



This Month in Real Estate

**Released:
November 2011**

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Commentary

While home sales in September were down slightly from a relatively strong month in August, they were up from a year ago, giving encouraging signs of a strengthening market and potential for stabilizing, if not appreciating, home prices. These signs include an increasing demand, shown by the number of people shopping for homes, and the decreasing inventory of homes for sale, in conjunction with some of the lowest levels of new housing construction since 1960s when the Beatles first came to the United States.

Of the 3.48 million homes sold in September, 32% were first-time home buyers. With more and more people entering the market, the persisting obstacle for most is still the restrictive lending environment. In a plea to banks and policy makers, NAR President Ron Phipps said, “We need to remove the roadblocks to a housing recovery—not place more obstacles in the way of financially qualified buyers.”

With an increasing demand and shrinking inventory, it is hoped that banks will begin to see the market potential and start to lend to otherwise creditworthy home shoppers, opening the road to a more rapid recovery. While consumer confidence still remains at all-time lows, retail spending increased 1.1% last month, a positive sign of growth fueled by the approaching holiday season, which could propel the U.S. into a promising new year.



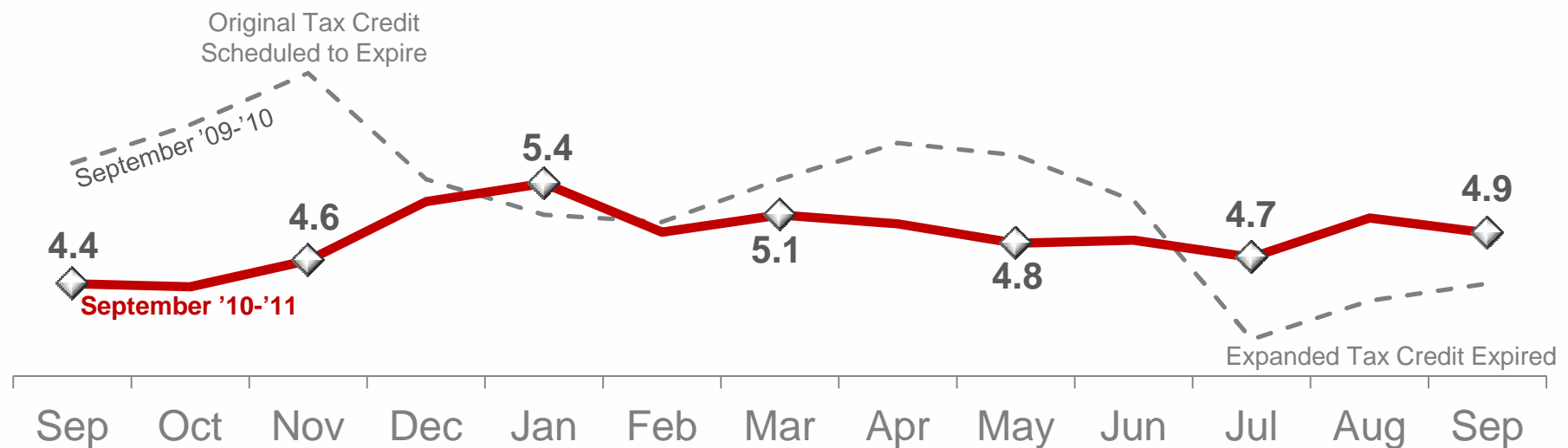
The Numbers That Drive Real Estate

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Home Sales

In Millions

4.91 million homes were sold in September, down 3.3% from a strong August in which 5.06 million homes were sold, but still 11.3% above September 2010. Lawrence Yun, NAR chief economist, states, “affordability conditions have improved to historic highs and more creditworthy borrowers are trying to purchase homes, but the share of contract failures is double the level of September 2010. Even so, the volume of successful buyers is higher than a year ago and is remaining fairly stable—this speaks to an unfulfilled demand.” If lending standards loosen, we can expect to see an increase in home sales.

