



This Month in Real Estate

February 2012 Market Update

2012 is off to a promising start. Mortgage rates continue to drop and have remained under 4% for nearly two months. Home sales are strengthening and pending home sales, a measure to gauge future sales, are at their highest levels since March 2010.

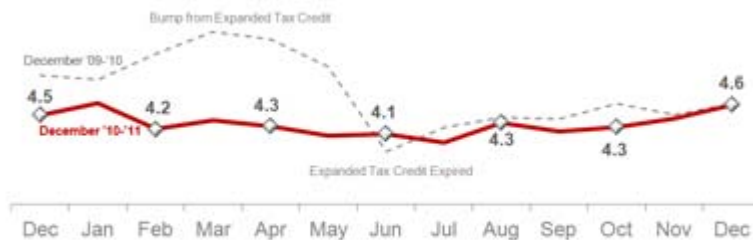
Job growth has been increasing for most of 2011, with unemployment dropping to 8.4%. As more people are getting jobs, consumer confidence has also been increasing. However, underemployment continues to be a problem for a stronger recovery. The underemployment rate is 18.1%, and there are still a significant number of people working part time, who would like to have full-time work.

Even with substantial national improvements, this continues to be a “one neighborhood at a time” recovery. Payroll jobs were up in 25 states, but down in 24, demonstrating the delicate state of the U.S. economy. Global factors such as the European debt crisis are also complicating a more robust recovery. Strong guidance is needed from local and global leaders to continue this growth, as well as allow for business to maintain momentum toward building and expanding upon the opportunities that exist.

Sources: Bureau of Labor Statistics, National Association of Realtors

Home Sales *in millions*

Existing home sales continued their rise, up 5% in December, to a seasonally adjusted rate of 4.61 million. Lawrence Yun, chief economist for NAR, said, “The pattern of home sales in recent months demonstrates a market in recovery. Record-low mortgage interest rates, job growth, and bargain home prices are giving more consumers the confidence they need to enter the market.”



Latest Data Release: January 20, 2012.
Source: National Association of Realtors

Home Price *in thousands*

Homes prices for December were down 2.6% from a year ago, at a median price of \$164,500. One factor contributing to lower prices has been the high level of distressed properties being sold. In December, these properties began to show signs of price stabilization and increase. Foreclosures were selling at 22%, a 2% increase from a year ago, and average prices for short sales prices had risen by 3%.



Latest Data Release: January 20, 2012.
Source: National Association of Realtors

Inventory- Month's Supply *in months*

The housing inventory dropped 9.2% in December to a 6.2-month supply, or 2.38 million homes, at the current level of sales. These are the lowest inventory levels of homes for sale since March of 2005. Lawrence Yun, chief economist for NAR, said, "The inventory supply suggests many markets will see prices stabilize or grow moderately in the near future."



Latest Data Release: January 20, 2012.
Source: National Association of Realtors

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Interest Rates

Another slight drop for mortgage rates as they continue to set historically low records. With homes being so affordable and the economy continuing its recovery, home prices are stabilizing, as increased sales are expected. NAR President Moe Veissi stated, "The American dream of home ownership is alive and well. We have a large pent-up demand, and household formation is likely to return to normal as the job market steadily improves. More buyers coming into the market mean additional benefits for the overall economy. When people buy homes, they stimulate a lot of related goods and services."

Type	Rate
30-Year Fixed	3.98%
15-Year Fixed	3.24%
5/1 ARM	2.85%
Historical Average	8.90%

This Month's Video



Topics For Home Owners, Buyers & Sellers

Interest rates at favorable levels and a good selection of homes provide an opportunity for buyers. Here are a few things to for buyers to keep in mind:

1. **Know what you can afford** before you fall in love with your dream home.
2. **Consider additional expenses** that come with owning a home like property tax, insurance, and repairs.
3. **Be flexible on the little things.** It would be wonderful to find a home with everything you want, but those are hard to come by – distinguish nice-to-haves and must-haves early.
4. **Have imagination** and look beyond paint colors, wallpaper, or other easy and affordable things you can change.
5. **Don't compromise on the big things,** such as enough bedrooms to accommodate additions to the family or space for an office if you work from home.
6. **Always inspect** even if the surface looks great; it's important to know if anything major is wrong and what it will cost to fix.
7. **Think about the future** in regard to the neighborhoods, surroundings, schools, and developments.

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