



THIS MONTH IN REAL ESTATE

U.S.

This Month in Real Estate October 2010

Market Update



The housing market continues its slow recovery without the aid of the now expired tax credit. Sales are slower but growing, and prices remain on par with last year's levels. Interest rates also hit a new historic low, a major factor in helping keep mortgage payments low, which is expected to spur sales.

The economy shone a bit brighter in September. It grew faster during the second quarter than expected, and companies continued to hire. Experts believe there is now less risk of a double-dip recession. Now, the Federal Reserve Board's challenge is not if the economy will grow but how fast.

Experts anticipate both the economy and the housing market will continue their path on the way to a complete recovery. This march back up provides excellent opportunities: an ample selection of homes, affordable prices, and historically low interest rates.

Contact me,

Debby Braun

404-372-9556

debbybraun@kw.com

your local real estate expert,
for information about what's going on in our area.

Newsletter Contents

1. Market Update
2. Interest Rates
3. Video
4. Topics for Owners, Buyers & Sellers



Home Sales
4.13 million
August 2010



vs. Last Month:
Up 7.6%
from 3.84



vs. Last Year:
Down 19%
from 5.10

Impact of Tax
Credit Deadline

Home sales began to rebound in August. This increase follows a large drop caused by the expiration of the Federal tax credit in July. Sales are expected to slowly rebound as the market finds its footing without leaning on the government for support. First-time buyers fell from 38% to 31% in August from July. Over the same time period, investors rose from 19% to 21%.

Home Price
\$178,600
August 2010



vs. Last Month:
Down 1.9%
from \$182,100



vs. Last Year:
Up 0.79%
From \$177,200



Overall home prices fell slightly in August compared to July, but major markets appear to be bucking trend as the Case-Shiller Index shows an increase of 3.2%. Distressed properties accounted for a slightly larger proportion of sales in August compared to July. The discount in distressed properties helps explain the slight decline in August prices.



Total inventory came back below 4 million to 3.98 million in August, representing 11.6 months of inventory. While still at a relatively high level, months of inventory dropped by nearly a month in August from the 12.5 month's supply in July.

Housing remains highly affordable, and prospective home buyers stand to benefit from the lowest mortgage rates in decades, as well as advantageous home prices. The ratio now stands at 14.9%, growing closer to the record of 13.6%.

Source: National Association of Realtors

Interest Rates

Mortgage rates once again **set new record lows** in early September and remained below 4.4% throughout the month. As economic activity gains momentum, rates will rise to keep inflation at an acceptable level.

Type	Rate
30 year fixed	4.32%
15 year fixed	3.75%
5/1- year ARM	3.52%
Historical 30 year average for a 30 year fixed mortgage	8.9%

Rates as of September 30 .

This Month's Video



Topics For Home Owners, Buyers & Sellers



Bonus For Buyers ***For Owner Occupants that Buy Fannie Mae Foreclosures***

Like a car dealership at the end of its model year, Fannie Mae is offering special incentives exclusively for owner occupants that purchase property from its sizable inventory of foreclosures, also known as HomePath properties.

Owner occupants that purchase a Fannie Mae HomePath property by December 31 will receive up to 3.5% toward closing costs and a home warranty. These incentives for foreclosures are unheard of – banks typically sell foreclosures “as-is” without incentives, warranties, or repairs. This could help buyers to view a HomePath property more like a traditional sale, not a foreclosure, during their search process.

Owners and investors can purchase HomePath properties for 3% down and no mortgage insurance. For homes that are not in tip-top shape, Fannie Mae also offers the HomePath Renovation financing, which works similarly to FHA's 203(k) mortgage by allowing the cost of light renovation to be included in the mortgage. Furthermore, owner occupants get a 15-day “first dibs” on HomePath properties through the First Look program.

Fannie Mae is also offering agents an additional \$1500 for representing owner occupants who purchase these properties, helping to compensate them for the extra paperwork and other potential obstacles that come along with foreclosure transactions.

Buyers should be sure to take a second look at Fannie Mae's HomePath properties before settling on “the one.” It could mean not just a great deal but an excellent one.

To see Fannie Mae's HomePath homes, check out HomePath.com



Options for Investors

Not only is it the perfect time to buy a home, but it's also an excellent time to purchase an investment property. If you already own and are not interested in moving – or you can't because of the 3-year occupancy requirement to keep your home buyer tax credit – but still want to take advantage of the market, investing can be a great way to do so.

In the current lending situation, lenders often require investor buyers to have six months reserves of mortgage payments and a 25% down payment. This stipulation keeps many would-be investors out of the market.

Here are some little known tips to help investors purchase, regardless of the tighter lending environment:

1. Investors can purchase a Fannie Mae HomePath investment for 3% down.
2. Any investor, not just veterans, can purchase a Veterans Affairs(VA) foreclosure with VA's Vendee Financing for 5% down.
3. Investors purchasing a VA foreclosure with Vendee Financing can use 75% of anticipated rent to offset the monthly payment if the investor has experience managing rental properties.

Sources: *The Wall Street Journal, Inman News, KW Research*

Brought to you by KW Research. For additional graphs and details, please see the This Month in Real Estate PowerPoint Report. *The opinions expressed in This Month in Real Estate are intended to supplement opinions on real estate expressed by local and national media, local real estate agents and other expert sources. You should not treat any opinion expressed on This Month in Real Estate as a specific inducement to make a particular investment or follow a particular strategy, but only as an expression of opinion. Keller Williams Realty, Inc., does not guarantee and is not responsible for the accuracy or completeness of information, and provides said information without warranties of any kind. All information presented herein is intended and should be used for educational purposes only. Nothing herein should be construed as investment advice. You should always conduct your own research and due diligence and obtain professional advice before making any investment decision. All investments involve some degree of risk. Keller Williams Realty, Inc., will not be liable for any loss or damage caused by your reliance on information contained in This Month in Real Estate.*