Re/Max Olson & Associates

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GRAF REPORT

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Special points of interest:

- Is supply and demand the driving force in this market?
- Are interest rates at a favorable level?
- Is now a good time to sell or shall I ride out the storm?
- What does the future look like for the Northridge housing market?

Be Informed!

Upcoming issues:

SFV Inventory at Dangerous Level

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The inventory of single family homes in the San Fernando Valley has gone from 12,000 + homes in November/December of 2008 to about 3,500 homes in June of 2009. On the surface it might appear that the market has turned and we are in a recovery, however looking deeper the reason for the drastic reduction is due to the bank moratoriums on foreclosures. Back in December the upcoming Obama administration suggested to the banks that if they voluntarily stop foreclosing they will allow access to TARP funds in the near future. As it turned out many larger banks later decided not to take the TARP money because of the restrictions. On June 1st of this year the administration implemented a 3 month moratorium on foreclosures further delaying the process. The question is will prolonging foreclosure be beneficial for the recovery of our economy of stall the necessary economic cycle? We really don't know but for now the result will be an increase in SHORT SALES.

The good news is that we are starting to see some standardization within the industry on how to handle short sales.

For the present time we are experiencing a temporary sellers market due to the low inventory and some very attractive interest rates. If a home is priced properly it will result in a very fast sale usually generating multiple offers and quite often over the asking price. Once the moratoriums are lifted and the backlog of foreclosures hit the market we will experience a very different climate in the San Fernando Valley.

Mortgage Meltdown

In December of 2008 a very eye opening story was aired on 60 Minutes. It was titled "Mortgage Meltdown" and it addressed the upcoming crisis that will be affecting the housing market. As we are now experiencing the full effects of the Sub-Prime crisis we are about to enter into the Alt– A and Option-Arm reset period. As stated in the segment on 60 Minutes the default rate for such loans will probably reach as high as 70%. The alarming news is that there are even more of these loans than there were Sub-Prime loans.

To watch the segment simply Google: *60 Minutes Mortgage Meltdown* & view on You Tube.