



# This Month in Real Estate

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**Team Baranowski, Keller Williams Emerald Coast**

**850-259-1788 | 850-259-4270 | [southwaltonluxuryhomes.com](http://southwaltonluxuryhomes.com)**

<b>Commentary.....</b>	<b>2</b>
<b>The Numbers that Drive Real Estate.....</b>	<b>3</b>
<b>Recent Government Action.....</b>	<b>10</b>
<b>Research for Buyers and Sellers.....</b>	<b>14</b>

# Housing Market Offers Opportunities, Glimmers of Hope

Buying opportunities abound for value-savvy home shoppers in select markets across the nation, where prices have fallen to 2003 levels. While home prices are still declining on a year over year basis, they are falling at the slowest rate in five months, which indicates a degree of stabilization compared to recent months.

Attractive prices, coupled with strong affordability and mortgage rates below 5%, translate to more buying power for homebuyers. Buoyed by the \$8,000 federal tax incentive, first-time buyers represented the majority of transactions closed last month. Their activity is expected to remain high and reduce the glut of homes on the market.

According to Charles McMillan, "Compared to a year ago, the typical family can pay much less in mortgage costs for the same home, or buy a better home without necessarily increasing their monthly payment. For buyers who've been on the sidelines and have good jobs, the market has never looked more favorable. Homeownership has always offered immediate benefits and long-term value, but the advantages in today's market are unique."

Another positive factor is the return of the jumbo loan. For nearly a year, it has been almost impossible for buyers to find financing for homes selling for more than \$417,000. Bank of America recently began offering a 30-year fixed rate jumbo at less than 6 percent. Other banks are starting to follow suit.

Home sales and other consumer spending data combined with big earnings at some banks indicate that the U.S. economy is on the road to a gradual recovery this year. "The economy is still very weak, but there are some encouraging signs that support cautious optimism," said Dennis Lockhart, president of the Federal Reserve Bank of Atlanta.

