



## November 2011 Market Update

While home sales in September were down slightly from a relatively strong month in August, they were up from a year ago, giving encouraging signs of a strengthening market and potential for stabilizing, if not appreciating, home prices. These signs include an increasing demand, shown by the number of people shopping for homes, and the decreasing inventory of homes for sale, in conjunction with some of the lowest levels of new housing construction since 1960s when the Beatles first came to the United States.

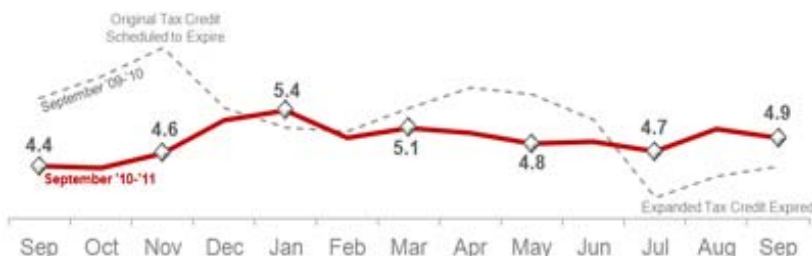
Of the homes sold in September, 32% were first-time home buyers. With more and more people entering the market, the persisting obstacle for most is still the restrictive lending environment. In a plea to banks and policy makers, NAR President Ron Phipps said, "We need to remove the roadblocks to a housing recovery—not place more obstacles in the way of financially qualified buyers."

With an increasing demand and shrinking inventory, it is hoped that banks will begin to see the market potential and start to lend to otherwise creditworthy home shoppers, opening the road to a more rapid recovery. While consumer confidence still remains at all-time lows, retail spending increased 1.1% last month, a positive sign of growth fueled by the approaching holiday season, which could propel the U.S. into a promising new year.

### Home Sales

in millions

Home sales were 4.91 million in September, down 3.3% from a strong August in which were 5.06 million, but still 11.3% above September 2010. Lawrence Yun, NAR chief economist, states, "affordability conditions have improved to historic highs and more creditworthy borrowers are trying to purchase homes, but the share of contract failures is double the level of September 2010. Even so, the volume of successful buyers is higher than a year ago and is remaining fairly stable—this speaks to an unfulfilled demand." If lending standards loosen, we can expect to see an increase in home sales.



Latest Data Release: October 20, 2011. Source: National Association of Realtors' "Home Sales" refers to transactions that include single-family, townhomes, condominiums, and co-ops. "Contract Failures" refers to those caused by declined mortgage applications. Values in blue underlining that represent values coming in below the expected price, or other problems including home inspections and employment issues.

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## Home Price

### in thousands

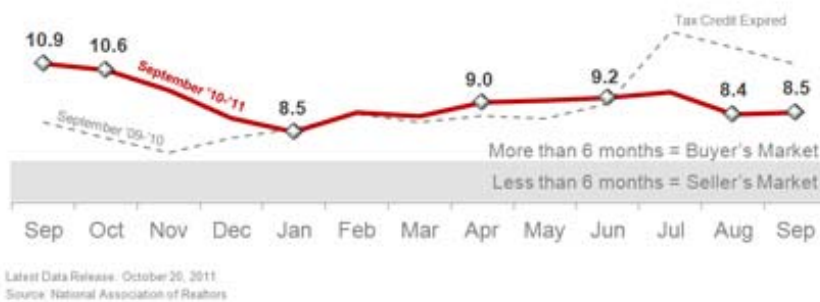
Homes prices were down, with a 3.5% drop in September compared to a year ago. The national median price for homes in September was \$165,400, with distressed properties, foreclosures, and short sales still accounting for 30% of sales. This is a great opportunity for those potential buyers still thinking about purchasing a home, especially as the housing industry begins to show increasing signs of stability.



## Inventory- Month's Supply

### in months

With stronger sales than a year ago, the amount of homes for sale was reduced to 3.48 million units, or an 8.5-month supply at the current sales volume. With the lowest new housing construction in almost fifty years, the inventory of homes on the market is projected to continue to decline, which is a positive sign that prices could begin to climb again.



Source: National Association of Realtors

## Interest Rates

Mortgage rates were down again, from 4.35% in September of last year to 4.11% this September. While the Federal Reserve continues to put downward pressure on interest rates to spur sales, Congress's recent action to lower loan limits has further tightened lending among banks. This had the biggest impact in the Western states, which experienced an 8.8% drop in sales. This was mainly due to the concentration of more expensive properties in California, where buyers rushed to purchase properties in August before loans limits dropped on the October 1 deadline.

Type	Rate
30-Year Fixed	4.01%
15-Year Fixed	3.38%
5/1 ARM	3.08%
Historical Average	8.90%

Source: Freddie Mac, October 27, 2011

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### This Month's Video



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### Topics For Home Owners, Buyers & Sellers

Did you know that the housing and building industry accounts for nearly 40% of the world's energy and raw material consumption? Our ability to "green our homes" truly has the ability to change the world. The principles of green are really about understanding priorities for a well-lived life—living healthy, being smart with money, and acting more sustainably.

We typically spend more than 80% of our nonworking or commuting hours inside our homes. Because we spend so much of our lives inside, it only makes sense we make a healthy inside zone the first priority. Here are a few DIY tips from *Green Your Home* to get you started:

- **Cross-Ventilate.** An average adult takes in more than 14,000 breaths—or about 3,000 gallons of air—a day! Surprisingly, you are more likely to breathe polluted air inside your home than outside—even in cities like Los Angeles, which aren't known for air quality. Opening one window won't cut it... you need cross-ventilation so the breeze actually blows through your home, taking the pollutions back out with it. Open a front door and a back door, or one window upstairs and one downstairs.
- **Lighten Up.** Simply swapping out the five most commonly used incandescent bulbs for CFLs or LEDs in your home can save you \$60 to \$100 a year. Combined with well-designed artificial lighting, natural lighting is also a great way to boost efficiency.
- **Low Flow.** American families use about 400 gallons of water a day, and 70% of that is used inside the home. The majority is used in the bathroom: the average person flushes the toilet 2,500 times a year. Transform your home's toilet from water-waster to water-miser for cheap. Place a brick or 2-liter plastic bottle filled with water into your toilet's tank. The volume of these objects means less water will be needed to fill your tank—you've just created your own low-flow toilet. Also, be sure and have a leaky or running toilet fixed by a plumbing professional immediately.

For more tips, buy your copy of *Green Your Home* now at [www.kellerink.com/greengyourhome](http://www.kellerink.com/greengyourhome)

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