



THIS MONTH IN REAL ESTATE

U.S.

This Month in Real Estate September 2010

Market Update



The housing market was off to a rocky start as the second half of the year began. Much of the volatility, however, was anticipated and attributed to the now-expired tax credit. Despite softened sales this last month, home prices continued to gain - thanks in part to record low jumbo loan rates, which are fueling more interest and activities in the

higher end of the market.

Meanwhile, the economy still has a lot of ground to cover before achieving its full, sustainable recovery. Consumers, while remaining on the cautious side, have increased their spending, which is supported by a gradual improvement in income. The stagnant job market continues to be a cause for concern, but overall, financial conditions have improved.

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.



For the first time in fourteen months, home sales fell below year-ago levels. Although the drop exceeded expectations, it is undoubtedly due to the expiration of the tax credit. Lawrence Yun, NAR chief economist, said, "given the rock-bottom mortgage interest rates and historically high housing affordability conditions, the pace of a sales recovery could pick up quickly, provided the economy consistently adds jobs."

Home Price

\$182,600
July 2010



vs. Last Month:
Down 0.2%
from \$183,000



vs. Last Year:
Up 0.78%
From \$181,300



July's median home price was virtually unchanged. Home values have been stable for the past 18 months due in part to the tax credit. Experts believe that home prices will continue to be stable going forward.

Inventory

Months Supply

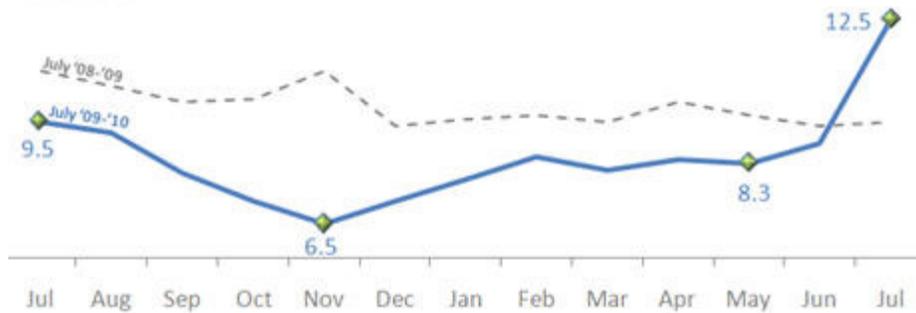
12.5 months
July 2010



vs. Last Month:
Up 40%
from 8.9



vs. Last Year:
Up 25.5%
from 9.5



The total number of homes on the market remains stable but the number of months worth of inventory has jumped due to lower home sales and fewer buyers in the market. This represents a great opportunity for buyers who have not yet purchased or who are considering a second home or investment property. Important to note is that experts anticipate stable prices and do not expect this to be an ongoing trend.

Source: National Association of Realtors

Interest Rates

Mortgage rates continued to set new record lows in August, providing real savings in interest and monthly payment for buyers and refinancees. As economic activity picks up, rates will rise to keep inflation in check.

Type	Rate
30 year fixed	4.32%
15 year fixed	3.83%
5/1- year ARM	3.54%
Historical 30 year average for a 30 year fixed mortgage	8.9%

Rates as of September 2.

This Month's Video



Topics For Home Owners, Buyers & Sellers

Financial Reform

What it means for consumers



The Wall Street Reform and Consumer Protection Act was signed into law in late July. Before the pains of the financial crisis were just a thing of the past, Congress passed the biggest financial reform measures since the Great Depression. While much of the bill covers Wall Street measures and regulations, there are several changes consumers should be aware of. The following are the top measures related to financing for consumers:

1. **Mortgages.** Lenders must determine if borrowers will be able to meet monthly obligations including mortgage, taxes, insurance, and assessments. Borrowers of adjustable rate mortgages must qualify at the highest rate. Additionally, lenders won't be able to incentivize mortgage brokers to make higher-rate or riskier loans.
2. **Credit Reports.** All consumers will no longer have access to government-mandated free annual credit reports. Consumers who are denied a loan or who are not offered the best interest rate will receive free copies of their credit scores. Credit scores and reports will be available for purchase through a credit bureau or myFICO.com.
3. **Credit and Debit Card Changes.** Most notably, merchants may start incentivizing consumers to pay with cash, debit, or check. There may be changes to credit card rewards programs.
4. **Consumer Financial Protection Bureau.** This new bureau will regulate consumer loans including mortgages, credit cards, student loans, payday loans, and check-cashing companies. Auto loans and insurance lending will be excluded.

The government's goal of creating safer and easier to understand lending practices is to benefit the long-term strength of the economy.

For more information, see the following links:

- <http://www.myfico.com/crediteducation/articles/financial-services-reform.aspx>
- http://www.usatoday.com/money/perfi/basics/2010-06-25-financial-regulations-consumers_N.htm



Local Lenders Rates

Consumers would be wise to do some shopping around for interest rates on mortgages.

Since the financial crisis began, many of the big banks consolidated and merged - Wells Fargo and Wachovia, for example - increasing the "big banks" combined market share. With fewer players in the game, rates don't need to be as competitive as before the consolidation to get the same amount of business.

Smaller local or regional banks can offer significantly advantageous rates. Of course, each loan situation is different and depends on a variety of factors, but don't forget due diligence – it could save big bucks in the long run.

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.*