# The Numbers That Drive Real Estate

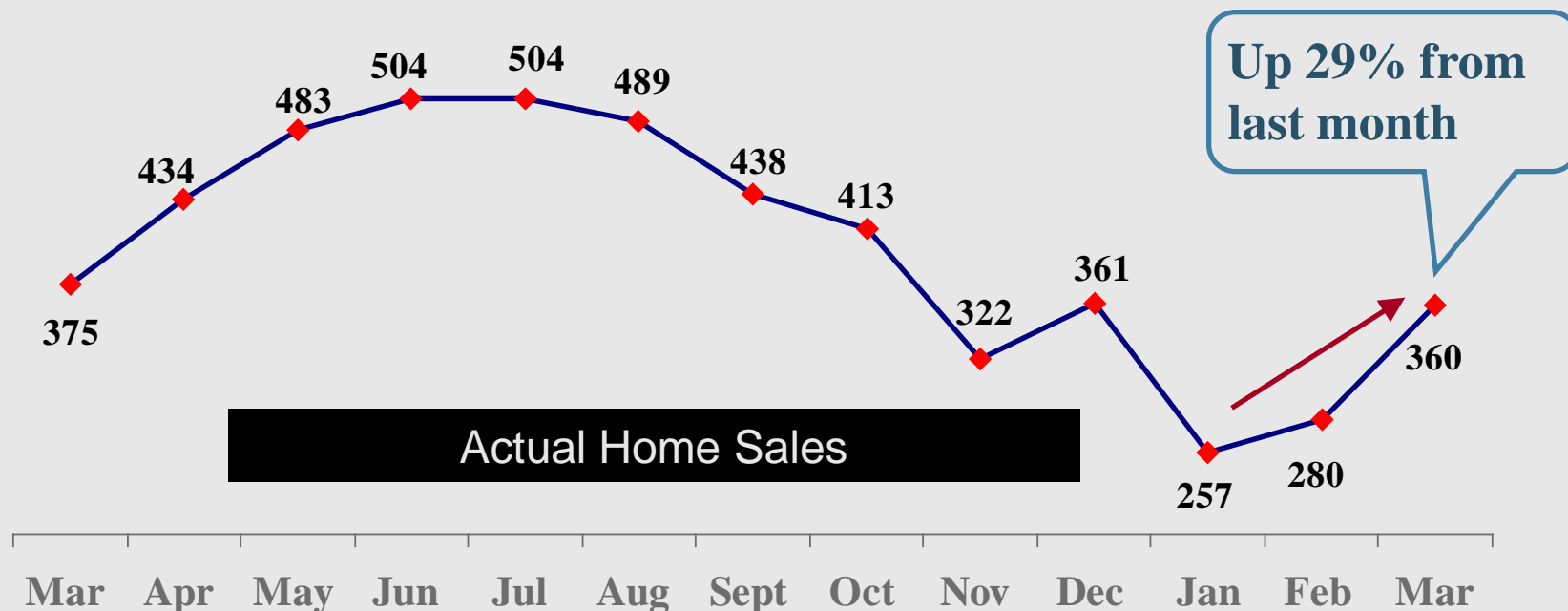




# Home Sales

## In Thousands

- First-time buyers continue to drive a sizeable increase in the share of lower priced home, accounting for 53% of all transactions.
- According to NAR President Charles McMillian, “the housing market always heals from the bottom up, and with large