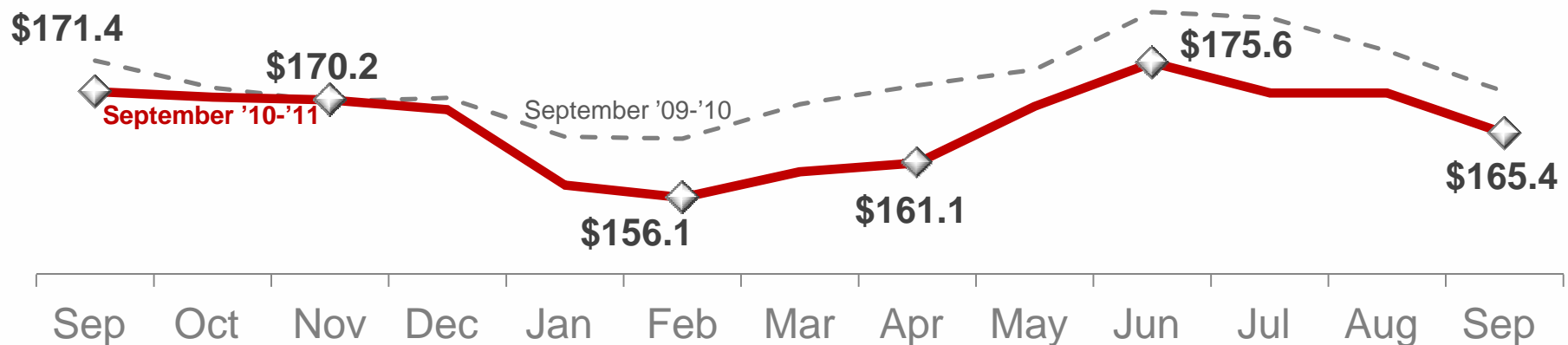


Latest Data Release: October 20, 2011. Source: National Association of Realtors “Home Sales” refer to transactions that include single-family, townhomes, condominiums, and co-ops. “Contract Failures” refer to those caused by declined mortgage applications, failures in loan underwriting from appraised values coming in below the negotiated price, or other problems including home inspections and employment losses.

Home Price

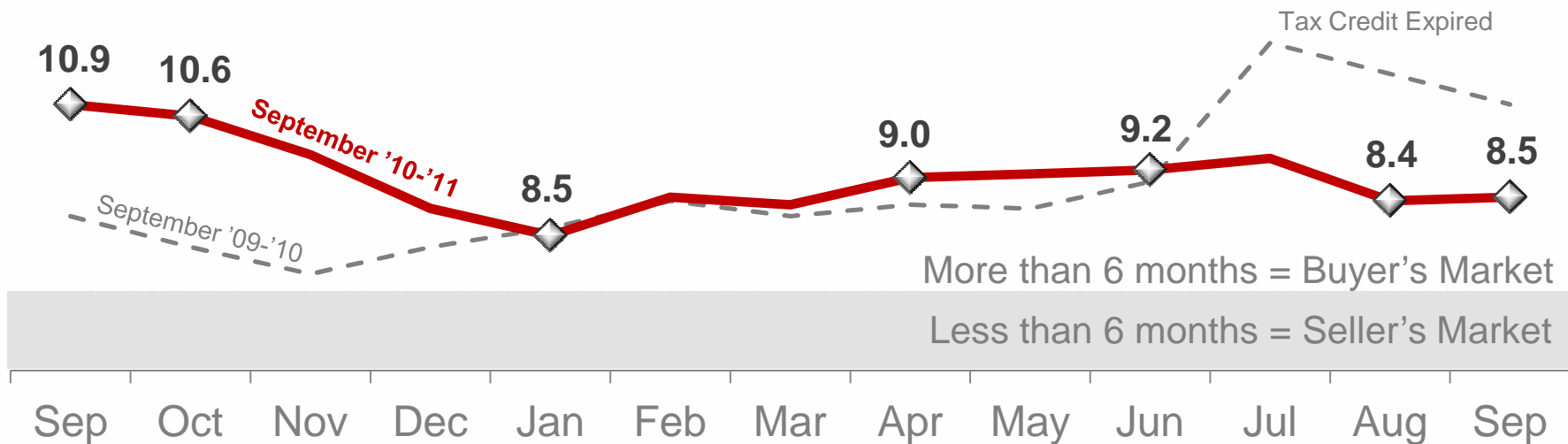
In Thousands

Homes prices were down, with a 3.5% drop in September compared to a year ago. The national median price for homes in September was \$165,400, with distressed properties, foreclosures, and short sales still accounting for 30% of sales. This is a great opportunity for those potential buyers still thinking about purchasing a home, especially as the housing industry begins to show increasing signs of stability.



Supply of Inventory *In Months*

With stronger sales than a year ago, the amount of homes for sale was reduced to 3.48 million units, or an 8.5-month supply at the current sales volume. With the lowest new housing construction in almost fifty years, the inventory of homes on the market is projected to continue to decline, which is a positive sign that prices could begin to climb again.



