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APRIL 2017

INLAND VALLEYS REALTOR®

THE OFFICIAL PUBLICATION OF THE INLAND VALLEYS ASSOCIATION OF REALTORS®

Candidates for the IVAR Board of Directors Prepare to Lead

FOR MORE INFORMATION GO TO PAGE 4

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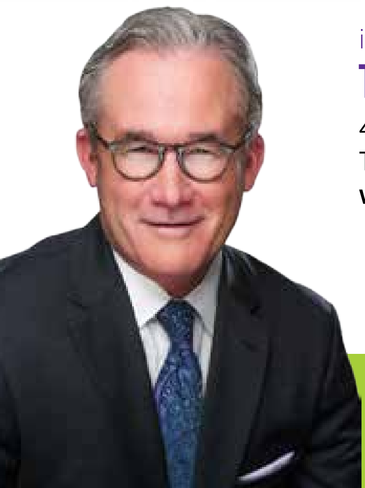

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Candidates for the IVAR Board of Directors Prepare to Lead

FRANK LICEA,
2017 IVAR PRESIDENT

In June, IVAR members will have the opportunity to vote for the people they feel are best equipped to lead one of the best professional organizations operating at the local level in California. During the month of June, members will be able to cast their votes electronically to select directors and a President for 2019.

I'm privileged to serve with an outstanding group of REALTORS® give their time selflessly while debating how to best shape IVAR. In recent years, this team, CEO Mark Dowling and our outstanding staff has built a track record of achievement and professionalism that is second to none.

Thanks to the leadership of the board and the hard work of IVAR's staff, we have an association that is remained fiscally strong while investing in our member outreach and customer service. We have created new, valuable tools for members such as our best-in-league housing data reports and recently unveiled broker tools.

We have an outstanding government affairs program that has, among many things, turned concerns about PACE programs from a local problem to a national debate. Our work has created reforms both within the programs and in the laws that govern them. These changes will hopefully result in changes that stop practices that have dealt real and unexpected damage to too many homeowners in our region. We recently analyzed the real impacts of FHA loan limit reductions and are using that information to work with policy makers about the need to restore higher loan limits for our region.

Our directors are the link that ensures our association caters to the needs and best interests of our members. We are all working brokers and agents who constantly seek ways to help build an IVAR that finds new and creative ways to make our members more successful.

So when you see the message that voting has begun, please take a moment to log on and help pick the team you feel is best suited to lead IVAR into the future. Then consider if you would like to be part of our leadership in the future. We invite you to join a committee, make your voice heard and join colleagues who have helped make IVAR the best in the business.

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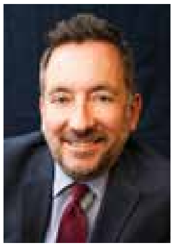

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GOVERNMENT AFFAIRS UPDATE

PAUL HERRERA,
GOVERNMENT AFFAIRS DIRECTOR

Local: Reduction in FHA Loan Limits Caused Use of FHA to Plummet in Local Communities

In 2013, with FHA loan limits set at $500,000 in the Inland Empire and a market recovery just starting to form, buyers used FHA loans on more than a third of transactions to finance their purchases. That fact was true in communities across the Inland Empire, including in higher-cost areas in western Riverside and San Bernardino County.

The next year, loan limits were cut by nearly a third to $350,000 in a market where prices were rebounding rapidly. Now, three years later, the data clearly shows the impact of this action at the federal level.

A recent analysis of sales trends shows that Inland cities that fell between the old loan limit and the lowered limits saw FHA buying activity plummet. While that's hardly surprising, this review of data provides the first clear, analytical view of what took place and why it remains important to seek higher limits for the region.

Seven Inland Empire cities fall above the FHA loan limit (which has now been adjusted up to $370,000). That group includes nearly every city that borders Los Angeles County or Orange County along major east-west transportation corridors. It does not include Montclair, which is the smallest city along the corridor. Also, for the purposes of this review, it also does not include Chino Hills, which was above the loan limit before and after the change.

The seven studied cities – Eastvale, Upland, Rancho Cucamonga, Chino, Norco and Corona – saw FHA buyers plummet in recent years from about one in three buyers to one in 10. At the same time, communities just below that level saw a dip in FHA activity that largely rebounded once investment activity subsided in 2015.

This analysis shows how FHA buyers have been crowded out of large areas of western Riverside and San Bernardino County. It further reveals a need to continue seeking a path toward restoring loan limits for a region that is more closely tied to the Los Angeles and Orange County markets (where loan limits are above $630,000) than communities in the High Desert and Coachella Valley.

State: Bill to Ban Dual Agency in Commercial Real Estate Shelved for 2017

Following a vehement response from the commercial real estate industry and from REALTORS®, legislation that would have ended dual agency in commercial transactions has been pulled from consideration this year. AB 1059, which was scheduled to be heard in a legislative hearing on May 2nd, will not move forward for now.

The bill may be brought back for consideration in 2018 by the current legislature. However, for now, the issue will not be part of the legislature's agenda.

Federal: REALTORS® Back Effort to Hide Tax Increases in Mortgage Fees

During the financial crisis, the U.S. Treasury pledged as much as $200 billion to keep mortgage giants Fannie Mae and Freddie Mac operational. The "bailout", as it came to be known, turned out to be far less expensive than that cap. As the housing market crisis began to unwind, the two entities have shifted from receiving a financial bail out to helping to provide billions in revenue – even after paying back all of the bailout founds provided.

On the flip side, two entities created to help maintain a stable mortgage system are now used as important, alternative sources of government funds for the U.S. Treasury. In the last session of Congress, REALTORS® helped to defeat a proposal to raise "guarantee" fees on new mortgages and divert the funds to transportation infrastructure.