numbers of first-time buyers entering the market it will become a little easier for sellers to trade up or down, according to their needs.”
- Existing home sales increased 29% from the previous month but still remained 4% below last years’ level.



Data released on April 23, 2009

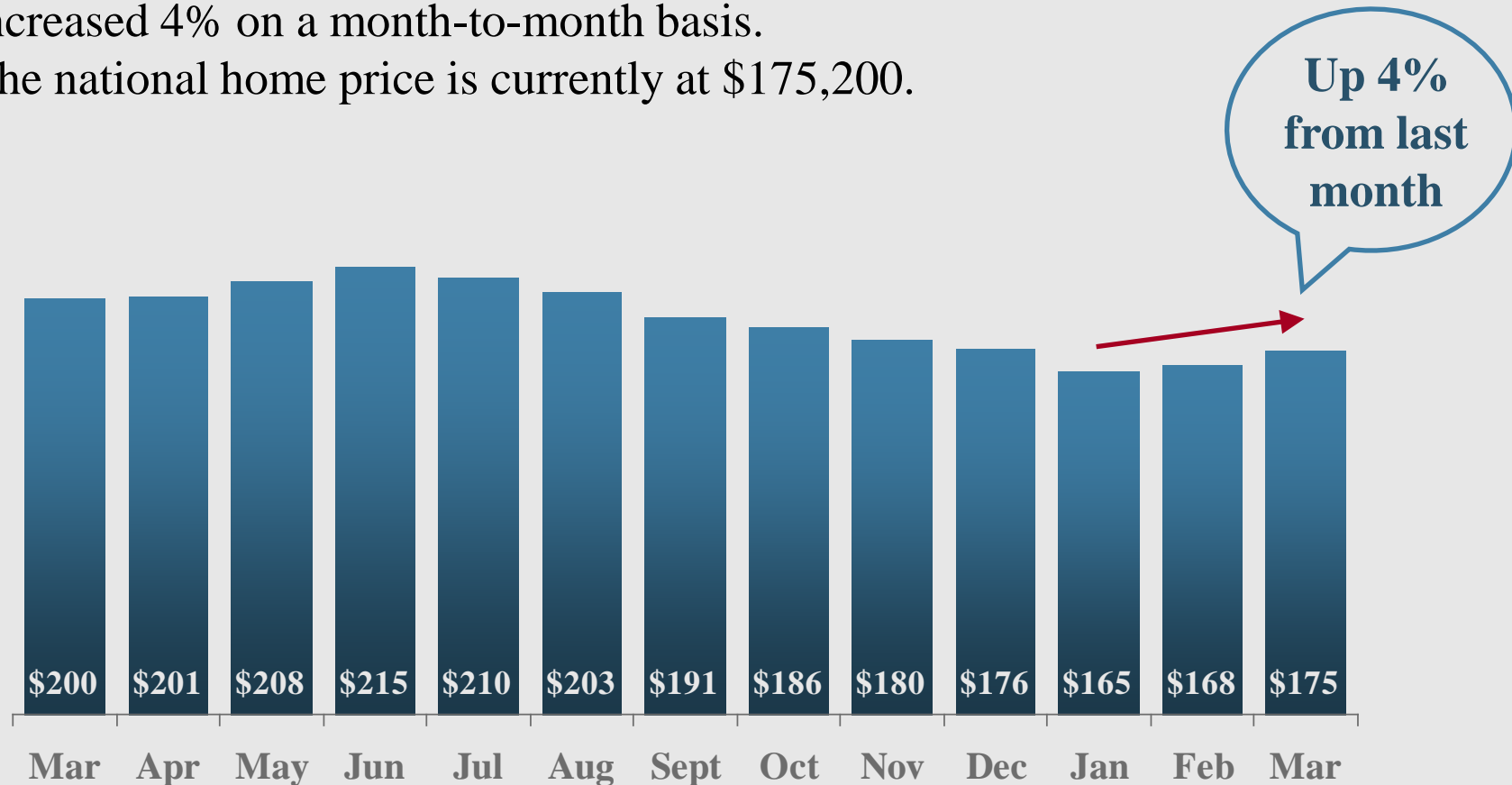
Source: National Association of Realtors

