

TOP 10 EVENTS OF 2008

Events are defined as those occurrences that transpired during the previous calendar year (2008) that made headlines and captured the attention of the real estate industry. The selection of these events was based upon their potential future impact on the industry rather than solely on their significance in 2008.



This is an extract from the 2009 SwanePoel TRENDS Report
for more information visit www.RETrends.com

1. The Bailout: September 17th

The most notable single event of the year was the announcement of the “Silver Bullet” or bailout, designed to save the country from the subprime collapse and the failure/buyout of major Wall Street firms and national banks. Depending upon how effectively the Emergency Economic Stabilization Act’s \$700 billion is going to be allocated and managed it may prove to be the beginning of the turning point in the current economic recession.

2. The Presidential Election

In one of the most competitive, contentious, divisive and yet historic political campaigns to date, the country responded with the largest voter turnout in history to elect an African American, Barack Obama as President. Martin Luther King’s “I have a dream” vision has taken a huge step toward fulfillment. However, the new administration will have little time to reflect on victory as it faces serious economic challenges and a trillion dollar plus debt that will take years to resolve.

3. In Memory Of: Countrywide, IndyMac, WAMU, Wachovia and Others

Barely one year ago these companies were not only household names but were considered financial giants. In 12 months they have become a factoid of history. Some filed for bankruptcy while others were acquired by the likes of Bank of America, the federal government, J.P. Morgan Chase and Wells Fargo. 2008 reminded us that nothing lasts forever and everything is replaceable.

4. Facing Foreclosure Frenzy

As a direct fallout of the subprime collapse, the foreclosure rate in the United States hit staggering levels in 2008. At the opening of the third quarter foreclosures were up 25% over the previous October with a reported one in every 452 of the country’s homes in foreclosure. Numerous reports estimated that by the end of 2008 there would be more than one million REOs on the books.

5. Home Prices Spiral Downward

The recession devastated many real estate markets across the country with the worst-performing towns and cities in places like central California, Miami and Las Vegas posting declines of 40% in 2008. The stranglehold on financing continued to drive home prices in many other places back to 1998 – 2002 levels, with predictions of continued declines in 2009 as unemployment reaches record highs and the financial meltdown spills over to other industries.

6. NAR – DOJ Settlement

Finally the long and protracted 2½ year legal battle between NAR and the DOJ was put to rest as Judge Kennelly issued his final judgment in November. In the end, NAR’s longstanding IDX policy was validated as NAR was deemed to have not admitted any liability or wrongdoing and no payments were made in conjunction with the settlement. In addition, NAR has been cleared to reinstate an updated version of its VOW and the MLS has been preserved and strengthened in the process. Now it’s back to business.

7. Brokers Go Bust

Changing names, merging, consolidating, filing bankruptcy and closing branches was on the order of the day throughout 2008 as literally thousands of real estate brokerage, companies went out of business during 2008. This included many independents as well as franchises from just about every major brand including Century 21, EXIT and RE/MAX. Also filing for bankruptcy was national franchise Help-U-Sell and Web 2.0 newcomers such as Igglo.

8. Keeping It Short

Founded in 2006, Twitter moved into the mainstream in 2008 as the next evolution in the social media and blogging environment. By using short 140 character text-based posts (affectionately named “tweets”), staying in touch has been given a whole new meaning.

9. ActiveRain Explodes Past 100,000 Members

As we discussed in last year’s report (Trend #1 – *Two Worlds; One Industry*) ActiveRain has moved to the lead in social networking in the real estate industry. With as many as 35,000 users logged on at the same time, no one else has even come close in connecting that many real estate professionals at one time. It goes without saying that ActiveRain has proven that social media has a home in real estate.

10. RESPA Revisited

2008 was the year that the Department of Housing and Urban Development (HUD) completed an update of the Real Estate Settlement Procedures Act (RESPA). HUD believes the changes with respect to disclosures for the marketing and sale of mortgage loans and settlement services will save the consumer \$700 per loan. Many however see it only as increased costs that will result in lower profits and not really strengthen the consumers’ position in areas like title insurance. Right or wrong the door has been opened for online comparison shopping for mortgages and settlement services at sites such as TitleWizard.com and MortgageGrader.com.