

We Are Off And Running

After a slow start to the year, we are off and running. Corporations have reported earnings which are mostly positive as expected and economic data is being released. The data continues to be positive showing that the economy continues to grow, but not at a torrid pace. Inflation also remains subdued and while many are concerned with the long-term inflation threat, a slow recovery also points to less of a threat from inflation. The stock market started the year positively which means that the markets are optimistic regarding the pace of economic recovery.

This optimism is also being factored into the price of oil and other commodities that could in turn threaten the recovery by increasing the threat of inflation and slowing down growth. If oil does indeed approach \$100 this year as many analysts are predicting and gas prices approach \$3.50 per gallon, this will have a negative effect upon consumer spending. The consumer will have to spend more of their available dollars on gas and other energy-based expenditures such as utilities. This would give the consumer less money to spend elsewhere.

So where do we go from here? This present pace of economic growth, while positive, is not enough to help us overcome two major obstacles to prosperity. One is the real estate slump and the other is high unemployment. At printing, we are approaching the release of two major indicators that will help determine if the economy is continuing the pace of improvement. One is the first reading of the economic growth for the final quarter of 2010. The other is the employment data for January, which represents the first measurement of economic data within 2011. Anything less than meeting the strength of the previous month and quarter of data would be considered disappointing. Actually, improvement is what we should be hoping for... □



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The Population Is Growing

The population of the United States grew 9.7% to 308.7 million people over the past decade -- the slowest rate of growth since the Great Depression -- the Census Bureau reported. In the 1930s, the population grew by just 7.3%. Comparatively, the nation added 13.2% more residents during the 1990s.

...Over 300 Billion

This is the first time the Census Bureau has released data from the population surveys filled out earlier this year. And the counts include everyone -- not just citizens or legal immigrants. "The mandate is to count everyone living in the United States," said a Census Bureau spokeswoman. Both the West and the South experienced double-digit growth rates, 14.3% in the South, already the most heavily populated region, and 13.8% in the West. The Midwest rose 3.9% and the Northeast grew 3.2%. Despite the slowdown, the nation's growth rate is much higher than most developed countries. The populations of Japan and Germany, for example, are in decline, while France and the United Kingdom are growing at a rate of 5% per decade. *Source: CNN/Money...* □

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Selected Interest Rates

January 20, 2011

30 Year Mortgages	4.74%
2010 High (April 8)	5.21%
2010 Low (Nov 11)	4.17%
15 Year Mortgages	4.05%
5/1 Hybrid ARMs	3.69%
1 Year Adjustables	3.25%
10 Year Treasuries	3.46%

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.

The New Consumer

What features do buyers want today and in the future? The answer: smaller, more energy efficient homes. The average size of a new single-family home in 2010 was 2,377 square feet, down from 2,438 square feet in 2009 and down from the peak of 2,520 square feet in 2007 and 2008, according to U.S. Census Bureau data presented by Rose Quint, assistant vice president of survey research for NAHB at the International Builders' Show in Orlando. And the trend will only continue, Quint said, with the 2015 new home size currently projected at 2,150 square feet with fewer bathrooms and smaller garages.

It's hard to say whether home sizes will decline to 1970 levels of 1,500 square feet. But Quint says she believes smaller sizes are here to stay based on demographics. The U.S. population was 310 million as of April 2010. That's expected to rise to 322 million in 2015 and continue to climb up to 422 million by 2050. The population is also getting older and more diverse. In 2010, 25% were over the age of 55, which is expected to grow to 31% by 2050. This rising segment of older home owners will not want to care for huge spaces, Quint said. Then you have Generation Y buyers who are very energy conscious. "People are coming to realize, 'Let's buy what we need,'" said Quint... □

Source: Realtor Magazine

Did you know...

Reis Inc. reports that the amount of occupied U.S. office space rose for the first time in almost three years during the last quarter of 2010. Rents are on the rise as more firms that had delayed real-estate decisions return to leasing, with the biggest gains materializing in Pittsburgh, New York and San Francisco -- markets where there is heavy demand for space from financial-services and technology firms. Overall, though, the office-market recovery is weak, with a national vacancy rate of 17.6 percent... □

Source: The Wall Street Journal

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