# Median Home Price



## In Thousands

- Home prices are falling at a slower rate which is giving us some glimmers of stabilization.
- While house prices were 12% lower than a year ago, prices actually increased 4% on a month-to-month basis.
- The national home price is currently at \$175,200.

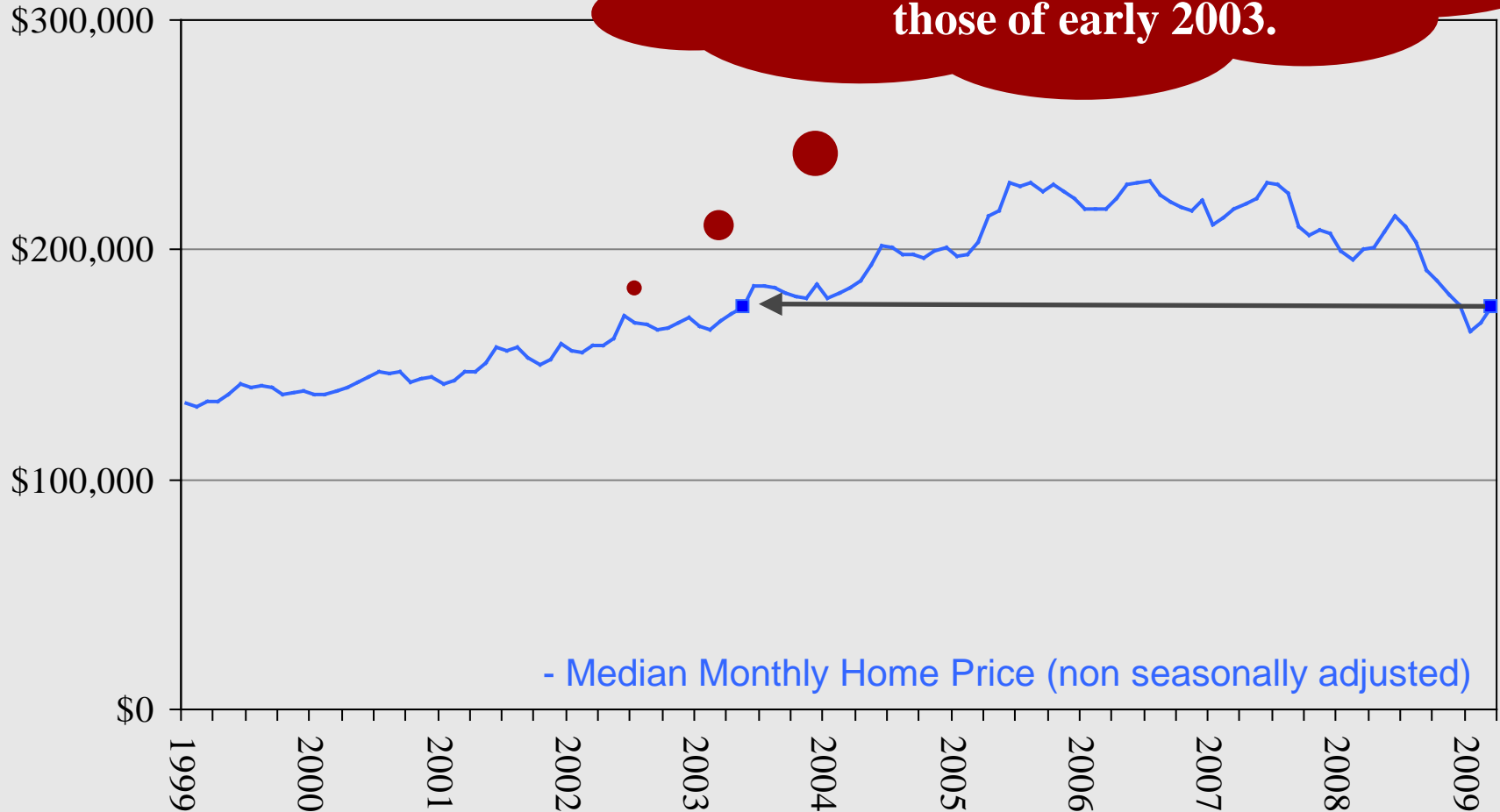


Median home price as of March every year (Data released on April 23, 2009)

Source: National Association of Realtors

# Median Home Price

As of today, home prices have more or less returned to those of early 2003.

