



This Month in Real Estate

January 2012 Market Update

2012 shows signs of an improving housing market as the U.S. economy continues its forward-moving yet slow road to recovery. Although there are economists projecting housing prices will decline further, aided by distressed property sales that sell at a greater discount, these prices are expected to rebound considerably later in the year and continue into 2013.

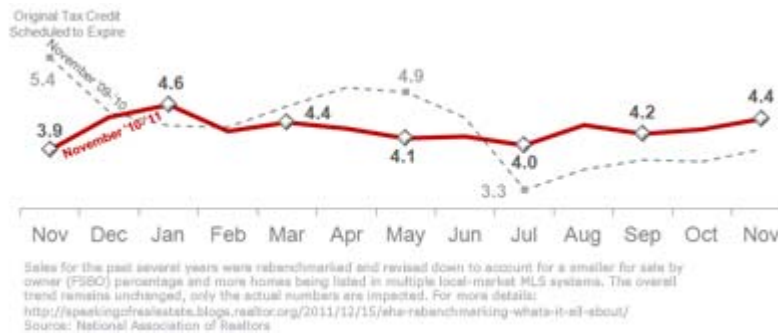
Factors that continue to impede a speedier recovery in the housing are consumer confidence, job-growth uncertainty, and tough lending standards that keep many otherwise qualified buyers from financing a home purchase. However, consumer confidence may be showing signs of improvement according to a report released by Fannie Mae on December 7, which revealed that consumer sentiment toward home prices is stabilizing and that, for the first time in six months, more people believe that prices will soon begin to rise. This is an encouraging development, as much of our economic vitality depends upon the overall confidence of the consumer, and could trigger even stronger home sales as more people feel confident that prices will go up.

As the new year begins, many consumers appear to be in a holding pattern, waiting to see how the economy reacts to the different demands both here and abroad. Yet with steadily increasing sales and record-breaking affordability, now is the time to take advantage of these opportunities to buy or sell a home.

Sources: Fiserv, Fannie Mae

Home Sales *in millions*

Sales among existing homes rose in November by a seasonally adjusted 4%, to 4.42 million units up from 4.25 million in October, and are 12.2 percent above last year at this time. Lawrence Yun, chief economist for NAR said, "Sales reached the highest mark in 10 months and are 34 percent above the cyclical low point in mid-2010 – a genuine sustained sales recovery appears to be developing."



Home Price
in thousands

While median home prices in November rose to \$164,200 from \$162,500 in October, they are down 3.5% from a year ago. David Stiff, chief economist at Fiserv, stated, "Housing affordability has improved dramatically because of declines in both prices and mortgage interest rates. The monthly mortgage payment for a median-priced single-family home is now \$700, compared to \$1,140 in 2006—a decline of nearly 40%." (Based on 2011 Q2 figures)



Inventory- Month's Supply
in months

With increased levels of sales, the inventory of homes on the market continued to decrease, falling by 5.8% in November to 2.58 million homes available for sale, or an equivalent of a seven month supply at the current sales pace. This positive sign of increasing sales and lower inventories are keeping the housing market on track for stabilizing home prices and a stronger housing sector.



Source: National Association of Realtors

Interest Rates

Mortgage rates continued to push historic lows in November, dropping another .08 points, to 3.99% for a 30-year fixed mortgage. "Rates on 30-year fixed mortgages have been at or below 4 percent for the last eight weeks and now are almost 0.9 percentage points below where they were at the beginning of the year, which means that today's homebuyers are paying over \$1,200 less per year on a \$200,000 loan," said Frank Nothaft, Vice President of Freddie Mac.

Type	Rate
30-Year Fixed	3.95%
15-Year Fixed	3.24%
5/1 ARM	2.88%
Historical Average	8.90%

Source: Freddie Mac, December 29, 2011

This Month's Video



Topics For Home Owners, Buyers & Sellers

If one of your New Year's resolutions is to sell your home, here are a few things to keep in mind:

Although the traditional home-buying season starts in the spring, here are some reasons why listing your home now, rather than waiting, could prove to be a smart decision.

- On average, the number of home sales in January drops almost by half from the previous year's peak. A house that is priced right and staged well will stand out even more with less competition.
- Lenders, home inspectors, movers, and other vendors also see a seasonal dip in transactions. This could mean a quicker, easier, and possibly cheaper time to buy, sell, and move.

Even if you're not ready quite yet, now is a great time to start the conversation with your local real estate agent. He or she can give you pointers on which repairs and preparations to tackle first, and which ones may not be necessary, saving you time and money. Starting now can help you capture the most buyers by busy season.

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