



# This Month in Real Estate

## April 2012 Market Update

Now three months into 2012, both the housing market and the overall economy are improving at modest rates. These improvements have inspired confidence in consumers, demonstrated by a 9.2% increase in pending home sales in February from the year prior.

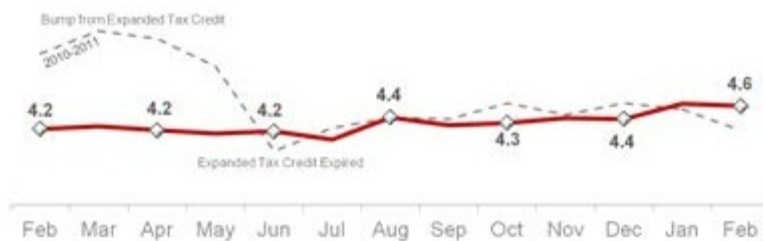
Both home prices and sales are expected to increase in 2012. Lawrence Yun, chief economist for NAR, stated, "Falling visible and shadow inventory [bank-held properties], combined with a dearth of new-home and apartment construction during the past three years, assure that rents will continue to rise, with likely home price increases in 2012."

As rents continue to rise, buying becomes a more and more attractive option as home affordability, or the percent of income it takes to pay the mortgage, continues to be among the most favorable in history. Trulia's Winter 2012 Buy vs. Rent Index, which measures the relative cost of renting compared to asking prices of homes found that in 98% major metropolitan areas sampled, it was more affordable to buy than to rent.

### Home Sales

*In Millions*

Home sales dipped 0.9% in February to 4.59 million units, yet are 8.8% higher from a year ago. A strengthening economy is improving consumer confidence with an increasing amount of people in the market. Additionally, as the market shows signs of improvement, more people are feeling the urgency to buy while prices and interest rates are still at some of the most affordable levels in history.



### Home Price

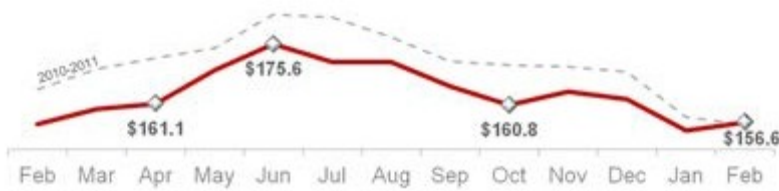
*In Thousands*

After slipping a bit at the beginning of the year, median home prices rose to \$156,600, up 0.3% from a year ago. NAR President Moe Veissi said, "People realize that home ownership is an investment in their future. Given an apparent overcorrection [dropping prices as an overreaction to market conditions] in most areas, over the long term home

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prices have nowhere to go but up.”



### Inventory- Month's Supply

In Months

Housing inventory rose 4.3% in February to 2.43 million homes, representing a 6.4-month supply, up from 6.0 in January. There are several factors driving this increase in the inventory of homes. First, banks have settled major lawsuits regarding fraudulent foreclosure practices with state governments, which has enabled them to start moving many foreclosures off their balance sheets and into the market. Pending sales are up, and home building is starting to show signs of life again after three years of low new-housing construction.



Source: National Association of Realtors

### Interest Rates

30-year fixed mortgages continued to improve home affordability by dropping to 3.89% in February, the lowest on record since 1971. Indications are that these rates may have begun to find a bottom as well, as they have shown rising levels in Freddie Mac's weekly index, adding to the urgency to buy a home now while these rates continue at record lows.

Type	Rate
30-Year Fixed	3.99%
15-Year Fixed	3.23%
5/1 ARM	2.90%
Historical Average	8.90%

Source: Freddie Mac

### This Month's Video



## Topics For Home Owners, Buyers & Sellers

Home buying is often exciting, but packing up and moving is almost always stressful. Below are a few tips to help make the move a smooth one.

- **Special Boxes for Special Items.** Dish barrels help protect dishware, and long flat boxes help protect artwork. Wardrobe boxes, which have a metal bar to hang clothes on, can simplify and speed up packing your closet.
- **Paper, the Secret Weapon.** Packing paper, or unprinted newsprint, can be used several different ways. Use it to protect fragile items or crunch it up to use as padding. Remember, ink on regular newspaper can rub off and stain. Use Bubble Wrap for extra- delicate items.
- **Tape It Securely.** Masking and duct tape don't stick to cardboard as well as brown packing tape.
- **Tape It Quickly.** Tape guns help you assemble boxes faster.
- **Mark It Clearly.** Clearly label boxes. Marking the sides instead of the top is best as the tops are covered when boxes are stacked.
- **Protect the Big Items.** Protect furniture with pads and put mattresses in plastic bags to prevent damage during the trip.
- **Lighten the Load.** The help of a dolly or handcart can save your back and speed up the moving process.

Brought to you by KW Research. For additional graphs and details, please see the This Month in Real Estate PowerPoint Report.

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