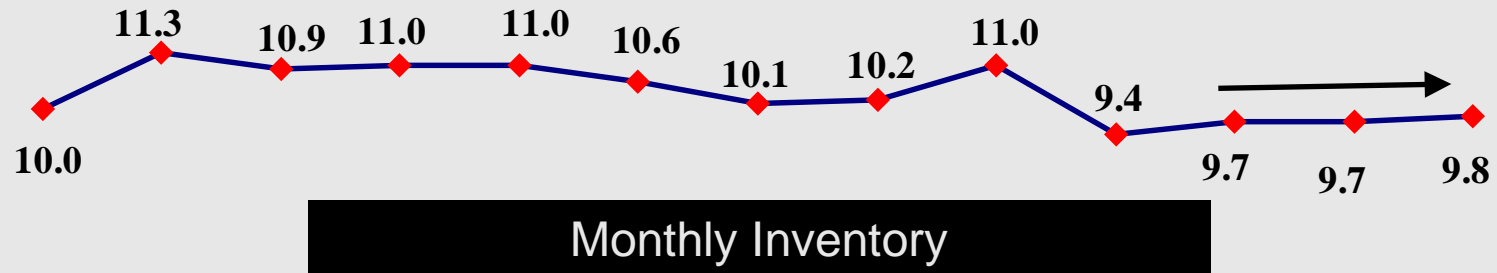


# Inventory - Months' Supply

*Number of months it would take to sell all the homes on the market at the current rate of sales*



- Inventory has remained stable in the last three months and continues to be much lower than most of last year.
- Continuingly improved affordability conditions and lower interest rates are attracting more potential home buyers and helping to draw down inventory.



Latest data release: April 23, 2009

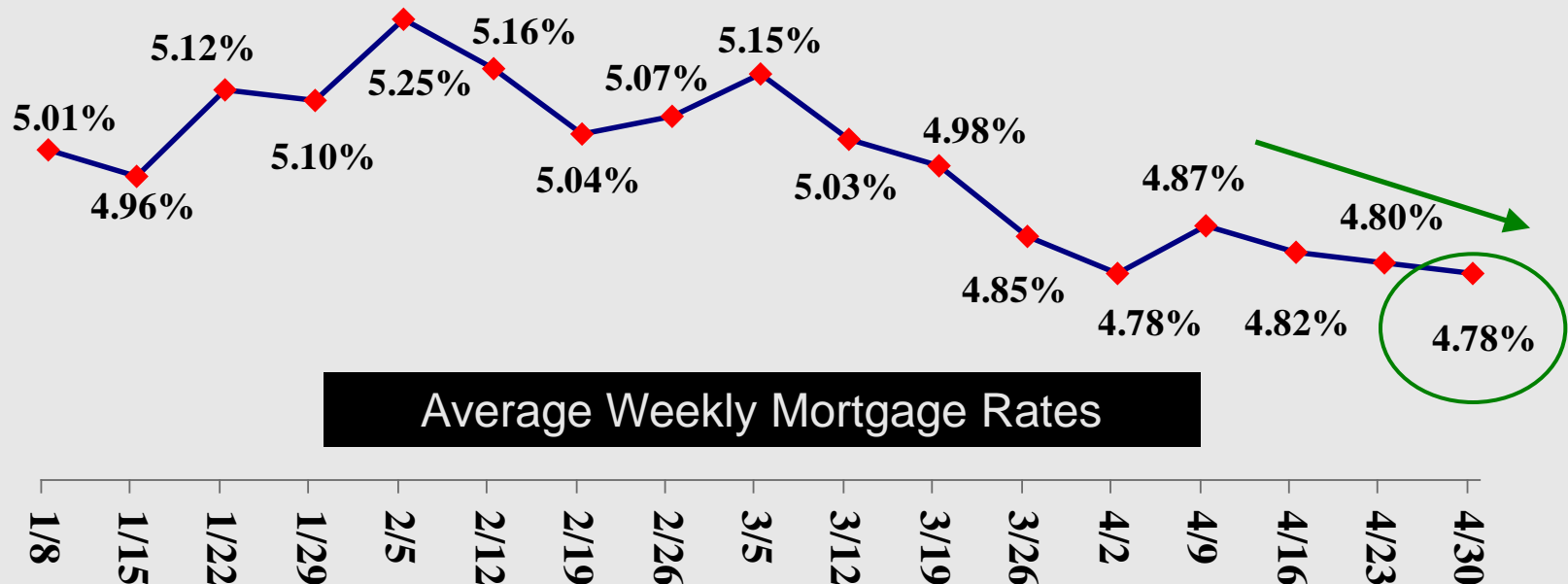
Source: National Association of Realtors

