



THIS MONTH IN REAL ESTATE

U.S.

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Commentary

The housing market is recovering. As more home buyers are taking advantage of the improved affordability conditions. With mortgage rates hovering around recent record lows and home prices having generally stabilized, economists are expecting an upward trend to a healthy and sustainable level in 2011.

Encouraging signs are showing up across the economy. Retail sales recently hit their highest level since before the recession. Key measures of small and big businesses' optimism marched back up to prerecession levels and new claims for jobless benefits are trending lower. Together they bode well for steady job creation and improved consumer confidence which is generally manifested in more spending.

As the economy improves, current stimulus efforts by the government and the Federal Reserve Board are expected to gradually wind down. Meanwhile, serious buyers stand to benefit from historically favorable buying conditions.



The Numbers That Drive Real Estate

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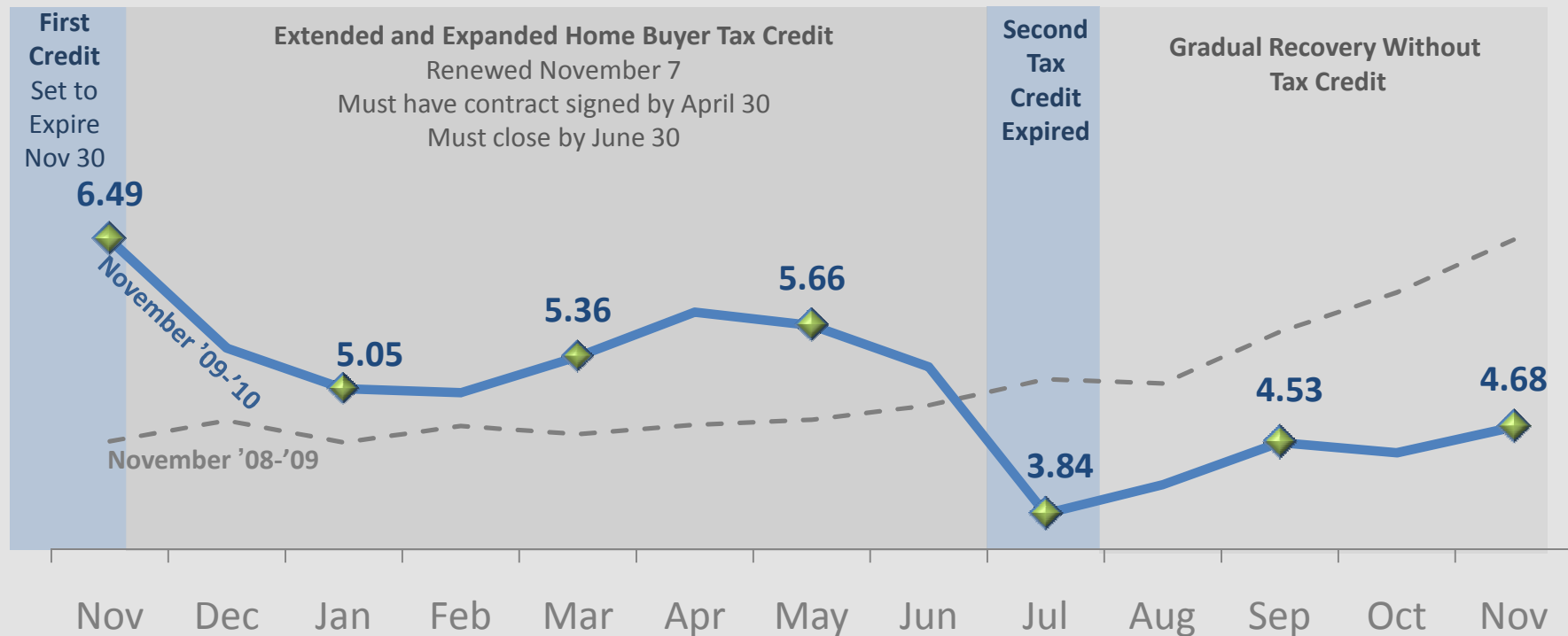
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Home Sales

In Millions

Existing home sales resumed on an upward trend since bottoming in July. Sales activity rose to a seasonally adjusted annual rate of 4.68 million in November. This was up 22% from July and 5.6% above the 4.43 million level in October, but remained 27.9% below the 6.49 million tax credit rush a year ago. As steady job creation is expected to continue, industry experts are hopeful for 2011.