Guarantee fees, also known as "g-fees", are meant to create reserves and financial stability to the mortgage system to avoid any need for future taxpayer bailouts. However, the ability to tack disguised new taxes on mortgages has proven irresistible at times to lawmakers.

Now, REALTORS® are backing HR 916, a bill designed to curtail this practice and keep guarantee fees for their intended use – to stabilize mortgage lending by funding Fannie Mae and Freddie Mac reserves through their regular operations.

Support our Mission, Support the REALTOR Party

The most important thing each member can do to support our government affairs work is to stay informed and help spread the word on important issues to your colleagues, clients, friends and neighbors. Nothing is more important than your time, including the time you devote to making your voice heard at the ballot box each election day.

Our work is supported through voluntary contributions made by members to the REALTOR® Action Fund. These annual contributions of $49 or more help ensure that we have the resources to research important issues, communicate with our members and mobilize our industry to have the impact necessary to make a difference.

You can make a contribution as you renew your membership – or anytime by going to www.car.org/governmentaffairs/raf.

Questions? Comments? You can reach Paul Herrera, Government Affairs Director, at pherrera@ivaor.com or on his cell phone at 951-500-1222.

Cybercrime

Cybercrime has become an issue for nearly everyone using a cell phone or computer and especially so for the real estate industry. Large sums of money are transferred with a click or sent via emailed instructions. In some cases, those instructions may have come from an imposter posing as the escrow or title officer. We all need to be aware and alert in light of cybercrime's pervasive spread. Take advantage of C.A.R.'s tools which can help REALTORS® and their clients protect themselves from cybercrime.

Wire Fraud Advisory (WFA): The WFA can be given to both buyers and sellers to warn them of the potential dangers when wiring large sums of money. It advises buyers and sellers to:

- Obtain escrow and title phone numbers at the beginning of a transaction
- Never wire funds prior to calling the escrow or title officer to confirm the instructions
- Avoid sending personal information by email or texts
- Use strong passwords and secure WiFi

Protect Your Brokerage from Cybercrime Q&A: This extensive Q&A has tips on Email Practices, How to Handle Sensitive Documents, and Data Security Systems, among other things. It also has important information about actions to take if there is a data breach:

- Contact the bank and escrow holder to stop funds.
- If the funds have been distributed, call the FBI financial crimes unit immediately. The number of their office in Los Angeles is 310-477-6565 and is available 24/7. The FBI has had greater success in recovering funds when victims or financial institutions report unauthorized wire transfers to law enforcement within 24 hours.
- Follow up with a complaint with the FBI's IC3 at www.ic3.gov, or contact the nearest US Secret Service field office through www.secretservice.gov/field_offices.shtml.

Getting Ready for the 2018 Advertising Standards

Although it is only February 2017, it is time to start thinking about the new advertising standards taking effect January 1, 2018. AB 1650 makes significant changes to Business and Professions Code § 10140.6 expanding what must be included in advertising materials, including business cards, "for sale", "open house", lease, rent and directional signs, stationary, advertising flyers, and print and electronic advertising. There is no prohibition on being ahead of the effective date, so before ordering new advertising materials, you may want to make sure that your advertising materials comply for 2018. Here is a summary of the new requirements:

When and What: Beginning January 1, 2018, a licensee must disclose on all solicitation materials intended to be the first point of contact with consumers

- o Name and license number (license number type-size no smaller than other smallest type in solicitation), and
- o The responsible broker's "identity," meaning the name under which the broker is currently licensed by CalBRE and conducts business in general or is a substantial division of the real estate firm. The broker's license number is optional.

Where:

- o Business cards
- o Stationery
- o Advertising flyers
- o Advertisements on television, in print, or electronic media
- o "For sale," "open house," lease, rent or directional signs
- o Any other material designed to solicit the creation of a professional relationship between the licensee and a consumer

• **Limited Exception:** "For sale," rent, lease, "open house" and directional signs need not include the agent's or associate broker's name and license number as long as either:

- o The responsible broker's "identity" appears. Under this exception there can be no reference on the sign to an associate broker or licensee, or
- o There is no licensee identification information at all.

This exception also applies to the general rule of disclosing a licensee's status, such as broker, agent, or REALTOR®, in all advertising. However, under the N.A.R. Code of Ethics Standard of Practice 12-5, any advertisement of real estate services or listed property in any medium must disclose the name of the firm in a reasonable and readily apparent way. So even though a licensee who is not a REALTOR® may post a completely generic "for sale" sign under the new law, REALTORS® have a higher standard.

All Sellers Must Sign Listing Agreement

To collect a commission for selling real estate, the statute of frauds requires the agreement to be in writing and signed by the party to be charged. This means that any seller who has not signed the listing would not be liable to pay a commission. But what if one seller represents that he or she has the authority to bind all other sellers? For one seller to be able to sign for another, he or she would need written authority under the "equal dignities rule" - my authority to you to sign for me must be in writing signed by me.

In Jacobs v. Locatelli, Court of Appeal, H042292, Sixth Appellate District, filed February 8, 2017, the court was asked to look at this issue. There were six owners, one of whom was the trustee of his revocable living trust. The listing agent dealt with the trustee of this trust who represented that he had the authority to sign for all the owners. All six owners were listed on the listing agreement but only the trustee signed. Importantly, he signed as trustee for his living trust and included the phrase "et al." indicating that he was signing for others as well.

When the listing agreement ultimately was not honored, the listing agent sued. The lower court emphasized the very strict requirements and application of the statute of frauds in real estate commissions and granted the five non-signing owners' demurrer. They had not signed the listing contract and the listing agent, although alleging that the trustee had a written agreement, did not have any writing giving signing authority to the trustee. Additionally, the "parole evidence" rule prohibited the listing agent's introducing terms that were not part of the listing agreement.

