many ways – a more formidable challenge.

In addition to lowering interest rates, NAR worked with Congress to implement a new homebuyer tax credit, which was recently extended and raised to \$8,000.

Unfortunately, the Obama Administration has proposed cutting the mortgage interest deduction for some high-earning families.

Such a move would impact home prices and could discourage some higher-earning consumers from buying a home. We are working with Congress to make sure it is not part of the final budget this fall.

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NAR also has mounted a multi-faceted PR campaign to explain to consumers why this could be the best time to buy a home in more than 50 years.

In February, we revised our national Public Awareness Campaign ads to focus on affordable home prices and the new homebuyer tax credit.

NAR also launched a brand new weekly radio show, Real Estate Today, to help give consumers the information they need to take the fear out of buying a home in the current environment.

You can listen to the show on Sirius/XM Satellite Radio and online at RETRadio.com. I encourage you all to tune in and check it out for some great insights on what’s happening in the market right now.

Making Progress

While it will be several more months before we can truly assess how well these solutions are working, I can tell you that we already are starting to see signs of new life in the market.

In February, existing home sales increased 5.1 percent – a significant rebound from the weak January pace.

Regionally, home sales rose in all four major regions over the month. In fact, the West has been a consistent bright spot, with eight straight months of year-over-year increases.

Sales in Southern California and Las Vegas also have essentially doubled from one year ago.

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In areas with strong buying activity, we are now seeing multiple bids on homes. And, for the first time in the current cycle, the median listing home prices are beginning to rise in some of these markets.

These are good signs, but we aren’t out of the woods yet.

The national median home price declined in February to \$165,400, down more than 15 percent from one year ago. That’s roughly the same as the average price in 2003.

The reason? Inventory.

There are currently more than 3.7 million homes available for sale in the United States. At the current pace, it would take 9.7 months to sell them all.

According to our expert economists, the inventory needs to get to 7 to 8 months supply before home prices show sign of stabilization.

Thankfully, we are getting some help in that area.

First, homebuilders have drastically cut back production. New home inventory is at its lowest since July of 2003 and should continue to fall.

Second, about 45 percent of all home sales are either foreclosures or short-sales. These distressed homes need to be cleared off the market in order for us to have a sustainable recovery.

With affordability conditions at the highest level since NAR started tracking it, we are optimistic that sales will continue to pick up and the market will stabilize late this year.

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Right Tools, Right Now

As you might imagine, REALTORS all across the United States are finding it more difficult to close deals and stay in business in this uncertain market.

We did experience about a 10 percent decline in NAR membership last year. However, we are finding that NAR members are not leaving the business as quickly as other practitioners. Personally, I attribute that to the fact that REALTORS are simply willing to work harder and have more resources to help them succeed than non-members.

In talking to our members, I think about what American scholar William Ward once said: “The pessimist complains about the wind; the optimist expects it to change; the realist adjusts the sails.”

NAR understands that – no matter how our members view changes in the market, they need realistic solutions that can help them tackle the challenges they are facing.

NAR is here to provide those solutions.

In March, we launched a new program called Right Tools, Right Now to help our members increase business in the current environment, while easing the financial strain they are experiencing.

Through this initiative, NAR is offering 300 resources at no additional cost to REALTORS. They include valuable educational tools and publications, conventions and events, technology services, research, and resources for state and local boards.

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All of these products and services are available on our web site – realtor.org/RightTools. And, we will continue to add resources throughout the year.

It’s just one more way NAR is proving that we will NEVER stop working for our members, no matter what happens in the market.

So far, the response from our REALTORS has been overwhelmingly positive.

[pause]

Conclusion

Someone once said: “Nobody can go back and start a new beginning, but anyone can start today and make a new ending.”

As much as we may want to, we can’t turn back the clock and erase the challenges we are face in the United States. They are here, and we must accept them.

However, as I often say to REALTORS, we are in the best position to define how this chapter in our nation’s history ends by working to shape new laws and policies that preserve and strengthen the dream of homeownership.

We have already made tremendous progress, and I am certain the next time we meet, I will have even more positive news to report.

Again, thanks to you and your leadership for your support and partnership. I hope to see all of you at our Conference in San Diego this November!