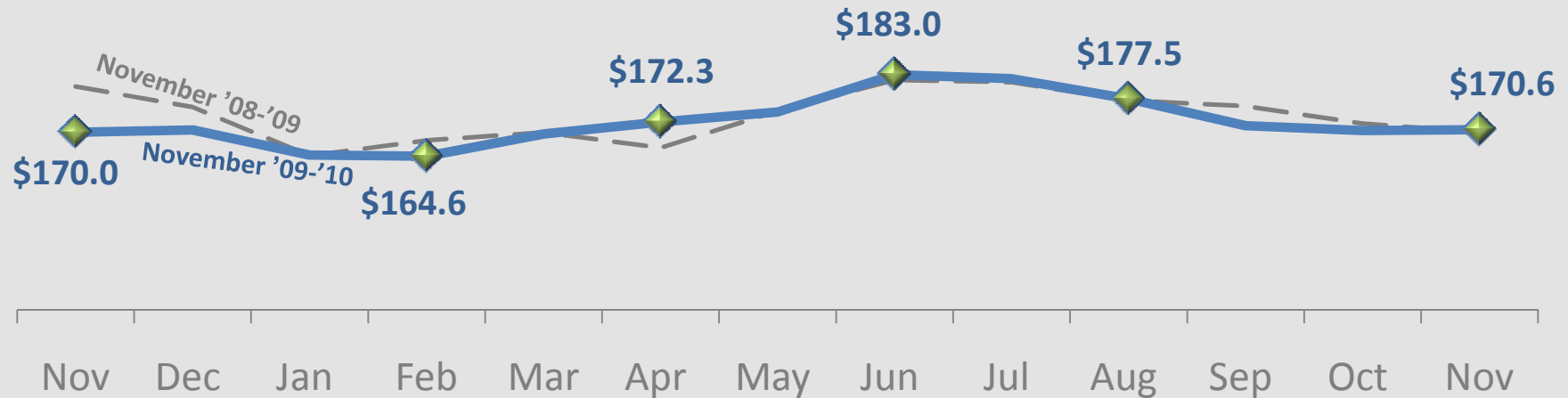


Home Price

In Thousands



Home prices continued to stabilize. Median home prices edged up slightly to \$170,600, 0.4% above year-ago levels. Distressed homes have accounted for a fairly stable market share, representing 33% of sales in November. This is on par with the 34% in October and 33% in November 2009. Historically favorable interest rates, coupled with stable home prices, continue to offer advantageous buying opportunities .



