MarketWatch

2012 Cotton Report: Real Estate Market Bottom Reached in 2011

The US real estate market has been under pressure since the downturn in 2005, but a national research survey now shows a market recovery may be underway and the bottom may have been reached in 2011 for bargain-seeking investors.

The 2012 Cotton Report is the fourth annual survey focusing on buyer confidence and attitudes about market recovery of roughly 1,400 individuals pursuing a real estate purchase. The survey was conducted in February 2012, by Cotton & Company, an industry leader in residential real estate sales and marketing.

Laurie Andrews, COO of Cotton & Company, explains, "Over the past several years, the primary market has been relatively stagnant throughout the country, and the lack of mortgage availability was outweighed by a pessimistic buyer sentiment." Andrews says, "The 2012 data indicates that 54% of the respondents in the market are seeking a primary residence, with 67% of these buyers requiring mortgage financing." The three-year trend of the survey reflects a more optimistic viewpoint on non-controllable political and economic factors, with a substantial increase of personal choice as the primary factor in their decision. The data also reflects a decrease in respondents who are waiting for better pricing, demonstrating the stabilization of pricing throughout many markets.

"For those who have been waiting to make their move, trying to time the bottom of the market, they may have already missed it," says Stephann Cotton, President and Founder of Cotton & Company. "2011 saw rapid absorption of distressed inventory in major markets like Miami and San Diego. The Cotton Report's market data supports this growing perception, with a steady reduction in the number of investors actively in the market and fewer buyers expecting for further price reductions." The market statistics combined with reduced inventory levels spell good news for real estate developers with projects in the pipeline preparing to meet the pent-up demand from the market rebound.

2012 Cotton Report Findings

-- 54% of the market is seeking primary housing, rising sharply from 38% a year ago

-- 32% of the primary market is "Upsizing", reversing the trend for smaller residences

-- 66% of vacation home buyers are moving for "Geographic Relocation", with 68% of this market ages 45-64 years old

-- 33% must sell their current home to make a move, a reduction from 42% a year ago

-- Only 12% of survey participants state "Investment/Rental Income" as their motivation, continuing a four-year steady decline from 23% in 2009.

-- 53% of the respondents with over $100,000 household income believe we have reached the bottom of the market

For the first time in its history, The Cotton Report also analyzed the impact of technology on the real estate sales environment. Although the Internet captures 70% of the market as the initial research tool for available homes, newspapers rebounded from 3% share in 2009 to 8% in 2011, a further indicator of the primary market return. Social networks have reached critical mass with Facebook interaction now encompassing 66% of the overall respondents. More importantly, 78% of the Facebook respondents were over age 45, indicating the significant penetration into the mainstream residential real estate market. While 54% of the respondents indicated their communication with family and friends happens via telephone, 39% indicated email as the primary point of contact. Bad news for the US Post Office as only 1 respondent out of 1,418 indicated the use of traditional mail for this purpose.

About Cotton & Company

Over the past 29 years, Cotton & Company has managed the marketing and/or sales for over 1,600 communities and resort destinations throughout the US, Caribbean, and Latin America, while providing consulting services for European developers. The company focuses exclusively on the real estate industry, offering the most comprehensive data-driven sales and marketing services available in the country. For further information and a copy of the full report, visit www.TheCottonSolution.com.

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