








# Real Estate Monitor

Monthly Indicator	Recent Figures	Likely Direction Over the Next Six Months	Forecast
<p><b>Existing-home sales</b> posted 4.74 million seasonally adjusted annualized units in December – a 6.5% increase from November's pace. The latest rise in resales is only a partial rebound after a big tumble in November. The inventory of existing homes available for sale fell notably – by 11.7% -- and at the end of December was at a 9.3 months supply at the current sales rate. The national median sales price for an existing home was \$175,400 – 15.3% below that of a year ago. <b>Read more.</b></p>	Dec 2008 4,740 Nov 2008 4,450 Dec 2007 4,910		This spring should be better than last spring in most areas
<p><b>New home sales</b> posted 331,000 seasonally adjusted annualized units in December. New home sales were off 13.9% November's pace and 44.8% below the pace in December 2007. The inventory of new homes available for sale rose in December, and at the end of the month was at a 12.9 month supply at the current (December) sales rate. <b>Read more.</b></p>	Dec 2008 331 Nov 2008 388 Dec 2007 600		Builders are putting up so few new homes
<p><b>Housing starts</b> in December posted a seasonally adjusted annual rate of 550,000 units. The rate is 15.5% below November's and 45.0% below the December 2007 rate of 1 million units. For all of 2008, the Census Bureau estimates that 904,300 housing units (both single- and multi-family) were started – the annual total is 33.3% below the 1,355,000 housing starts in 2007. <b>Read more.</b></p>	Dec 2008 550 Nov 2008 651 Dec 2007 1,000		No consistent recovery till 2010
<p><b>Housing affordability</b> Lower home prices continue to boost housing affordability for qualifying borrowers. NAR's housing affordability index in December rose 10.9% to a reading of 158.8 – a sixth consecutive monthly increase and the highest index ever recorded. <b>Read more.</b></p>	Dec 2008 158.8 Nov 2008 143.2 Dec 2007 123.0		Low rates and low home prices make it more attractive for buyers, and a tax credit for some makes it even more so
<p><b>Mortgage rates</b> declined again in January. The average 30-year fixed rate mortgage in January was 5.05%, compared with December's average rate of 5.29%. Lower interest rates, combined with lower home prices and economic and housing stimulus policies, should help home sales activity. <b>Read more.</b></p>	Jan 2009 5.05% Dec 2008 5.29% Jan 2008 5.76%		Already at 50-year lows
<p><b>Employment</b> Job losses continued to mount in January, as the economy shed 598,000 non-farm payrolls during the month – the worst job loss in 34 years and worse than most analysts expected. The unemployment rate rose to 7.6% -- its highest level since September 1992. Job cuts were across most industries and sectors, with the exception of education, health services, and government which posted narrow gains. <b>Read more.</b></p>	Jan 2009 -598 Dec 2008 -577 12-month total: -3,500		Another 6 months of job cuts
<p><b>Economic growth</b> The nation's economy shrank by 3.8% (annualized) in the 4th quarter of 2008. This is the first estimate of 4th-quarter GDP growth. Consumer spending contracted sharply by 3.5% in the quarter following a similar cutback in the 3rd quarter. Business spending collapsed by more than 20 percent. Both imports and exports also declined at double-digit rates – not unusual during an economic downturn. One positive contributor to GDP was government spending – more spending is on the way as part of the stimulus package. <b>Read more.</b></p>	2008:IV -3.8% 2008:III -0.5% 2007:IV -0.2%		Falling output and income in the first half of the year

Notes: All rates are seasonally adjusted. Existing home sales, new home sales and housing starts are shown in thousands. Employment growth is shown as month-to-month change in thousands. Sources: NAR, Bureau of the Census, Bureau of Labor Statistics and Freddie Mac. This report reflects data as of February 6, 2009. Compiled by Wannasiri Champoopet, Ken Fears and Lawrence Yun.