Latest Data Release: December 22, 2010

Source: National Association of Realtors

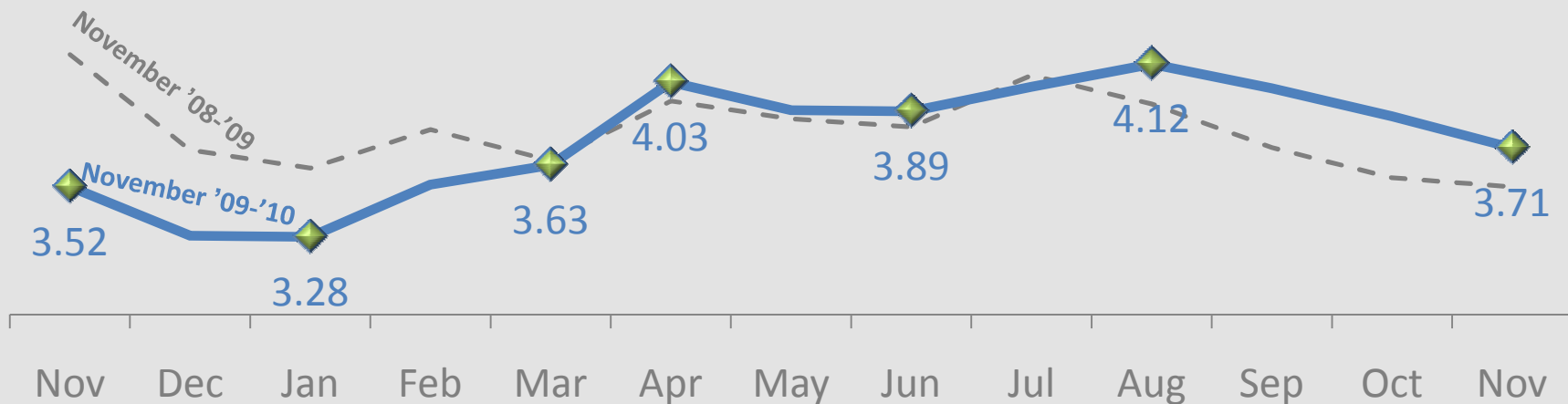
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Inventory - *Number of homes available for sale*

In Millions



The number of homes on the market continued to decline. Total inventory fell to 3.71 million in November from 3.86 million in October. This reflects the increasing response from buyers to improved affordability conditions. As lending standards return to historical norms and consumers become more confident about their financial situation, more people will be able to buy their first home, move up, or invest.

