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This Month in Real Estate



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March 2012 Market Update

Opportunities in the housing market continue to grow for buyers and sellers. Home affordability, driven mostly by record low interest rates, is among the lowest it has ever been. According to the National Association of Realtors, and based on national averages, the payments on a home today represent 12.8% of the median household income. This is both a good sign for those looking to purchase a home, and for the economy overall as consumers are keeping more money in their pockets.

If you're a seller, the housing market shows signs of transitioning from a buyers' market to a more balanced one. This means that home owners should start to see prices stabilize and begin to grow, presenting more favorable opportunities for those looking to sell their homes. In regards to the number of homes on the market, a key indicator of the health of the housing market, Lawrence Yun, NAR chief economist, said, "The broad inventory condition can be described as moving into a rough balance, not favoring buyers or sellers."

With continuing job creation, the improving housing sector, and signs that the banks are beginning to lend more, 2012 looks to offer promising opportunities to both those looking to buy or sell a home.

Source: National Association of Realtors

This Month's Video



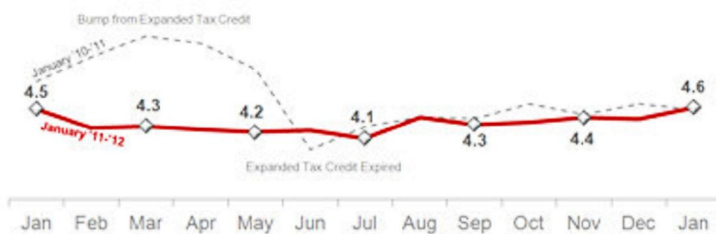
Interest Rates

Type	Rate
30-Year Fixed	3.90%
15-Year Fixed	3.17%
5/1 ARM	2.83%
Historical Average	8.90%

Source: Freddie Mac, March 1, 2012

The most powerful indicator of home affordability, interest rates on mortgage loans, was down again in January. The national average for a 30-year fixed mortgage was 3.92%, down 0.04% from the month before, and down nearly an entire percentage point (0.84%) from a year ago. These historically low rates, coupled with today's home prices, represent an incredible opportunity for home buyers.

Home Sales



Latest Data Release: February 22, 2012
Source: National Association of Realtors

Home sales were up 4.3% in January from December 2011 to 4.57 million (seasonally adjusted), and this is up from 0.7% from the year before. The steady increase in home sales over the last few months is positive encouragement for a continued housing recovery. Lawrence Yun said, "The uptrend in home sales is in line with all of the underlying fundamentals— pent-up household formation [lack of new home construction], record-low mortgage interest rates, bargain home prices, sustained job creation, and rising rents."

Home Price



Adding to home affordability in January, the median home price was down 2% from a year ago, to \$154,700. While prices are still declining, foreclosed and other distressed properties, which have been putting downward pressure on home prices, are being moved more efficiently off the market, and default rates on home mortgage payments for the past three years are among the lowest in history.

Inventory



As sales increase with a growing demand for homes, the inventory of properties for sale fell 0.4% to 2.31 million, or a 6.1-month supply at the current sales level. This is down from a 6.4-month supply in December 2011. Historically, a 6-month supply has meant that the housing sector is balanced—favoring neither buyers' nor sellers'.

Preparation to Sell

Preparing your home for sale can seem daunting, but these tips will help you get the best price in the least amount of time.

1. Organizing and cleaning are crucial when prepping a home for sale. Potential homebuyers have a more positive reaction to a home that is clutter-free and that gives them the feeling it is "move-in ready."
2. Determine replacement estimates before listing your home, even if you are not planning on making the replacements yourself. This information can help buyers make informed decisions.
3. Have your warranties ready especially for home appliances that will stay with the home after the sale.
4. Curb appeal is a crucial factor because it determines first impressions. A poor first impression can cloud their entire opinion about the home.

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