In its review, the appellate court again stressed the very strict interpretation of the statute of frauds but reversed the lower court decision, sending the case back to the trial court, and noting that the California Supreme Court has held that the statute of frauds should not be used as a shield against contracts otherwise fairly and admittedly made. Here the listing agent alleged she was told by the trustee that he had a written agreement authorizing him to sign for all other sellers. The unique feature of this case is that the appellate court held that neither the statute of frauds nor the parole evidence rule bar the listing agent from proceeding with her case. She should be able to use "discovery" and have the court hear her evidence of a written agreement in which the five other owners authorize the trustee to deal with the listing agent and sign the listing agreement for them.

While the listing agent survived the demurrer, and gets a chance to have her day in court, the bottom line of the case is really the bottom line of the listing agreement: to assure your commission rights - all owners must sign the listing agreement. If one owner claims authority to bind the other owners, that must be in writing signed by the other owners and you should get a copy.

Tenant Waiver of Rent Control Protections

Members often call the Legal Hotline with questions about rent control jurisdictions and what, if anything, an owner can do to negotiate a move out agreement with a tenant, usually to have a unit vacant when the property is sold. Under most rent control ordinances, only the owner can move a tenant out and only for the owner or certain family members to occupy the property. The owner must also pay the appropriate relocation fee (up to $20,000 or more) and give the proper notices. Additionally, if the owner or family member ceases to occupy the unit, the former tenant generally has the right to reoccupy the unit. The owner CANNOT use this move-out procedure for the benefit of a future buyer – only the current owner can do this, and only for themselves or certain family members.

With these very strict limitations in place, agents often ask about tenants agreeing to waive their rent control rights in return for some compensation. The general advice is that it is likely that a tenant cannot waive rent control rights. Courts have held that many residential landlord tenant laws are not waivable by tenants because of public policy issues and the perceived unequal bargaining power between landlords and tenants.

Yet, in Geraghty v. Shalizi, A144743, Court of Appeal, First Appellate District, filed January 24, 2017, publication ordered February 10, 2017, the court held that a tenant could, in fact, waive certain tenant rights in a rent controlled unit. The new owner of the four-unit building in San Francisco wanted to move into one of the units. He could have used the owner move-in provisions under San Francisco's rent ordinance but instead he and the occupant, who had been in the unit for 22 years paying $938 a month, agreed to the occupant receiving $25,000 (claimed to be more generous than the rent ordinance requirement) and releasing the owner from all claims under the rent ordinance, including the right to reoccupy the unit if the owner should later move out.

The owner did move in and made extension renovations. Around six months after moving in the owner lost his job in San Francisco but found a new one in Santa Clara. About a year after moving in, the owner moved out, and rented the unit for $3,700 a month but also said he would have stayed in the unit if not for the change in jobs. When the former tenant heard of this, he sued claiming fraud and that the buyout agreement should be rescinded. The appellate court spent considerable time looking at the San Francisco rent ordinance, its amendment over time, court rulings interpreting it, and the history of rent control buyouts in San Francisco. Its conclusion was that such agreements had been utilized and honored for decades and that this buyout agreement was enforceable and not subject to the rent ordinance.

Caution however: This case arose in 2013. In 2015 San Francisco's rent ordinance was amended to provide certain protections to tenants in buyout agreements, including, but not limited to, notice of (1) the right not to enter into a buyout agreement, (2) the right to consult with an attorney or the rent board, and (3) the right to rescind the buyout agreement for a specified amount of time. Additionally, buyout agreements must be filed with the rent board. Los Angeles has recently approved a very similar amendment to its rent ordinance. Whether a tenant can waive the protections in these amended ordinances remains to be seen.

The C.A.R. Legal Hotline App can now tell you how long your hold time will be to speak with an attorney before you call the hotline. Download the app today to connect with an attorney, read legal Q&As, and watch webinar videos all for free!

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Housing Data Report March 2017

The Voice of Real Estate in the Inland Empire℠

A report brought to you by the Inland Valleys Association of REALTORS® (IVAR)
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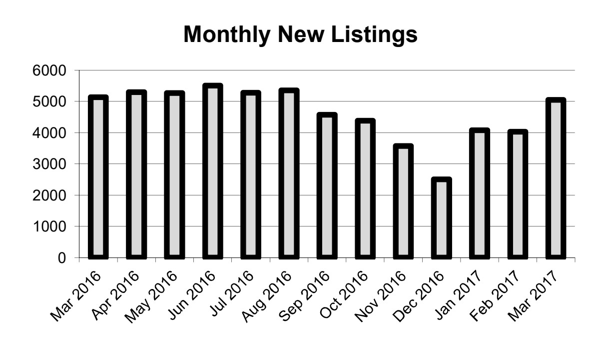
Mark Dowling, Chief Executive Officer

Comparing housing data from March 2016 to March 2017 there were very strong increases in Sold Listings (up 11.6%), Sales Volume (up 18.8%) and Pending Sales (up 15.6%). Even New Listings, which were down 13.4% in February and 13.8% in January, rebounded to reflect only a 1.7% decrease for the month.

Heightened demand has also caused a reduction in “Combined Days on Market” which decreased 33.3% year-over-year.

