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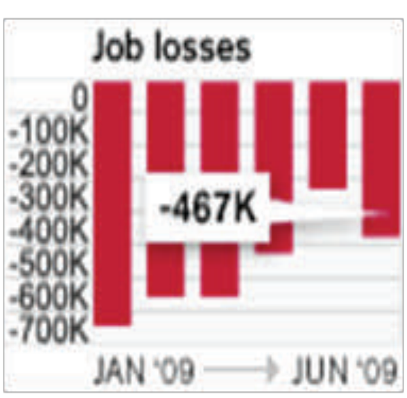
Real Estate Trends For Realtors, Homeowners and Professionals
August 2009

Recovery, Where Art Thou?

At the beginning of last month, we were in the doldrums. Still reeling from a weak employment report, the stock market was falling and it looked like little pieces of the sky were coming down upon us. There was good news with regard to lower oil prices and rates, but the overall mood was gloom and doom. What a difference a week makes!

A few acceptable earnings reports, some encouraging words from the Federal Reserve Board and we were off and running. We even received our first positive news regarding home prices in some time, not that the Fed's remarks were that optimistic, mind you. The Fed expects the unemployment rate to top out at just over 10.0% and indicated that the tight credit conditions could cause any improvement to be gradual. However, the Fed did use the word "improvement" and the markets liked that word. As a matter of fact, the Fed raised its forecast for next year and 2011 as well—calling for economic growth of between 2.1% and 3.3% next year and growth of 3.8% to 4.6% the following year.

So we had a strong stock market rally and the mood is better. Meanwhile, the direction of the stock market, rates and oil prices seemed to be tied together. Rates and oil prices rose as the stock market rallied. We continue to warn that the markets will be volatile. We think the gradual recovery may temper any strong recovery in oil prices or rates. However, they will not be immune from spikes. For now, the markets seem to agree with the Fed that recovery is on the horizon. It is slow to get here and may be crawling, but we all look forward to positive growth. Speaking of growth, the first snapshot of the second quarter of the economy is to be released as we go to press. Any surprise could add to our forecast of volatility....❑



Home Prices Increase!

For the first time since 2006, the nation posted positive quarter-over-quarter price increases, according to the July Home Data Index Report released by Clear Capital. Fueled by strong seasonal spring sales in the Midwest, which had a price increase of 5.3%, the overall US price growth increased by 1.7% in a quarter-over-quarter comparison. The South also added to the surge, climbing 2% from the previous quarter.

First Time Since 2006

"We are encouraged to see the first quarterly national appreciation in three years," says Clear Capital President Kevin Marshall in the report. "Foreclosure moratoriums, first time home buyer incentives, and investment activity have contributed to this springtime appreciation of home price trends. Lively seasonal sales also helped Ohio's three largest cities to top rolling quarter-over-quarter price gains. Cleveland gained 19.6%. Columbus and Cincinnati prices climbed 15.6% and 12.9%, respectively. Las Vegas and Orlando posted the greatest losses at -12.4% and -9.3%.

The data and solutions provider for real estate asset valuation, investment and risk assessment released the report to offer a real-time look at pricing conditions. The July report considers data compiled through June 25. *Source: HousingWire*....❑

Selected Interest Rates

July 16, 2009

30 Year Mortgages——5.14%
2009 High (June 11)——5.59%
2009 Low (April 30)——4.78%
15 Year Mortgages——4.63%
5/1 Hybrid ARMs———4.83%
1 Year Adjustables——4.76%
10 Year Treasuries——3.54%

Sources—Fed Reserve, Freddie Mac
Note: Average rates do not include fees and points. Information is provided for indicating trends only and should not be used for comparison purposes.

Underwater Refinances

Fannie Mae and Freddie Mac have received the green light from their regulator to refinance underwater homeowners with loan-to-value ratios as high as 125%. The special refinancing plan that Obama administration officials unveiled in February limited the refinancing option to loans with LTV ratios of 80% to 105%. The 105% LTV limit did not offer any relief for borrowers who have seen the values of their home erode by 15% to 30%.

"The higher LTV refinancings will allow more homeowners to strengthen their finances by taking advantage of lower mortgage rates," Federal Housing Finance Agency Director James Lockhart said. Fannie Mae said it would accept delivery of the higher LTV loans starting Sept. 1. The financing program is only available to borrowers with loans that are owned or guaranteed by Fannie and Freddie and are current on their mortgage payments. Your loan officer can let you know if your loan is owned or guaranteed by these agencies....❑
Sources National Mortgage News

Did you know…

- *The federal government and many states are launching plans to hook up buyers of repossessed properties with very attractive terms. The feds made nearly $6 billion available for the Neighborhood Stabilization Program, which intends to combat blight by reducing the number of foreclosed homes on the market. The money will go to local housing authorities and non-profits involved in providing housing for middle and low-income families.*
- *According to an annual state of the nation's housing from Harvard University's Joint Center for Housing Studies, once the U.S. emerges from recession, strong demographic trends will restore health to the housing market. The key is echo boomers, the 75 million Americans born between 1979 and 1995. "There will be 5 million more echo boomers than there were boomers when they first started swelling housing markets," said Eric Belsky, Executive Director of the Joint Center...*❑

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