

Tracking NAR Spin

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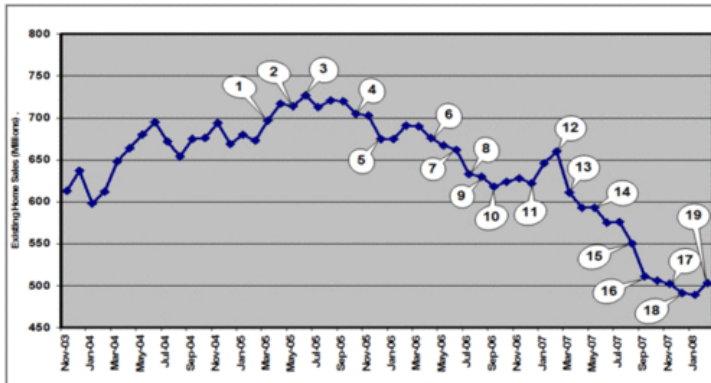
Yesterday saw a subtle shift in the reporting of existing home data from the NAR (*Existing Home Sales Down 19.3%*). While they haven't quite fully embraced **spin-free data reporting**, we suspect they may be starting to get religion.

Its about time. As the chart shows, the NAR has a long history of pollyannish calls for a bottom in Real Estate, going on now for about two years.

James Bednar of the New Jersey Real Estate Report send me the following set of their comments, plotted against the Existing Home Sales reported over the same period.

>

NAR Existing Home Sales



Each quote below corresponds to a numbered circle above.

Tracking NAR Spin

1. "There's no question there is a strong demand for housing from a growing population." -David Lereah, NAR Chief Economist
2. "For the foreseeable future, the demand for homes will continue to outstrip supply" -Al Mansell, NAR President
3. "We've been expecting sales to remain at historically high levels, but this performance underscores the value of housing as an investment and the importance of homeownership in fulfilling the American dream." -David Lereah, NAR Chief Economist
4. "We are returning to more balanced markets between home buyers and sellers... We feel confident that housing is landing softly as rates continue to rise." -David Lereah, NAR Chief Economist
5. "This is part of the market adjustment we've been discussing, with a soft landing in sight for the housing sector. The level of home sales activity is now at a sustainable level. Overall fundamentals remain solid..." -David Lereah, NAR Chief Economist
6. "Higher interest rates are slowing home sales, but we see this as another sign of a soft landing for the housing sector which remains at historically high levels." -David Lereah, NAR Chief Economist
- "After five years of booming sales, we are now experiencing normal market conditions across most of the country... most owners can expect steadier gains in home values for the foreseeable future." -Thomas M. Stevens, NAR President
7. "Over the last three months home sales have held in a narrow range, easing to a level that is near our annual projection, which tells us the market is stabilizing" -David Lereah, NAR Chief Economist
8. "Now sellers in many areas of the country are pricing to reflect current market realities. As a result, there could be some lift to home sales, but it'll likely take some months for price appreciation to rise." -David Lereah, NAR Chief Economist
9. Existing-home sales stabilized at a sustainable pace in August -NAR
10. "...the worst is behind us as far as a market correction — this is likely the trough for sales. When consumers recognize that home sales are stabilizing, we'll see the buyers who've been on the sidelines get back into the market" -David Lereah, NAR Chief Economist
11. "It looks like we're moving beyond the low for the housing cycle last fall, and buyers are responding to historically low interest rates and competitive pricing by home sellers. In addition, a tightening inventory of homes on the market is supporting prices." -David Lereah, NAR Chief Economist
12. "Fundamentals have improved in the housing market and buyers see a window now with historically-low mortgage interest rates and competitive pricing by sellers," -David Lereah, NAR Chief Economist
13. "We also may be seeing some losses as a result of the subprime fallout. However, this is masking improved fundamentals in the housing market, with lower mortgage interest rates and motivated sellers." -David Lereah, NAR Chief Economist

