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Real Estate Trends For Realtors, Homeowners and Professionals

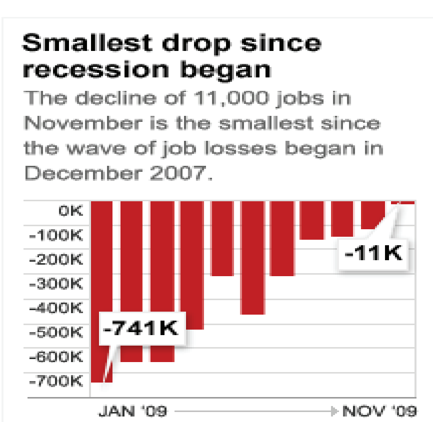
January 2010

2009: What A Year It Has Been!

We have just put the touches on an extraordinary year. The financial crisis peaked during the fourth quarter of 2008 and the economic consequences were absolutely devastating. For one, we are digging out from a long and deep recession. Witness the fact that the economy lost 2.8 million jobs in 2008, the highest figure in more than six decades. To that figure we have added over 4.0 million in jobs lost during the first 11 months of this year. Yet, we move into the new year with a renewed sense of optimism. The economy lost almost 750,000 jobs in January, but only 11,000 jobs in November.

The markets have reflected this wild ride. For example, the Dow was as low as 6,500 early in the year and now has gained around 4,000 points. Because of the precipitous drop at the beginning of the year, the YTD gain is more like 20%, masking this unbelievable rally. Wild swings also beset other markets with the price of oil bottoming around $40.00 per barrel, down from over $130.00 last year and then bouncing back as high as $80.00 just a few weeks ago.

From the dollar to real estate to gold, it has been quite a ride. The effects of the recession are not over but we will move into 2010 in a better frame of mind than twelve months ago. The question now remains, will the momentum continue and carry us clear of recession or will we muddle along? For those not familiar with economics, we are sorry for using such a technical term as "muddling." The strength of the recovery may very well depend upon us shaking off some of that mud. Real estate is the key to the whole picture. Despite a flood of foreclosures, the lower prices, low rates and a government tax credit has supported a nice pick-up in real estate with bargain hunters leading the way...



Cash For Caulkers Coming?

President Obama proposed a program last month that would reimburse home owners for installing energy-efficient appliances, windows, and insulation.

50% Rebate

Under what has been dubbed "Cash for Caulking," home owners would get a 50 percent rebate on items like energy-efficient air conditioners, heating systems, washing machines and dryers, refrigerators, replacement windows, and insulation up to $12,000, meaning a household could spend $24,000 and get $12,000 back. There will likely be no income restrictions.

Steve Nadel, director at the American Council for an Energy-Efficient Economy, who is helping to craft the legislation, says they are contemplating having contractors or retailers pay part of the cost upfront to ease the need for home owners to come up with a significant amount of cash.

This is part of the President's plan to creating and saving 2.5 million jobs. The stimulus package would create jobs "rebuilding our crumbling roads and bridges, modernizing our schools, and creating the clean energy infrastructure of the twenty-first century," indicated the President. Early estimates of costs of the overall plan are from $300 to $500 billion...

Source: CNNMoney.com

Selected Interest Rates

December 17, 2009

30 Year Mortgages—— 4.94%
2009 High (June 11)——5.59%
2009 Low (April 30)——4.78%
15 Year Mortgages——4.38%
5/1 Hybrid ARMs———4.37%
1 Year Adjustables——4.34%
10 Year Treasuries——3.48%

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.

Bernanke: Low Rates To Continue

Federal Reserve Chair Ben Bernanke said recently that he could make no guarantees that the current economic recovery will last, but he promised to keep interest rates at low levels for "an extended period." Central bank officials met to discuss monetary policy in the middle of last month.

Many have worried that rates will go up when the Fed stops purchasing mortgages on the open markets. If and when that program ends, rates will rise, but most financial observers say it is very likely they won't skyrocket. Keith Gumbinger, a vice president at financial publishers HSH Associates, predicts that the end of Fed intervention will push rates up about three-quarters of a point for a 30-year conforming loan–somewhere in the mid-five percent range... *Source: Associated Press*

Did you know…

- *The number of homes for sale declined 2.4 percent in November in the metropolitan areas covered by ZipRealty Inc. In the last 25 years, the decline in November has averaged 1.8 percent. The data doesn't include New York, but Miller Samuel Inc., an appraisal firm, reports that inventory was down 7.1 percent from the end of October and down 18 percent compared to November 2008. Source: Wall Street Journal*
- *Meanwhile, the inventory of completed but unsold new houses fell to 239,000 at the end of October, according to the National Association of Home Builders. That's the fewest since May 1971, when the inventory stood at 236,000. The months' supply -- that is, the amount of time it would take to sell the current inventory at October's sales rate -- fell to 6.7 months, which the NAHB says is "respectable." The historic high was set in January, when the supply topped out at 12.4 months. The supply of resale houses hit its cyclical peak in June 2008, when it reached 11 months...*

Source: National Mortgage News

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