

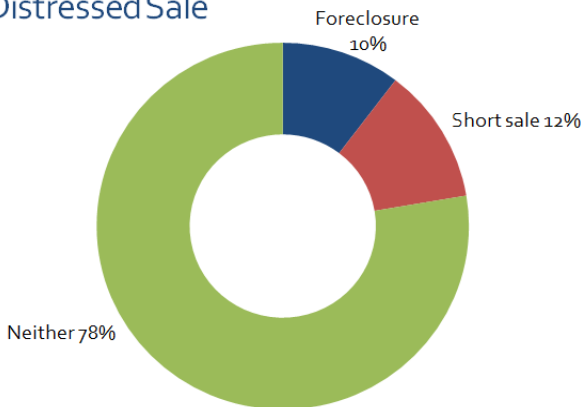
Market Snapshot

Boomerang Buyers - Myth or Reality?

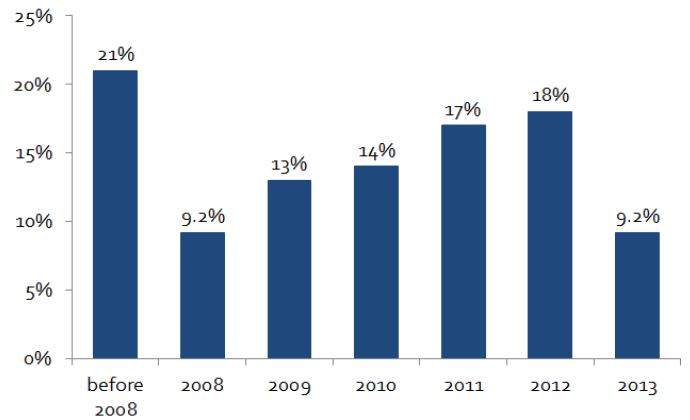
Not to be confused with the “Boomerang Generation”, also known as Millennials who moved back in with their parents after graduating college, boomerang buyers are those who were displaced by the recent housing crisis and are now returning to the housing marketplace. Many lost their homes to foreclosure or short sale in the aftermath of the 2007 housing crash, being forced to rent or cohabitate with relatives, friends and roommates. Unable to qualify for a home mortgage for at least four years after undergoing a distressed sale, according to Fannie Mae and Freddie Mac guidelines, these buyers have sat idle and regrouped. Now that the four year waiting period to qualify for a home loan has passed for many, and the job market and economy have improved, it appears these buyers are getting off the sidelines and rejoining the home owner population.

According to the C.A.R. 2015 Survey of California Home Buyers, more than one in five home buyers experienced a distressed sale—12 percent went through a short sale and 10 percent lost their home to

Percentage of Repeat Buyers Who Experienced a Distressed Sale



Year of Distressed Sale



foreclosure. Most (79 percent) of those home buyers who went through a distressed sale experienced it after 2007, indicating these buyers are now returning to the housing market and purchasing homes again.

Another indication that boomerang buyers are more reality than myth is reflected in the increased share of repeat buyers who were previously “underwater” on their homes. The percentage of repeat buyers who were underwater on their last home climbed to 23 percent in 2015 from four percent in 2014.

While there are some signs indicating that boomerang buyers are not a myth, don’t pop the champagne just yet. The fact that buyers intend to keep their homes much longer could be a hindrance to future home sales. Home buyers in 2015 indicated they plan to keep their homes for an average of 20 years, more than double the 8.8 years they specified last year. This decline in home turnover could pose further problems for the already tight inventory in California.

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