14. "Buyers who've been on the sidelines may want to take a closer look at current conditions in their area – if they wait for sales to rise, their choices and negotiating position won't be as good as they are now." -Pat V. Combs, NAR President
15. "The rise in sales and prices in the Northeast region on a fairly consistent basis in recent months is promising because this was the first region that underwent sales and price weakness after the boom. Now, it appears that it will be the first region to climb back, indicating that other regions could follow a similar path." -Lawrence Yun, NAR Chief Economist
16. "The unusual disruptions in the mortgage market, including a significant rise in jumbo loan rates, resulted in a fairly high number of postponed or cancelled sales...Once we get through these disruptions, we'll get a better sense of where the actual market is in late fall as conditions begin to normalize," -Lawrence Yun, NAR Chief Economist
17. "Existing-Home Sales Rise in November, Market Likely Stabilizing" -NAR
18. "Home sales remain weak despite improved affordability conditions in many parts of the country, but we could get a quick boost to the market if loan limits are raised in combination with the bold cut in the Fed funds rate," -Lawrence Yun, NAR Chief Economist
19. Existing-Home Sales to Stabilize Before Upturn in Second Half of 2008 -NAR

Source:

[Tracking Realtor Spin](#)

James Bednar

New Jersey Real Estate Report

<http://njrereport.com/index.php/2008/04/09/tracking-realtor-spin/>

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Comments

Compare to Robert Shiller quote in BusinessWeek:

An influential economist who long predicted the housing market bubble cautioned Tuesday that the slump in the U.S. housing market could cause prices to fall more than they did in the Great Depression, and bailouts will be needed so millions don't lose their homes.

Yale University economist Robert Shiller, pioneer of the widely watched Standard & Poor's/Case-Shiller home price index, said there's a good chance housing prices will fall further than the 30 percent drop in the historic depression of the 1930s. Home prices nationwide already have dropped 15 percent since their peak in 2006, he said.

"I think there is a scenario that they could be down substantially more," Shiller said during a speech at the New Haven Lawn Club.

Posted by: Steve Barry | Apr 23, 2008 11:20:13 AM

Barry you may be beating a dead horse at this point...or at least preaching to the choir!!!

Posted by: lurker | Apr 23, 2008 11:23:41 AM

For more info on former and current paid shells at the National Association of Realtors please check out:

<http://lawrenceyunwatch.blogspot.com>

<http://davidlereahwatch.blogspot.com>

Posted by: David Jackson | Apr 23, 2008 11:30:04 AM

Remember also, the mindless NAR statement highlighted on this blog:

"Now is a good time to buy or sell a home"

(forgot exactly when and may be paraphrasing a bit)

Posted by: Ken M. | Apr 23, 2008 11:58:39 AM

When does his job title become David Lereah, EX-NAR Chief Economist?

Posted by: Easy AI caused it | Apr 23, 2008 12:02:31 PM

the real estate shills make baghdad bob look like like an unbiased truth-teller. remember that guy? i'd love to see him get hired by NAR.

let me ask the members here, where can i get info on how many S&P 500 companies reported and what their 1Q numbers and outlook are, relative to expected, y/y change, etc? anyone? anyone? I want to see the numbers because anecdotally, it seems like performance (outside of financials) hasn't been as poor as i thought given current economic conditions. i understand numbers have been helped by inflation, and some by currency gains. I would have thought more companies would report like GE and just plain wiff the Qtr.

i apologize for the threadjack.

Posted by: craig | Apr 23, 2008 12:14:42 PM

This looks like it's going to be like the magazine indicator. When the NAR turns, you know the bottom of the housing market is in.

Posted by: Alden | Apr 23, 2008 12:24:35 PM

NAR are simply not worth the space that this missive has given them.

They're wholly irrelevant, and even their raw data should be used only with a question mark.

Posted by: Unsympathetic | Apr 23, 2008 12:26:36 PM

That was quite an effective post at putting it all together illustrating their lack of credibility. Excellent graph. Combining comments, market price, timeline....very effective. Cynical comment bias: MSM is now going to quote the NAR more than ever. All the MSM or the NAR has to do is come clean with a disclaimer they represent a trade association, with clear and specific intent.. ya, right.

Posted by: stuart | Apr 23, 2008 12:29:22 PM

I'd love to see Congress call these douchebags in for a hearing to question their statistical methods, accountability, and culpability in this mess; the slogan "time 2 buy" started back in Spring of '06, here in FL these mellowdramatic commercials were oozing with sincerity while informing the public that the waning market back then may be your only chance to get in to a home or else you run the risk of getting priced out! Where were the fundamentals? Affordability? In its latest attempt to counter negative press, I mean the facts, the NAR started housingfacts.com, its comical . . . To the above post, I don't feel that Barry is beating a dead horse, there is a need for as much truth as possible to be out there. It is amazing to me that the MSM has given these glorified salesmen a big of a pass as they have.