# Mortgage Rates

## 30-Year Fixed



- Mortgage rates averaged 4.78% for the final week of April. This equals the record low that was set in the first week of April and is significantly lower than the 6.06% the same time last year.
- The Federal Reserve continues to stay committed to its plan to hold official interest rates low amidst slower economic growth.

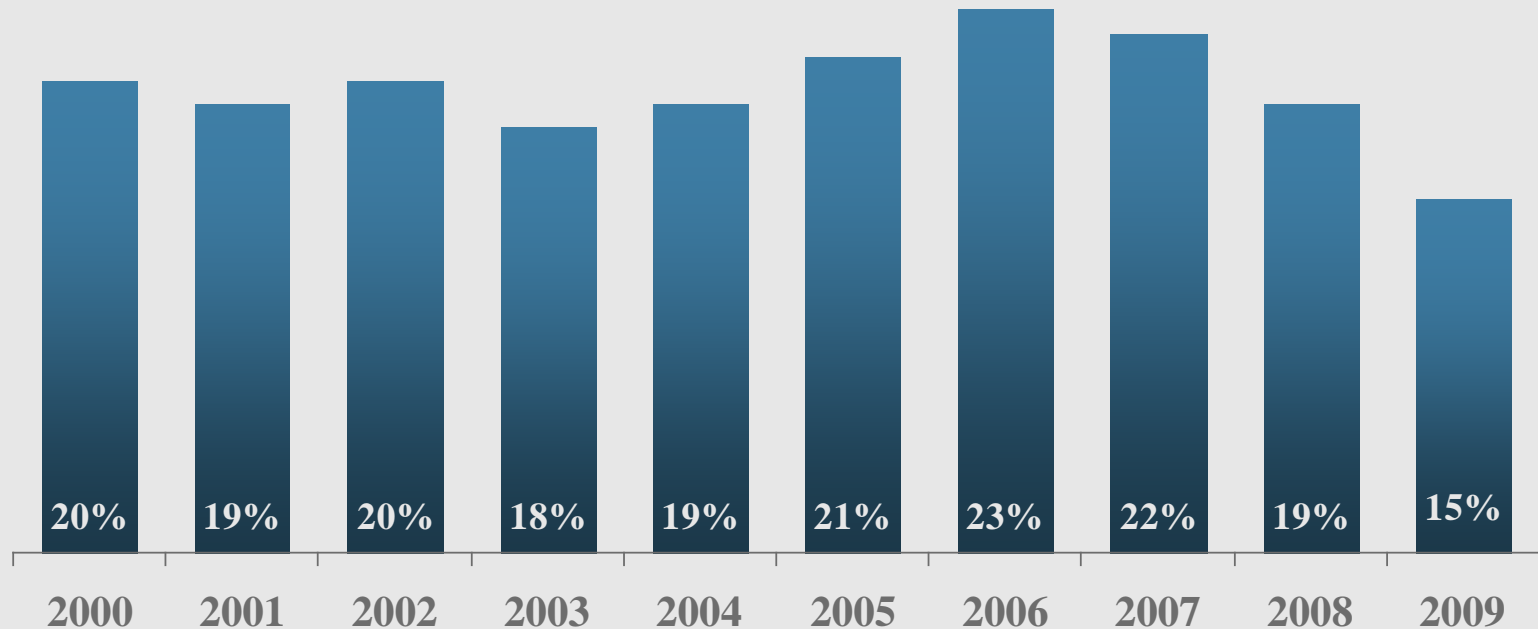




# Affordability - % of Income

*The percentage of a median family's income required to make mortgage payments on a median-priced home*

- Housing affordability continues to remain near record levels. The median mortgage payment now consumes 15% of family income in comparison to 22% of income two years ago.
- Access to credit is also opening up. According to the Fed's Senior Loan Officers' Survey, there are fewer number of banks tightening loan standards compared to a few months ago.



Affordability as of March every year. Calculations assume a 20% down payment.

Source: National Association of Realtors

# Recent Government Action





# More Help for Troubled Borrowers

## Key Changes Announced to Foreclosure Prevention Program

Making Home Affordable, the \$75 billion foreclosure prevention program that was announced in February and officially came out in early March, has recently swung into action. This program allows qualified homeowners to refinance to a lower rate even if their home value has decreased. The second component of this program allows struggling homeowners to modify their loans to make their monthly payment more affordable.

There was a crucial component missing in the original release of the program—second mortgages. About half of borrowers at risk have second loans that make it difficult to substantially lower their monthly payments from modifications to the primary mortgage.

With the new edition, lenders will receive additional incentives to modify these second loans, which include home equity loans. The borrower's interest rate could go as low as 1% because the government will split the cost of the reduction with the bank. The program aims to help between 1–1.5 million additional homeowners keep their homes.

For more information, check out: <http://makinghomeaffordable.gov/>

# New Hope in “Hope for Homeowners”



Hope for Homeowners launched last year with the intent to help struggling homeowners refinance into more affordable mortgages. Lenders’ objections to components of the program, such as reducing the mortgage’s principal, led to its failure. The revived hope in the program lies in the financial incentives for lenders: \$2,500 to refinance a borrower into the program and \$1,000 per year for three years if the borrower stays up to date on payments. With one in five mortgages slipping “underwater,” the government hopes that this program will combat the lenders’ objections and help more water logged homeowners. Less troubled homeowners hopefully will translate to less distressed sales and a stabilized housing market.

For more information on this program, check out

[http://portal.hud.gov/portal/page?\\_pageid=73,7601299&\\_dad=portal&\\_schema=PORTAL](http://portal.hud.gov/portal/page?_pageid=73,7601299&_dad=portal&_schema=PORTAL)

# Fed Keeps Interest Rates Low



- The Federal Reserve recently announced that it plans to keep interest rates low for the near future.
- Keeping mortgage rates low remains a key goal in the Fed's effort to continue providing support for the housing market and overall economy.
- Mortgages for 30-year fixed rate loans averaged 4.78% in the last week of April.

# Research for Buyers and Sellers



# Buyers: Monthly Mortgage Payment Table



Assuming: **20%** down payment and 30-year, fixed-rate mortgage

**Payment:** Principal and Interest Portion Payment

**Mortgage Rates** →

		4.5%	5.0%	5.5%	6.0%	6.5%	7.0%
Home Prices (In thousands)	\$100	\$405	\$429	\$454	\$480	\$506	\$532
	\$150	\$608	\$644	\$681	\$719	\$758	\$798
	\$200	\$811	\$859	\$908	\$959	\$1,011	\$1,064
	\$250	\$1,013	\$1,074	\$1,136	\$1,199	\$1,264	\$1,331
	\$300	\$1,216	\$1,288	\$1,363	\$1,439	\$1,517	\$1,597
	\$350	\$1,419	\$1,503	\$1,590	\$1,679	\$1,770	\$1,863
	\$400	\$1,621	\$1,718	\$1,817	\$1,919	\$2,023	\$2,129
	\$450	\$1,824	\$1,933	\$2,044	\$2,158	\$2,275	\$2,395
	\$500	\$2,027	\$2,147	\$2,271	\$2,398	\$2,528	\$2,661