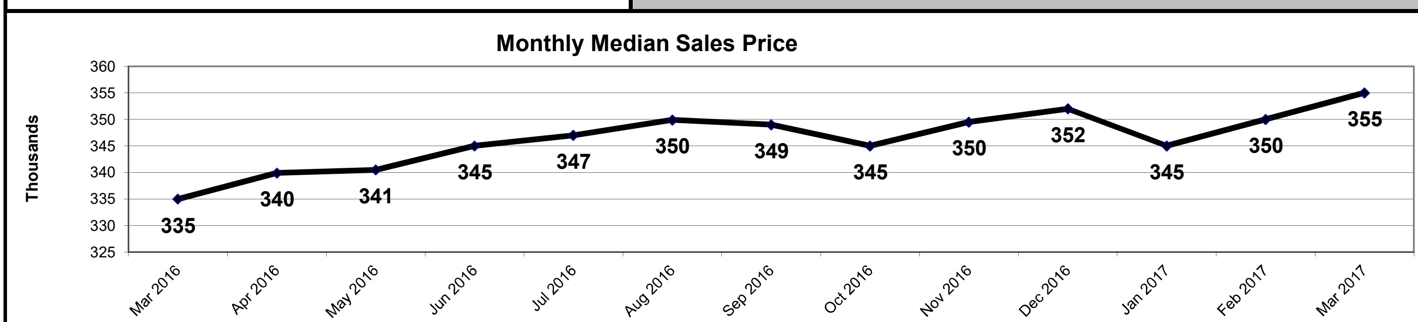
Median Sales prices took another up-tick in March coming in at $355,000, which is a 6% increase compared to March, 2016.

Following a robust 2016 housing market, the first quarter of 2017 is starting off with a strong demand for housing reflected through increased Sold Listings, Sales Volume and Median Sales Prices.



	Mar-2016	Mar-2017	Annual Change
New Listings	5,130	5,045	-1.7%
Pending Sales	4,093	4,730	15.6%
Sold Listings	3,478	3,880	11.6%
Median Sales Price	$335,000	$355,000	6.0%
Sales Volume ($M)	$1,250	$1,484	18.8%
Price/Sq.Ft.	$185	$198	7.0%
Sold $/List $	98.60%	98.94%	0.3%
Days on Market	48	33	-31.3%
CDOM	61	39	-36.1%

All data used to generate these reports comes from the California Regional Multiple Listing Service, Inc. If you have any questions about the data, please call the CRMLS Customer Service Department between the hours of 8:30am to 9:00pm Monday thru Friday or 10:00am to 3:00pm Saturday and Sunday at 800-925-1525 or 909-859-2040.



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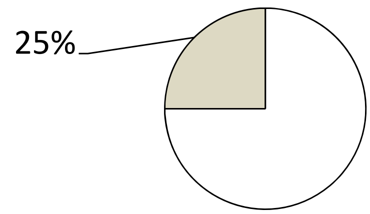
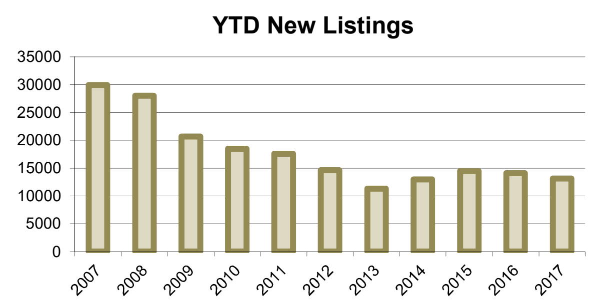
The statistics shown below are for all 3 months of the years represented.

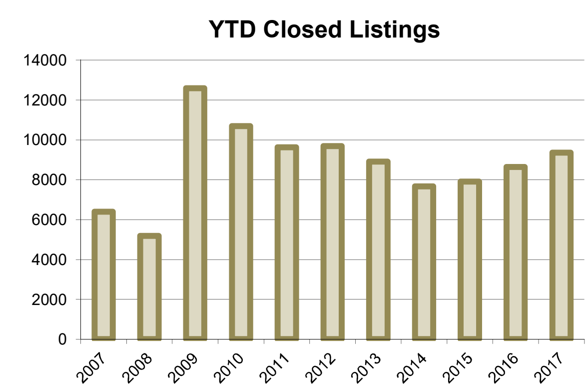
Month to month comparisons give you a quick way to see what is recently changing in the region. However, by comparing Year-To-Date (YTD) information across several years, you can observe more signifiant trends.

We are 3 months through the year:



	Jan-Mar 2016	Jan-Mar 2017	Year-Over-Year Change
New Listings	14,074	13,152	-6.6%
Pending Sales	10,430	11,573	11.0%
Sold Listings	8,643	9,350	8.2%
Median Sales Price	$327,700	$350,000	6.8%
Sales Volume ($M)	$3,055	$3,541	15.9%
Price/Sq.Ft.	$183	$196	7.0%
Sold $/List $	98.32%	98.69%	0.4%
Days on Market	53	38	-28.3%
CDOM	66	44	-33.3%





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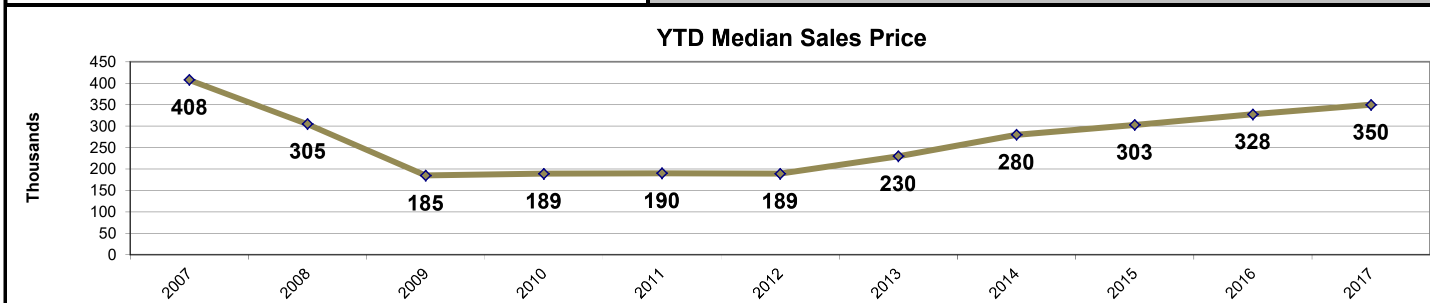

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Mar 2017 City Overview

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As a service and convenience to our members, IVAR is pleased to offer several "Quick Look" reports. This is one more way for IVAR members to stay informed with minimal effort.

