Market

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Where Are the Sellers? Good question. It's slim pickings for a lot of would-be buyers. That brutal winter we just got through prevented many East Coasters from listing their homes in recent months. About five months' worth of homes are on the market, compared with 5.9 months in 2012 and 8.3 months in 2011.

Housing supply previously fell toward the 5-month level during the height of the boom in 2006, when buyers snapped up homes faster than they could be added.

This time, fewer homes are being listed because 19 percent of owners are underwater on their mortgages — meaning the sales price wouldn't be enough to repay their loan. Still, warmer weather, job growth and a strengthening economy are expected to encourage more listings this spring.

About 60 percent of Redfin buyers faced bidding wars in February, down from 73 percent at this time last year.

When few sellers emerged last year, prices for the limited number of homes available surged. Would-be buyers, facing a shortage of homes and locked in competition with one another, raised their offers. Prices climbed in locales such as San Francisco, where a ton of money is chasing few properties and there's not enough construction. Bay Area homes have surged 23 percent, on average, the past 12 months, according to the S&P Case-Shiller index. That was faster than any other major metro area except Las Vegas, where much of the housing stock was rebounding from the depths of the recession.

But around the country, many homeowners are still reluctant to sell because they would likely lose money on the deal. The 2007 housing bust still haunts the market. About 19 percent of homeowners owe more on their mortgages than their properties would sell for, according to the online real estate database Zillow (Z). An additional 37 percent are "effectively underwater": Their sale profit would be too low to cover the cost of listing their home and putting a down payment on a new property.

Much of that shortfall can be summed up simply: Too few first-time buyers. They bought about 1.5 million homes last year, about 500,000 fewer on average than they would have typically.

You might have thought the economic meltdown would have shut off home loans to people with middling-to-weak credit. Yet something close to subprime borrowing has just started a comeback.

Wells Fargo is now offering mortgages to subprime borrowers with credit scores as low as 600, down from 640. (The median credit score for 30-year fixed mortgages had been around 730.) And non-bank lenders such as Carrington Mortgage Services are moving into that territory. Carrington has dropped its minimum credit score to 550.

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It's a sign that lenders are becoming less tight-fisted after restricting credit in the wake of the financial crisis.

Lenders are accepting borrowers they once rejected in part because they're hungry for more business after mortgage refinancing plunged in the past year as interest rates rose. The average 30-year fixed mortgage rate has risen about a percentage point to 4.4 percent from near-historic lows in May. A subprime borrower with a credit score of 550 would pay 7.15 percent, according to Carrington's rate sheet.

Investors bought roughly one in every five homes sold last year, according to the National Association of Realtors. Most of them made all-cash offers and ignited bidding wars that other would-be homeowners lost. The investors' properties became rehab projects or rentals.

But the 2013 price jump should cause investors to play a lesser role this year. Areas that suffered the most during the recession's housing bust, including Phoenix, Las Vegas and Tampa, have seen prices rise. They're no longer the bargains that investors considered them to be a year ago, said Zillow's chief economist Stan Humphries. The result is that bidding wars won't likely be as fierce in 2014.