Posted by: AJF | Apr 23, 2008 12:41:59 PM

The common mantra today seems to be "tell what others want to hear, if I believe, they will believe".
Have we lost all common sense and the search for truth?

Posted by: winslow | Apr 23, 2008 12:48:17 PM

I'm really glad that I don't have a job like that.

Posted by: Mac e | Apr 23, 2008 12:51:14 PM

This ain't the bottom, yet.

"Existing home sales to stabilize before upturn in the second half of 2008."

When the NAR actually starts weeping when it delivers its numbers because even they can't put a pretty spin on them anymore, that's when we'll have a bottom.

I figure 2011/12.

Posted by: DonKei | Apr 23, 2008 12:51:54 PM

If I were a real estate agent chasing listings, I'd rather my lobbyist... er... a... industry mouthpiece say what's what. Why not say housing is dropping? That way people will be realistic: buyers will come in, sellers won't "hold out a a few more months" etc.

They're simply hearing from their exasperated members.

Posted by: VennData | Apr 23, 2008 1:04:24 PM

O/T,

But still talking about spin.

anyone seen Bill Millers Q1 letter to shareholders? Wow, now I know why he has not done well in 3 years... am I allowed to post a copy in here?

Posted by: B.B. | Apr 23, 2008 1:25:06 PM

Well here goes,

BR, Please delete if this violates copyrights.

23-Apr-08

13:20 Legg Mason's Bill Miller issues Q1 letter to shareholders

The credit crisis that I wrote about last quarter culminated this quarter in the collapse and rescue of Bear Stearns, an event that I believe (though no one knows) ended the panic phase of the credit cycle. The economic consequences of curtailed credit, increased risk aversion, deleveraging, lost jobs, falling house prices, and negative equity returns remain, and are likely to take some time to play out. All of those issues have been front-page news for some time, and I believe they are well discounted by the market, which is why stocks have risen since Bear's collapse... For planning purposes, here is my forecast: I think we will do better from here on, and that by far the worst is behind us. I think the credit panic ended with the collapse of Bear Stearns, and credit spreads are already much improved since then. If spreads continue to come in, the write-offs at the big financials will end, and we may even have some write-ups in the second half instead of write-downs. Valuations are attractive, and valuation spreads are now about one standard deviation above normal, a point at which valuation- based strategies usually begin to work again, and momentum begins to fade (there is no evidence of the latter yet, as the old leaders continue to lead). Most housing stocks are up double digits this year despite dismal headlines, a sign the market had already priced in the current malaise. I think likewise we have seen the bottom in financials and consumer stocks, but not necessarily the bottom in headlines about the woes in those sectors. Although the economy is likely to struggle as it did in the early 1990s, the market can move higher, as it did back then... The wild card is commodities. If commodities break, or even just stop their relentless rise, equity markets should do well. If they continue to move steadily higher, they have the potential to destabilize the global economy... I agree with George Soros that commodities are in a bubble, but it also appears he is right when he describes it as one that is still inflating, and we still have the summer driving and hurricane season with which to contend... With most investors being fearful, I think it makes sense to allocate some capital to the greedy side of that pendulum, and that means putting cash to work in equities.

Posted by: B.B. | Apr 23, 2008 1:36:20 PM

B.B.

I hope you realize, that per Morningstar, Bill Miller, one-time investing legend, is underperforming the S&P by a mind-blowing 11.3% YTD. Furthermore, his flagship fund is ranked lower than 99% of funds in his category over one year, lower than 100% over three years (meaning he's THE worst) and lower than 98% over 5 years. I wish he would post an explanation of these results.

Posted by: Steve Barry | Apr 23, 2008 1:47:56 PM

Steve,

I know how Bill has done lately, (read prior post). BTW, your January call might be the call of the year the way it looks. Need a nice run-up to 1420ish, capitulate the bears, suck in all that "Breakout long" retail trade. Then wammo, the real fun begins. Enjoy your posts Steve, keep it up.