The following monthly data shows "YEAR-OVER-YEAR" (YOY)changes as well as current conditions in the real estate market

	YOY Sales Transactions	YOY Median Sales Price %	Median Sales Price $	Inventory	Price per Sq.Ft.	Total Days on Market
Alta Loma	-37%	11%	$ 534,000	24	$ 265	56
Banning	7%	16%	$ 228,000	65	$ 161	57
Beaumont	18%	11%	$ 295,000	111	$ 144	53
Bloomington	-28%	-9%	$ 265,000	23	$ 218	49
Canyon Lake	18%	-6%	$ 385,000	38	$ 184	133
Cherry Valley	175%	66%	$ 235,000	14	$ 196	74
Chino	29%	6%	$ 435,000	104	$ 242	20
Chino Hills	-14%	12%	$ 645,000	77	$ 309	45
Claremont	56%	1%	$ 617,000	40	$ 335	39
Colton	26%	1%	$ 249,000	56	$ 207	16
Corona	18%	4%	$ 438,000	251	$ 229	29
Diamond Bar	16%	13%	$ 625,000	71	$ 366	40
Eastvale	16%	8%	$ 530,000	53	$ 186	24
Fontana	23%	9%	$ 365,000	250	$ 209	29
Grand Terrace	20%	-6%	$ 310,000	20	$ 190	70
Hemet	8%	15%	$ 225,000	225	$ 137	35
Highland	23%	18%	$ 319,000	76	$ 187	56
Jurupa Valley	62%	16%	$ 415,000	72	$ 221	55
La Verne	-17%	-3%	$ 580,000	30	$ 312	64
Lake Elsinore	12%	4%	$ 342,000	144	$ 165	51
Loma Linda	33%	18%	$ 390,000	19	$ 207	55
Menifee	17%	8%	$ 340,000	177	$ 161	39
Mentone	10%	76%	$ 325,000	7	$ 196	29
Montclair	-4%	-1%	$ 367,000	36	$ 228	15
Moreno Valley	47%	10%	$ 295,000	282	$ 165	40
Murrieta	-6%	8%	$ 394,000	234	$ 173	37
Norco	32%	11%	$ 531,000	28	$ 245	71
Nuevo/Lakeview	250%	7%	$ 295,000	22	$ 149	43
Ontario	-12%	10%	$ 380,000	159	$ 240	41
Perris	23%	10%	$ 274,000	131	$ 149	46
Pomona	6%	25%	$ 375,000	85	$ 272	35
Rancho Cucamonga	3%	6%	$ 460,000	185	$ 268	34
Redlands	-12%	3%	$ 369,000	78	$ 228	56
Rialto	28%	8%	$ 320,000	117	$ 199	36
Riverside	11%	8%	$ 360,000	569	$ 217	39
San Bernardino	13%	8%	$ 237,500	308	$ 178	47
San Dimas	-6%	-1%	$ 540,000	32	$ 312	35
San Jacinto	-8%	-4%	$ 240,000	90	$ 136	23
Sun City	4%	25%	$ 225,000	31	$ 172	34
Temecula	11%	2%	$ 422,500	176	$ 199	27
Upland	18%	-9%	$ 455,000	78	$ 263	24
Wildomar	51%	13%	$ 349,000	62	$ 155	63
Winchester	-6%	4%	$ 389,000	58	$ 154	23

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Mar 2017 - Sales Volume per City

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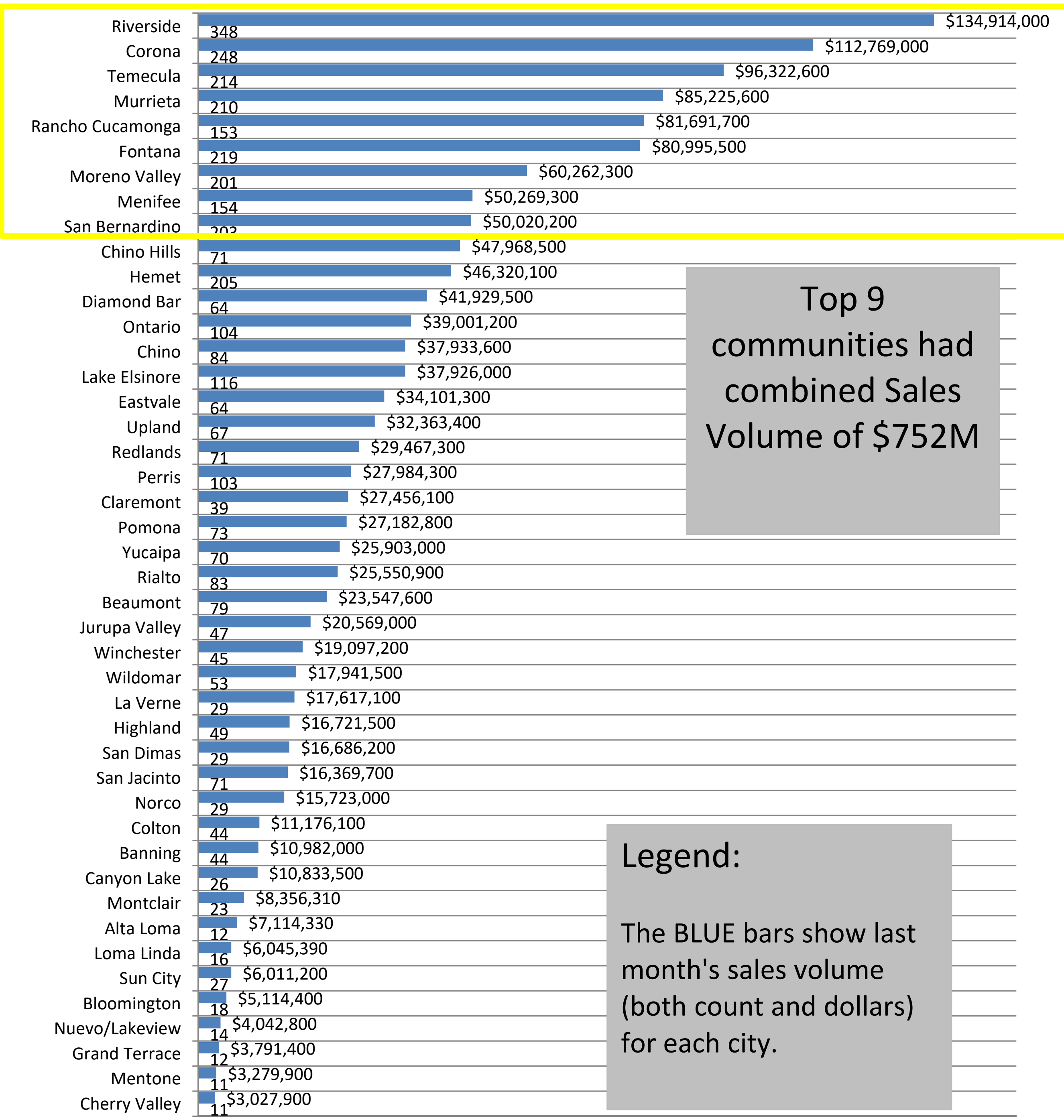

