



THIS MONTH IN REAL ESTATE

U.S.

January 2011 Market Update

The housing market is recovering. As more home buyers are taking advantage of the improved affordability conditions. With mortgage rates hovering around recent record lows and home prices having generally stabilized, economists are expecting an upward trend to a healthy and sustainable level in 2011.

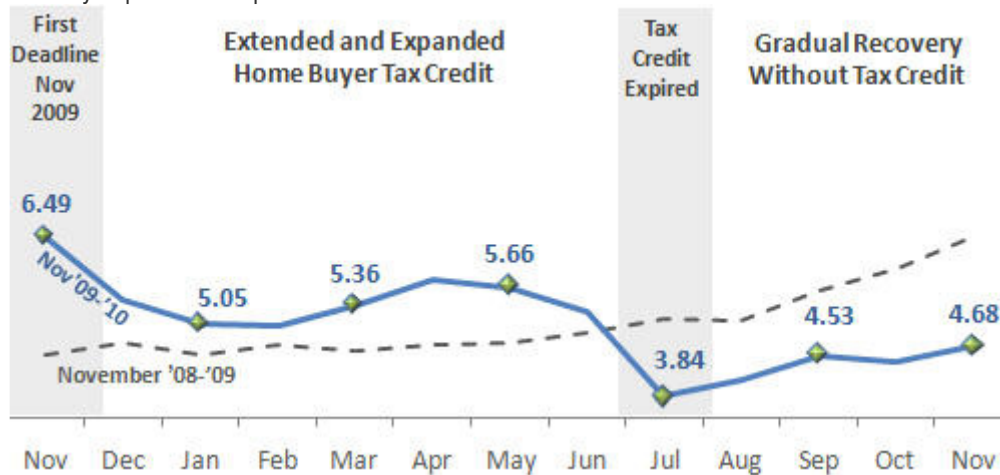
Encouraging signs are showing up across the economy. Retail sales recently hit their highest level since before the recession. Key measures of small and big businesses' optimism marched back up to prerecession levels and new claims for jobless benefits are trending lower. Together they bode well for steady job creation and improved consumer confidence which is generally manifested in more spending.

As the economy improves, current stimulus efforts by the government and the Federal Reserve Board are expected to gradually wind down. Meanwhile, serious buyers stand to benefit from historically favorable buying conditions.

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Home Sales

Existing home sales resumed on an upward trend since bottoming in July. Sales activity rose to a seasonally adjusted annual rate of 4.68 million in November. This was up 22% from July and 5.6% above the 4.43 million level in October, but remained 27.9% below the 6.49 million tax credit rush a year ago. As steady job creation is expected to continue, industry experts are hopeful for 2011.



Home Price

Home prices continued to stabilize. Median home prices edged up slightly to \$170,600, 0.4% above year-ago levels. Distressed homes have accounted for a fairly stable market share, representing 33% of sales in November. This is on par with the 34% in October and 33% in November 2009. Historically favorable interest rates, coupled with stable home prices, continue to offer advantageous buying opportunities.



Inventory

The number of homes on the market continued to decline. Total inventory fell to 3.71 million in November from 3.86 million in October. This reflects the increasing response from buyers to improved affordability conditions. As lending standards return to historical norms and consumers become more confident about their financial situation, more people will be able to buy their first home, move up, or invest.



Affordability

Housing **affordability set a new record** in November. The relationship between mortgage rates, home prices, and family income is the most favorable on record for buying. The home price-to-income ratio, currently at 13.5%, continues to remain well below the historical standard. Stabilizing home prices and rising interest rates are expected to begin drawing affordability back up toward more normal levels.

Source: National Association of Realtors - October housing data released December 22.

Interest Rates

Mortgage rates are inching up but remain historically low. This trend continues to support home buying as it translates to significant savings for buyers. As overall economic recovery remains on track, rates are expected to rise to keep inflation in check.

Type	Rate
30 year fixed	4.77%
15 year fixed	4.13%
5/1-year ARM	3.75%
30 year average for a 30 year fixed rate mortgage	8.9%

Source: Freddie Mac, Rates as of Jan 7.

This Month's Video



Topics For Home Owners, Buyers & Sellers

Use the Season to Your Home-Selling Advantage

While summer is generally known as the peak season for home sales activity, the winter can also offer great advantages for sellers – such as less competition from other sellers. With a little effort, you can use the season to your home-selling advantage.

Let's put these ideas to work, so your home shows at its best.

Keep snow and ice at bay. If the buyer can't get in easily, the house won't sell. That means keeping walkways and driveways free of the frozen stuff. You want to make the home look well maintained.

Warm it up. Think warm, cozy, and homey. Before a buyer comes through, adjust the thermostat to a warmer temperature to make it welcoming. If you have a fireplace, turning it on right before the tour can create a more welcoming ambience.

Emphasize winter positives. Is your home on a bus route or some other vital service that means it's plowed or deiced regularly in bad weather? Be sure to mention that to the buyers.

Make it festive. Even if you're not actually going to be present, greet your buyers as if they were going to be guests at a party. Set up the dinner table with the good china and silver. Have a plate of cookies for your guests, some warm cider, or even chilled bottles of water.

Use the season to your advantage. When the holidays are over, you can still use winter wreaths and dried arrangements around the door to spark interest. In the winter, with the leaves off the trees, you might also have a nice view that isn't as apparent in the spring and summer months.

Source: msn.com

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