



Feb. 2, 2012

Vol. 5, Issue 1

What are real estate professionals saying to homebuyers and sellers about current market conditions? The successful brokers and sales associates are talking about the strengths that exist in the market. Below are positive angles that appeared recently in the media and underscore why it is a good time to buy real estate.

Home Sales Pace Increases in December

Home sales in December reached the highest pace in nearly a year. The gain coincided with other signs that the troubled U.S. housing market improved at the end of 2011. Sales of previously occupied homes rose 5% to a seasonally adjusted annual rate of 4.61 million in December, the National Association of Realtors said. It's the best level since January 2011.

Sales rose on a seasonal basis more than 10% in the Northeast, 8.3% in the Midwest, 2.9% in the South and 2.6% in the West.

The third straight monthly sales increase was encouraging. And economists noted that conditions are in place for further gains this year: Prices have declined. Mortgage rates have never been lower. Homebuilders are slightly more hopeful because more people are saying they might be open to buying this year. And home construction picked up in the final quarter last year.

"There's no denying that home sales are still very low," said Paul Dales, an economist with Capital Economics. "But after having risen in each of the last three months ... it is clear that a housing recovery is now well under way."

"With layoffs slowing sharply, hiring rising and consumers' confidence rebounding, the pre-conditions for a sustained recovery are falling into place," said Ian Shepherdson, chief U.S. economist for High Frequency Economics.

-- "[Home Sales Pace Increases in December](#)," by Derek Kravitz, *USA Today*, Jan. 20, 2012.

Signs of Possible Housing Market Improvement in 2012

Mortgage rates will remain very low [in 2012], Freddie Mac predicts, at least in the beginning of 2012, and for all of 2012, it expects home sales to grow between 2% and 5% from 2011 sales.

"With the new year comes a sense of cautious optimism," said Freddie Mac chief economist Frank Nothaft. "There are some positive signs in the job market and consumer confidence [and] housing is starting to raise hopes for continued gradual economic recovery."

-- "[Home Sales Up as Much as 5% in 2012](#)," by Jeff Clabaugh, *Washington Business Journal*, Jan. 18, 2012.

Capital Economics expects the housing crisis to end this year, according to a report released Tuesday. One of the reasons: loosening credit. Market indicators point not just to a stabilization of mortgage lending standards, but also a loosening of credit availability. Banks are now lending amounts up to 3.5 times borrower earnings. This is up from a low during the crisis of 3.2 times borrower earnings. Banks are also loosening loan-to-value ratios (LTV), which Capital Economics denotes "the clearest sign yet of an improvement in mortgage credit conditions."

-- "[Housing Crisis to End in 2012 as Banks Loosen Credit Standards](#)," by Krista Franks, *DSNews.com*, Jan. 24, 2012.

According to the CoreLogic MarketPulse report, which provides insight into the current and future health of the U.S. economic climate with particular focus on housing and mortgage metrics, there is anticipation for improvement in both the broad economy and the housing market in 2012. "While 2011 was clearly a challenging year, there is a lot to be positive about looking ahead to 2012," said Mark Fleming, CoreLogic Chief Economist.

-- "[CoreLogic Releases New MarketPulse Report](#)," PR Newswire, Jan. 18, 2012.

According to an analysis of home price trends in more than 380 U.S. markets based on the Fiserv Case-Shiller Indexes, housing affordability continues to improve, with the ratio of monthly mortgage payment to median family income the lowest since 1994. Almost half of U.S. metro markets are projected to see modest home price gains by Q3 2012.

David Stiff, chief economist at Fiserv, pointed to encouraging trends in the U.S. housing market. "We stand by our projection that average U.S. home prices will move sideways in 2012. But we do anticipate that increasing sales activity will begin to drive small increases in prices in as many as half of U.S. metro areas," Stiff said.

-- "[Home Prices Reach New Low, but Stabilization and Recovery Are in Sight](#)," BusinessWire, Jan. 30, 2012.

Fannie Mae Survey: 71% Say that it's a Good Time to Buy a House

A majority of Americans recently surveyed say now is a good time to buy a home. That's no surprise, given that record-low mortgage interest rates and bargain home prices are boosting affordability. According to 71% of the 1,000 people surveyed by Fannie Mae in December, now is a good time to buy a house. But only 11% think it's a good time to sell.

"For people to start buying in larger volume, they need to see home prices go up a bit," says Ingo Winzer, president of Local Market Monitor, a firm that analyzes housing markets for bankers.

-- "[Housing Remains a Buyer's Market](#)," by Amy Hoak, MarketWatch, Jan. 30, 2012.

Regional Update: News from Markets around the Nation

California

Bargain hunters lifted homes sales in California last month, snapping up foreclosed and other distressed properties as prices continued to fall, a research firm reported. There were 37,734 new and existing homes and condos sold in the state in December, up 4.2% from the same month of 2010, DataQuick said. Sales in the San Francisco Bay area showed less expensive homes are lifting the market. There were 7,494 new and existing homes and condos sold in December, up 4.4% percent from a year earlier.

-- "[California Home Sales Rise Last Month, Prices Fall](#)," CBS MoneyWatch, Jan. 18, 2012.

Florida

At the close of 2011, Florida's existing home and condominium markets reported higher sales compared to the previous year, according to the latest housing data released by Florida Realtors. It was the third consecutive year for statewide home and condo sales activity to end the year on a positive upswing - higher year-over-year sales also were reported at the close of 2010 and 2009, records show.

Looking back on 2011, Florida's existing home sales rose 8% for the year, and existing condo sales gained 15% compared to 2010. Sixteen of Florida's metropolitan statistical areas (MSAs) reported higher existing home sales and existing condos sales at the close of 2011 compared to 2010.

-- "[Florida's Housing Sales Activity Higher as 2011 Ends](#)," PR Newswire, Jan. 20, 2012.