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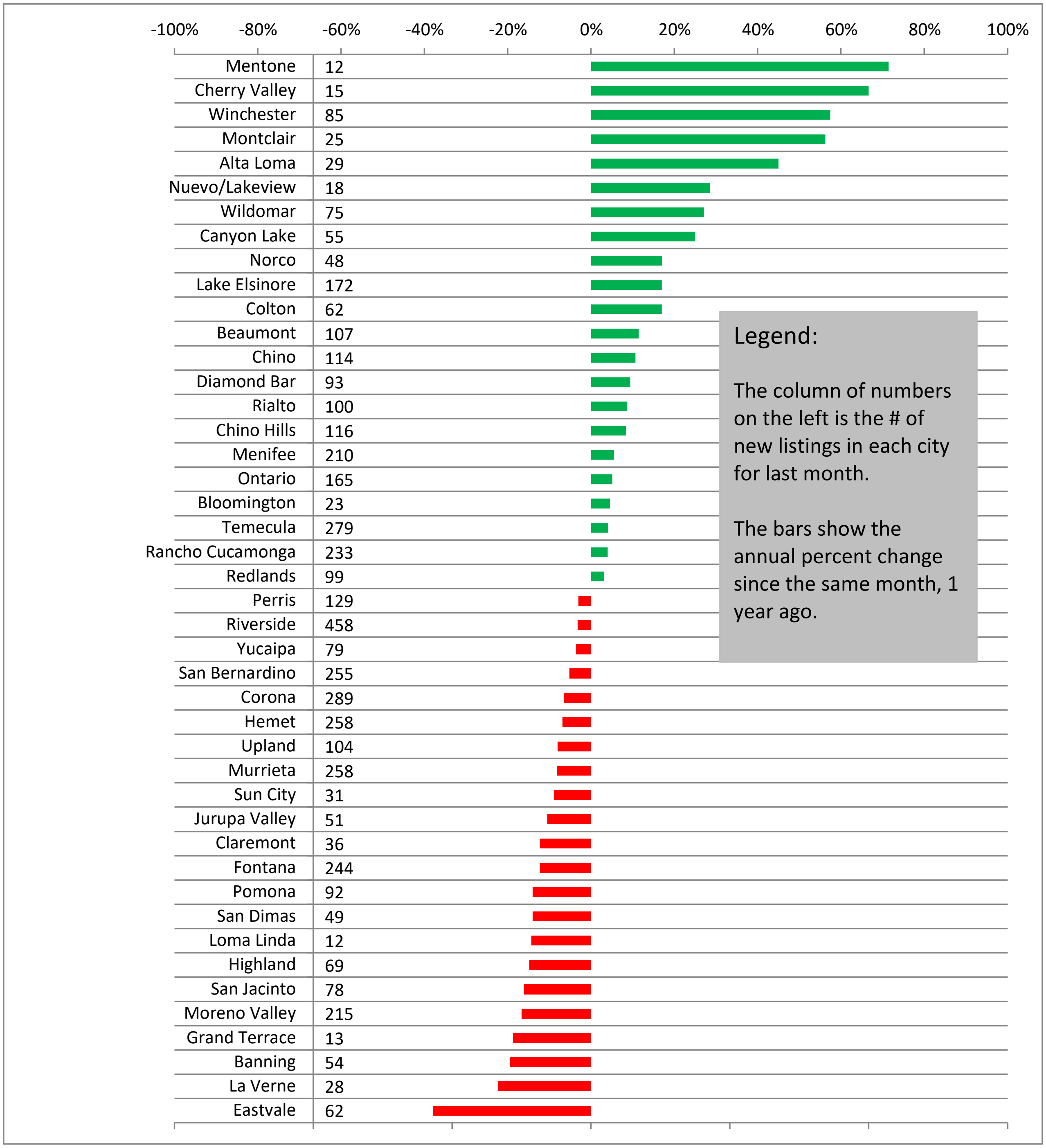