Mortgage Rates

30-Year Fixed

Mortgage rates were down again, from 4.35% in September of last year to 4.11% this September. While the Federal Reserve continues to put downward pressure on interest rates to spur sales, Congress's recent action to lower loan limits has further tightened lending among banks. This had the biggest impact in the Western states, which experienced an 8.8% drop in sales. This was mainly due to the concentration of more expensive properties in California, where buyers rushed to purchase properties in August before loans limits dropped on the October 1 deadline.

Type	Rate
30-Year Fixed	4.01%
15-Year Fixed	3.38%
5/1 ARM	3.08%
Historical Average	8.90%



This Month in Washington

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This Month in Washington

Another Mortgage Band-Aid Offers Refinancing Hope to a Potential 3 Million Homeowners

The Federal Housing Finance Agency (FHFA) announced on Monday, October 24, 2011, that they were rewriting parts of the Home Affordable Refinance Program (HARP) in an effort to help more homeowners struggling to make their monthly mortgage payments eligible for refinance. It is estimated that the changes to HARP could help somewhere between 500,000 to 3 million households take advantage of historically low interest rates by refinancing their home.

While taking steps to help lower monthly mortgage payments, the FHFA will not consider actions to lower principal or forgive amounts borrowed.

HARP was originally created in 2009 by the Obama administration to assist families struggling to make their house payments by offering alternatives through refinancing to lower the monthly bill.

Sources: [The Wall Street Journal](#), [Federal Housing Finance Agency](#), [C-SPAN](#)

This Month in Washington

Senators Grow Impatient with Mounting Foreclosures

As Fannie Mae and Freddie Mac continue to absorb more and more foreclosures, senators in Washington are growing impatient with the way these distressed properties are being handled. To express their frustrations, thirty-three senators authored a letter to the FHFA, which stated that 10.4 million households are facing the possibility of defaulting on their mortgages, and asked when the joint venture between Fannie Mae, Freddie Mac, the Department of Housing and Urban Development (HUD), and the Treasury Department—formed for the purpose of developing a plan to handle the foreclosed properties—would have a solution. The urgency to put these homes back on the market is compounded by the financial risk that these distressed properties represent to Fannie Mae and Freddie Mac.

In response to these pressures, the joint venture has issued a request to other organizations, including private sector investors and businesses, to suggest ideas as to how to efficiently get these properties back on the market in a way that will benefit all parties involved.

Source: [Inman](#)



Topics for Home Buyers, Sellers, and Owners

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Green Your Home

Did you know that the housing and building industry accounts for nearly 40% of the world's energy and raw material consumption? Our ability to “green our homes” truly has the ability to change the world. The principles of green are really about understanding priorities for a well-lived life—living healthy, being smart with money, and acting more sustainably.

We typically spend more than 80% of our nonworking or commuting hours inside our homes. Because we spend so much of our lives inside, it only makes sense we make a healthy inside zone the first priority. Here are a few DIY tips from *Green Your Home* to get you started:

1. **Cross-Ventilate.** An average adult takes in more than 14,000 breaths—or about 3,000 gallons of air—a day! Surprisingly, you are more likely to breathe polluted air inside your home than outside—even in cities like Los Angeles, which aren't known for air quality. Opening one window won't cut it... you need cross-ventilation so the breeze actually blows through your home, taking the pollutions back out with it. Open a front door and a back door, or one window upstairs and one downstairs.
2. **Lighten Up.** Simply swapping out the five most commonly used incandescent bulbs for CFLs or LEDs in your home can save you \$60 to \$100 a year. Combined with well-designed artificial lighting, natural lighting is also a great way to boost efficiency.
3. **Low Flow.** American families use about 400 gallons of water a day, and 70% of that is used inside the home. The majority is used in the bathroom: the average person flushes the toilet 2,500 times a year. Transform your home's toilet from water-waster to water-miser for cheap. Place a brick or 2-liter plastic bottle filled with water into your toilet's tank. The volume of these objects means less water will be needed to fill your tank—you've just created your own low-flow toilet. Also, be sure and have a leaky or running toilet fixed by a plumbing professional immediately.

For more tips, buy your copy of *Green Your Home* now at www.kellerink.com/greengreenyourhome

Your Local Market

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

Talk to your KW associate for assistance interpreting the conditions in your local market.



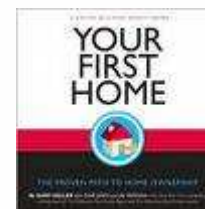
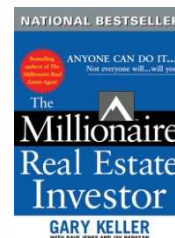
KW associates are equipped with the knowledge and information to help you navigate the home-buying or selling process in this challenging market.

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