# Buyers: Monthly Mortgage Payment Table



Assuming: **5%** down payment and 30-year, fixed-rate mortgage

**Payment:** Principal and Interest Portion Payment

**Mortgage Rates** →

		4.5%	5.0%	5.5%	6.0%	6.5%	7.0%
Home Prices (In thousands)	\$100	\$481	\$510	\$539	\$570	\$600	\$632
	\$150	\$722	\$765	\$809	\$854	\$901	\$948
	\$200	\$963	\$1,020	\$1,079	\$1,139	\$1,201	\$1,264
	\$250	\$1,203	\$1,275	\$1,348	\$1,424	\$1,501	\$1,580
	\$300	\$1,444	\$1,530	\$1,618	\$1,709	\$1,801	\$1,896
	\$350	\$1,685	\$1,785	\$1,888	\$1,994	\$2,102	\$2,212
	\$400	\$1,925	\$2,040	\$2,158	\$2,278	\$2,402	\$2,528
	\$450	\$2,166	\$2,295	\$2,427	\$2,563	\$2,702	\$2,844
	\$500	\$2,407	\$2,550	\$2,697	\$2,848	\$3,002	\$3,160

# Sellers: 8 Ways to Spruce Up Your Listing's Curb Appeal

*Staging a yard can give a home the all-important, buyer-pleasing curb appeal. Here are some suggestions that are both inexpensive and easy.*



1. **Make it green.** Give the lawn a healthy look by watering and using appropriate nutrients to keep it lush.
2. **Trim trees and shrubbery.** Overgrown greenery can take over the view and hide the home.
3. **Plant flowers.** Lots of color brightens up the yard and adds cheer.
4. **Mulch** your flowerbeds and **edge** your lawn.
5. **Power wash** to keep the house looking well cared for and clean.
6. **Tidy up.** Put garbage cans, hoses, and other clutter neatly away and out of sight.
7. **Paint neutral.** Start with the door and trim if you can't paint the entire house.
8. **Define the path.** Guide potential buyers to the front door with a defined walkway.

# Sellers: 5 Tips for Making Vacant Homes Feel Less Vacant

1. **Rent furniture.** Staged homes tend to sell for more and in less time. Depending on your market and budget, renting furniture for key rooms can make a big difference. If renting doesn't work, leaving a few pieces of furniture can provide a sense of space.
2. **Keep it comfortable.** Leave the utilities on and keep the temperature at a comfortable level.
3. **Remove ghost lines.** Hide the effects of furniture. Paint the walls the same color, shampoo the carpet, and replace rugs so there is no evidence of what used to be there.
4. **Hire a maid.** Make sure the home remains fresh and clean.
5. **Keep up curb appeal.** Hire a lawn maintenance service. Make sure the lawn gets watered and the landscaping stays alive.



# South Walton Market

Although it is important to stay informed about what is going on in the national economy and housing market, many different factors impact the real estate market in South Walton.

**Talk to Craig or Tracy with Team Baranowski for assistance interpreting the conditions in South Walton.**

Team Baranowski equipped with all the knowledge and information to help navigate you through the process of buying or selling a home in this challenging market.



Craig or Tracy Baranowski  
850-259-1788 | 850-259-4270  
[info@teambaranowski.com](mailto:info@teambaranowski.com)  
[southwaltonluxuryhomes.com](http://southwaltonluxuryhomes.com)  
[distressedpropertyexpert.net](http://distressedpropertyexpert.net)

# About Keller Williams Realty



Founded in 1983, Keller Williams Realty, Inc., is an international real estate company with more than 74,175 associates and 693 offices located across the United States and Canada. The company began franchising in 1991, and following years of phenomenal growth and success, became the third-largest U.S. residential real estate firm in 2009.

The company has succeeded by treating its associates as partners and shares its knowledge, policy control, and company profits on a system wide basis.

Focusing on helping associates realize their fullest potential, Keller Williams Realty is known as an industry leader in its family culture, unmatched education, profit sharing business model, phenomenal coaching program, and technology offerings. Keller Williams Realty provides associates with all the tools needed to grow and thrive in today's market.

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