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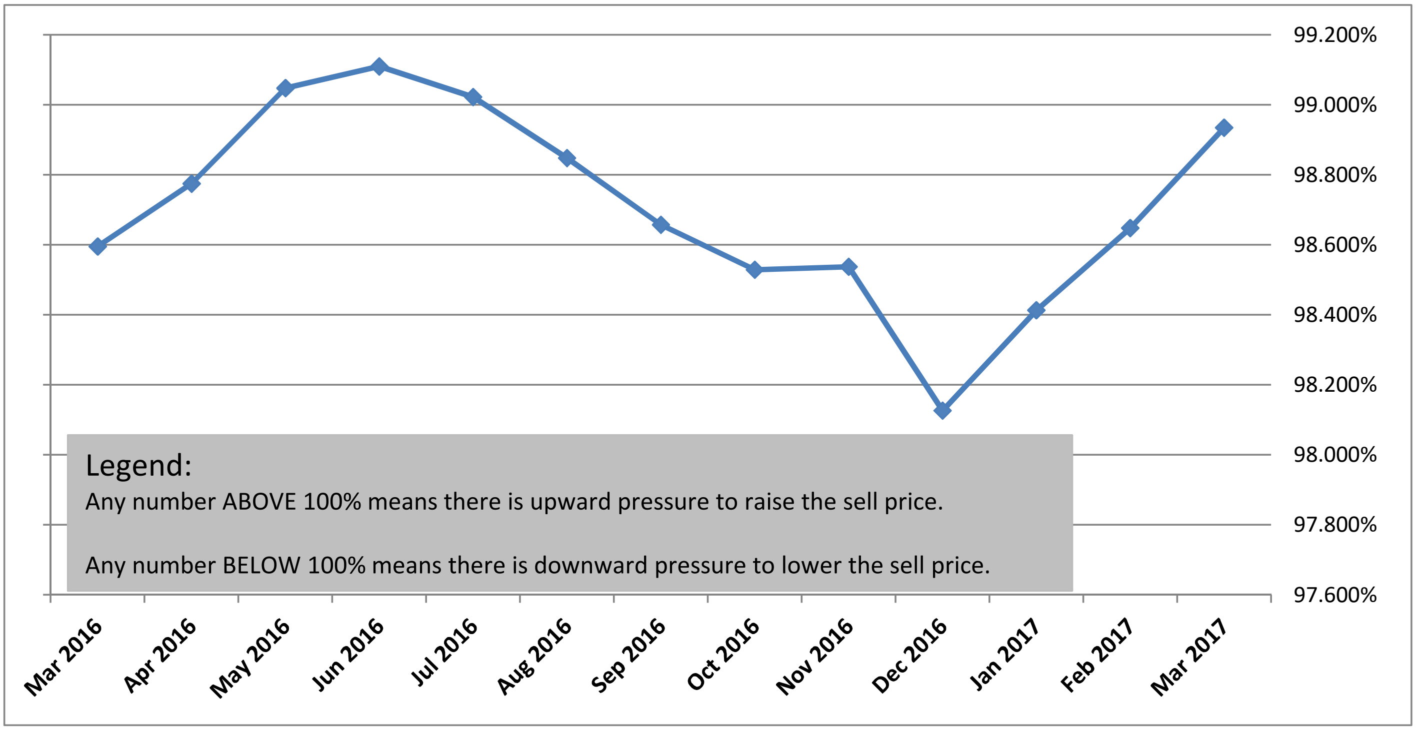


Legend:
Any number ABOVE 100% means there is upward pressure to raise the sell price.

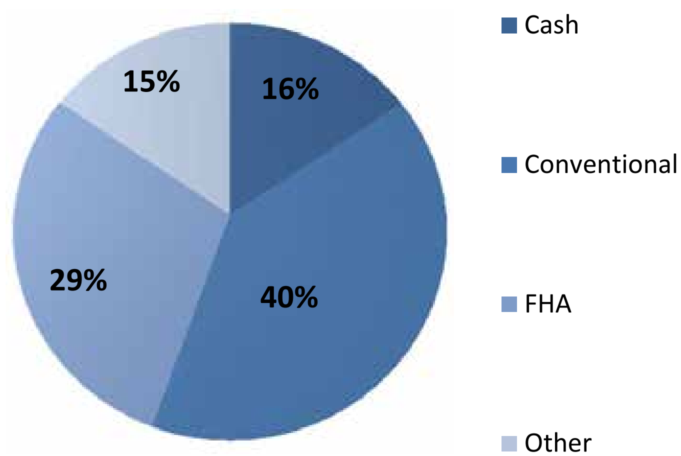
Any number BELOW 100% means there is downward pressure to lower the sell price.

This report is brought to you by IVAR:

As a service to the more than 4 million residents of the Inland Empire, the **Inland Valleys Association of Realtors®** is proud to distribute this data report on the housing market in the 50 communities served by our Realtor Members.

The core purpose of IVAR is to help its members become more professional and profitable, while promoting and protecting real property rights.

Finance Type



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With National Flood Insurance Program Expiring in Six Months, Realtors® Sound the Alarm

MEDIA CONTACT: JON BOUGHTIN / 202-383-1193

WASHINGTON (March 30, 2017) — On September 30, just six months from today, the National Flood Insurance Program will expire. The National Association of Realtors® is working closely(link is external) with federal regulators and members of Congress to strengthen the program(link is external) and clear the way for a private market to take hold; NAR has also issued a series of principles(link is external) to improve access and affordability for consumers.

But Realtors® warn the program's September 30 reauthorization deadline is a threat to consumers.

NAR President William E. Brown, a second-generation Realtor® from Alamo, California and founder of Investment Properties, believes that expiration would deal significant damage to current policy-holding property owners, as well as threaten property sales and the broader housing market.

Brown said that Realtors® see the NFIP's importance every day in their lives and in their business and made the following statement:

"When the NFIP expired in 2010, over 1,300 home sales were disrupted every day as a result. That's over 40,000 every month. Flood insurance is required for a mortgage in the 100-year floodplain, but without access to the NFIP, buyers simply couldn't get a mortgage or vital protection from the No. 1 cause of loss of property and life: flooding.