Posted by: B.B. | Apr 23, 2008 1:54:07 PM

I have long thought that Miller was a good stock picker in a trending market. He was somewhat contrarian and a bottom fisher for good value. I can't read his mind but I suspect he is conforming to the CNBC type positive spin because his fund has been viciously hammered and he needs to salvage or protect it from redemptions.

We all have/had our day in the sun. Another bum year and I would suggest to him that he looks under his car before starting her up.

Posted by: Ross | Apr 23, 2008 1:56:17 PM

From chart, the sales have been holding up pretty well and have been stable for 5 months -- around 500 million units.

The BOTTOM is forming here!

Good chart Barry, thanks!

Posted by: End of Panic | Apr 23, 2008 2:21:05 PM

Barry,

Spin versus time on the X-axis is a great "spin-tracker" format! I love it.

You missed putting in this spin-chart two books that came out 2006 & 2007 from one of the spin-dcutors Lereah

1) All Real Estate Is Local - 2007

2) Are You Missing the Real Estate Boom?: The Boom Will Not Bust and Why Property Values Will Continue to Climb Through the End of the Decade - And How to Profit From Them (Hardcover)- FEB 2005!

Posted by: Nihilism | Apr 23, 2008 2:42:35 PM

>>If spreads continue to come in, the write-offs at the big financials will end, and we may even have some write-ups in the second half instead of write-downs.>>

Bill Miller also seems to have a problem distinguishing between write-downs and write-offs.

Write downs have occurred.....write-offs have not.

Just a little difference.....

Value "investing" indeed..

Ciao

MS

Posted by: michael schumacher | Apr 23, 2008 3:11:16 PM

From chart, the sales have been holding up pretty well and have been stable for 5 months -- around 500 million units.

I'm surprised you could get such a detailed read from that chart while simultaneously failing to realize that the scale was wrong.

Posted by: James Bednar | Apr 23, 2008 3:29:20 PM

James Bednar: "I'm surprised you could get such a detailed read from that chart while simultaneously failing to realize that the scale was wrong."

For those who are visually (maybe mentally?) challenged. (hint for dorks: click on the image for larger chart)

=
5.02M => 4.91M => 4.89M => 5.03M => 4.93M (Nov => Dec => Jan => Feb => March)

Posted by: Bears In Denial | Apr 23, 2008 4:33:39 PM

Seriously -- 500 million?

Nothing like combating fact-free spin with incorrect math.

Posted by: Jmay | Apr 23, 2008 4:38:49 PM

For a previous and more hilarious graph, check out Piggington's Threat-O-Graph here:

http://piggington.com/fence_sitters_will_be_sorry

Posted by: susanunit | Apr 23, 2008 4:50:19 PM

I wouldn't be happy that sales in December and January, two usually very slow months for home sales, were approximately the same level as they were in March. That means for the increase in inventory that comes with the "spring selling season", there are no more buyers now than there were at Xmas. What does that tell you?

Posted by: Jack | Apr 23, 2008 4:51:53 PM

Jmay,

So what??? It was a typo, should be 5.00 million (not 500 million)

Moreover, the point he/she was trying to make was not where the dot should be placed but that "the sales have been holding up pretty well".

Posted by: Bears In Denial | Apr 23, 2008 4:52:15 PM

"During a press conference today with Canadian Prime Minister Stephen Harper and Mexican President Felipe Calderon, a reporter asked President Bush 'how deep and how long will the economic recession be in the United States?' 'First of all, we're not in a recession,' Bush replied, adding, 'We're in a slowdown.'"

Thank you Bushmeister, Prince of Spin - for a moment there I had delusional doubts - curse my weakness - but for a moment I doubted the Bush Boom and let the sacreligious thought enter my mind that we might well be wrong and instead of a slowdown, might instead be truly fucked as a result of our insane deficit spending.

Thank you for showing me once again the Light of Conviction.

Posted by: Winston Munn | Apr 23, 2008 8:24:41 PM

It is as much as the bottom as it was at the datapoint between no 11 and 12.

Barry, good job aggregating the NAR calls in one posting, I agree NAR stories are old news but this would be a good archive for future reference. Well done!

Posted by: Mich(^IXIC1881) | Apr 23, 2008 8:33:25 PM