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Five Minutes

Housing market still filled with fear, but optimism is around the corner

Tampa Bay Business Journal - by [Michael Hinman](#) Staff Writer

No one needs to ask John Rymer how much he knows about real estate. He's proven time and again it's a lot.



Rymer has made many rounds in the overall market, amassing more than \$9 billion worth of sales — \$5 billion in corporate roles at companies such as **Morrison Homes** and **Jack Nicklaus Communities**, and another \$4 billion as a consultant. Now based in Tampa, Rymer has some ideas on when and how the local real estate market will turn around.

First off, look into your crystal ball and give us an idea on what the near future looks like.

There are two parts to what we need to see, and the first part is fundamentals. We're in the eighth or ninth inning now, where our housing inventory was once a 28-month supply, and today it is about a seven-month supply. And six is considered normal, so we are fundamentally getting there. The second is housing affordability. We started taking records on housing affordability in 1959, and we have never had a more affordable housing market than we do now. So both of these things are very good.

The issue we have is that there is still fear out there. People used to have no fear, and that's what created the bubble in the first place. Now there are thoughts of, 'Gosh, I don't want to ruin myself financially, so should I really be buying a new home?'

Where is the most housing activity taking place right now?

You still have some oversupply in the higher end of the market, homes at about \$400,000-plus. And the condominium market still hasn't normalized. For moderately priced homes, we're well on the way to recovery, and I feel real good about the Tampa market right now.

Unless Congress renews it, it looks like the homebuyer tax credit could end in April. Will we miss it?

No, we won't. I have done some consumer research on it, and less than 10 percent of the people said it had an impact on whether or not they were going to buy, and over 90 percent of the people that bought with the tax credit said they were ultimately planning to buy anyway. They may have moved their plans from May to April or June to April, but it didn't make them decide to buy a house now. Most of the people who decided they wanted to buy a house did so because it was affordable, and the tax credit was just an added bonus.

Is the lack of available credit still holding the housing market back from recovery?

We know we have appraisal issues that have to be solved, and we probably can only do it legislatively. The standards for appraisals have been changed, and we need to get those remedied. Nobody thinks it's a good system right now. But while it's not one of those

things that creates a bubble or doesn't create a bubble, there are some inequities out there that need to be changed.

Some people who have really been left out through all this are the small businessmen who have a hard time showing income. During the boom, they were totally taken and blown out of proportion, where a manager at McDonald's was buying a \$500,000 home. In order to do all that, we ended up shutting down an entire industry, and now there are some small businessmen out there who are having problems buying a home.

Are short sales — where banks allow homes to be sold for less than what they're owed — still weighing the housing market down?

Absolutely. What it does is it has the unanticipated consequence of people shying away from short sales, not because they don't agree with the price, but because they are concerned they may never be able to close the home. Some of the short sales problems are based on the underlying borrower. What will happen is let's say you owe a \$400,000 mortgage and you want to sell a home for \$300,000. The bank comes back and says, 'Prove to me you have no liquid assets.'

It's not that the banks are always dragging their heels, it's just a cumbersome process, and I think some of the reform afoot that is supposed to go into place in April will help streamline the process.

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