"This problem affects far more than coastal communities, and prospective homeowners aren't the only ones at risk. Policyholders in over 22,000 communities across the country depend on the NFIP to protect homes and businesses from torrential rain, swollen rivers and lakes, snowmelt, failing infrastructure, as well as storm surges and hurricanes. When that lifeline is cut off, the NFIP can't issue new policies or renew existing residential or commercial policies that expire. That means current home and business owners may find their most important asset unprotected.

"Last year was the third largest claims payout year in NFIP's history, costing more than $4 billion. While there were five billion-dollar floods, including Hurricane Matthew, four of the five were inland, and the largest single event was in Baton Rouge, Louisiana in August, just one year out from the NFIP's expiration date.

"The NFIP isn't perfect, and reforms are needed. We will continue working closely with everyone involved to achieve those reforms.

"Good work has been done in Congress, at FEMA and elsewhere to clear the way for those efforts. We thank leaders on both sides of the aisle for all they've done up to this point. Now, it's time for action. Congress has six months to do the right thing and pass a long-term reauthorization of the program. We're hoping they do just that."

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

Affordability, Tight Supply Cause Vacation Home Sales to Plummet in 2016; Investment Sales Climb 4.5%

MEDIA CONTACT: ADAM DESANCTIS / 202-383-1178

WASHINGTON (April 11, 2017) — Last year's strongest pace of home sales in a decade included a sizeable drop in activity from vacation buyers and a jump from individual investors, according to an annual second-home survey released today by the National Association of Realtors®. The survey additionally found that vacation and investment buyers in 2016 were more likely to take out a mortgage and use their property as a short-term rental.

NAR's 2017 Investment and Vacation Home Buyers Survey 1, covering existing- and new-home transactions in 2016, revealed that vacation home purchases last year descended to an estimated 721,000, down 21.6 percent from 2015 (920,000) and the lowest since 2013 (717,000).

Investment-home sales in 2016 rose 4.5 percent to 1.14 million from 1.09 million in 2015. Owner-occupied purchases jumped 12.5 percent to 4.21 million last year from 3.74 million in 2015 – the highest level since 2006 (4.82 million).

Lawrence Yun, NAR chief economist, says vacation sales in 2016 tumbled for the second consecutive year and have fallen 36 percent from their recent peak high in 2014 (1.13 million). "In several markets in the South and West – the two most popular destinations for vacation buyers – home prices have soared in recent years because substantial buyer demand from strong job growth continues to outstrip the supply of homes for sale," he said. "With fewer bargain-priced properties to choose from and a growing number of traditional buyers, finding a home for vacation purposes became more difficult and less affordable last year."

Added Yun, "The volatility seen in the financial markets in late 2015 through the early part of last year also put a dent in sales as some affluent households with money in stocks likely refrained from buying or delayed plans until after the election."

Tight inventory conditions pushed the median sales price of both vacation and investment homes last year to levels not seen in roughly a decade. The median vacation home price was $200,000, up 4.2 percent from 2015 ($192,000) and the highest since 2006 (also $200,000). The median investment-home sales price was $155,000, up 8.0 percent from 2015 ($143,500) and the highest since 2005 ($183,500).

With home prices steadily rising, an increasing share of second-home buyers financed their purchase last year. The share of vacation buyers who paid fully in cash diminished to 28 percent (38 percent in 2015), while cash purchases by investors decreased to 35 percent from 39 percent in 2015 and 41 percent in 2014.

"Sales to individual investors reached their highest level since 2012 (1.20 million) as investors took advantage of record low mortgage rates and recognized the sizeable demand for renting in their market as renters struggle to become homeowners," said Yun. "The ability to generate rental income or remodel a home to put back on a market with tight inventory is giving investors increased confidence in their ability to see strong returns in their home purchase."

Vacation sales accounted for 12 percent of all transactions in 2016, which was the lowest share since 2012 (11 percent) and down from 16 percent in 2015. The portion of investment sales remained unchanged for the third consecutive year at 19 percent, and owner-occupied purchases increased to 70 percent (65 percent in 2015).

Greater interest in short-term rentals; South most popular destination

Given the rising popularity of short-term rentals in locales throughout the country, it's no surprise there were slightly more investment and vacation buyers renting their property for less than 30 days. Forty-four percent of investors (42 percent in 2015) and 29 percent of vacation buyers (24 percent in 2015) did or tried to rent their property last year and plan to do so in 2017. Twenty-one percent of investment buyers and 15 percent of vacation buyers did not rent their home for short-term purposes last year but plan to try it in 2017.

Vacation buyers' typically earned $89,900 ($103,700 in 2015), while investment buyers had a household income of $82,000 ($95,800 in 2015). Both were most likely to purchase a single-family home in the South, with vacation buyers preferring a beach location and investors choosing a suburban area.

The top two reasons for buying a vacation home were to use for vacations or as a family retreat (42 percent) and for future retirement (18 percent), while investors mostly bought to generate income through renting (42 percent) and for potential price appreciation (16 percent).

NAR's 2017 Investment and Vacation Home Buyers Survey, conducted in March 2017, surveyed a sample of households that had purchased any type of residential real estate during 2016. The survey sample was drawn from an online panel of U.S. adults monitored and maintained by an established survey research firm. A total of 2,099 qualified adults responded to the survey.

The 2017 Investment and Vacation Home Buyers Survey can be ordered by calling 800-874-6500, or online at www.nar.realtor/prodser.nsf/Research. The report is free to NAR members and accredited media and costs $149.95 for non-members.

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

1 Vacation homes are recreational property purchased primarily for the buyer's (or their family's) personal use, while investment homes are residential property purchased primarily to rent to others, or to hold for other financial or investment purposes. Sales data excludes institutional investment activity.

Home sales were calculated based on a proportion of buyers who bought each respective home type—vacation, investment, and primary residence. The number of purchases for each housing type were calculated using the total number of existing home sales and new homes in 2016. To calculate the difference in the number of purchases in 2015 to 2016, the percent change of each housing type purchased was calculated.

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