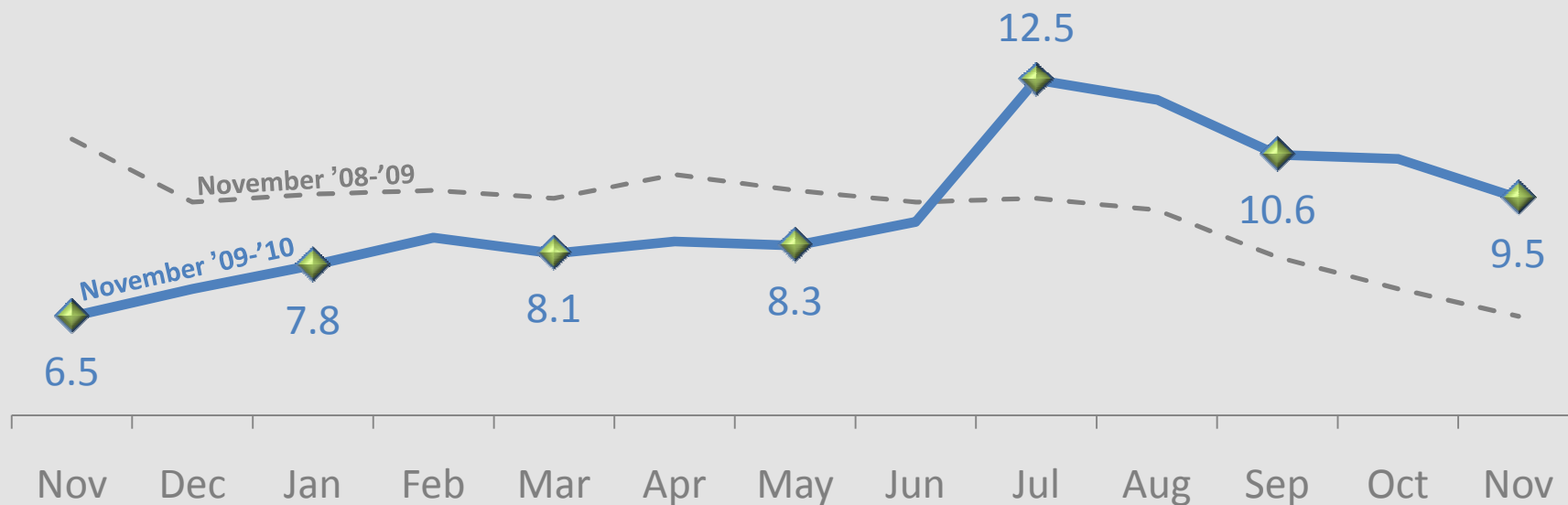


Supply of Inventory

In Months



A steady increase in home sales and a shrinking inventory are cutting down the month's supply to 9.5. This is one month down from October and one and a half months below last year. While still at a relatively high level, months of inventory has declined substantially since its peak of 12.5 months in July.



Latest Data Release: December 22, 2010

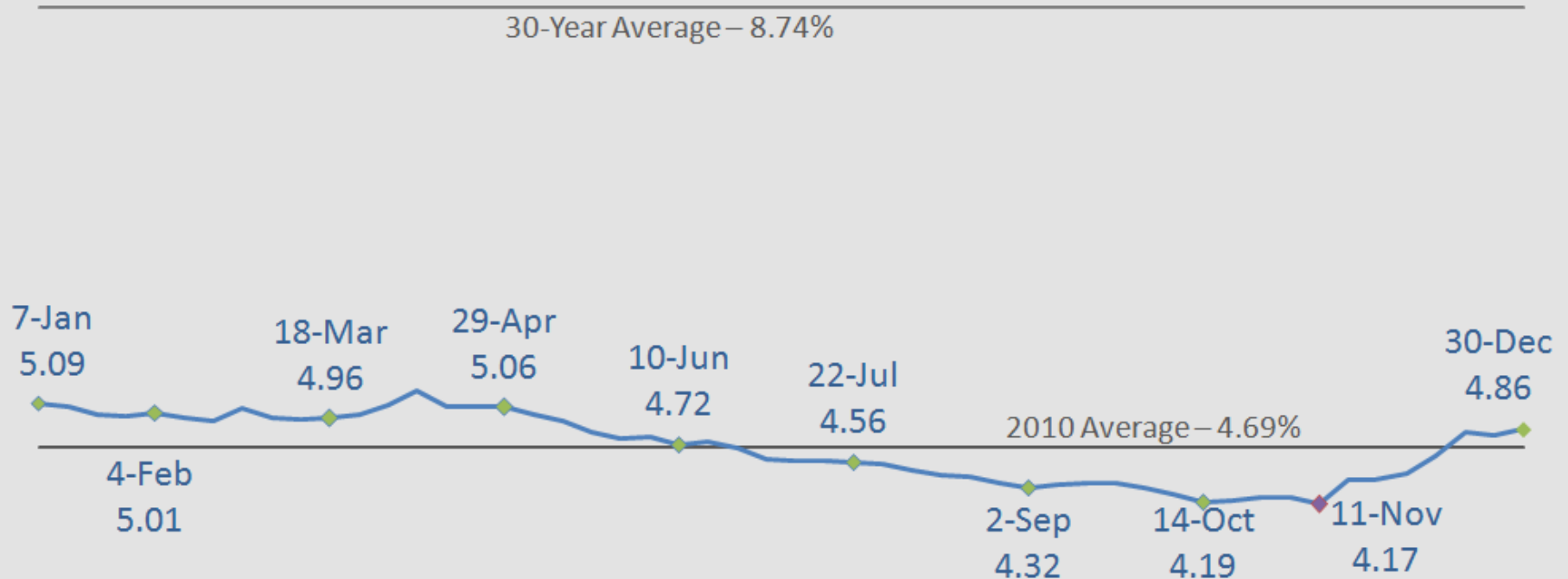
Source: National Association of Realtors

Mortgage Rates

30-Year Fixed



Mortgage rates are inching up but remain historically low. This trend continues to support home buying as it translates to significant savings for buyers. As overall economic recovery remains on track, rates are expected to rise to keep inflation in check.

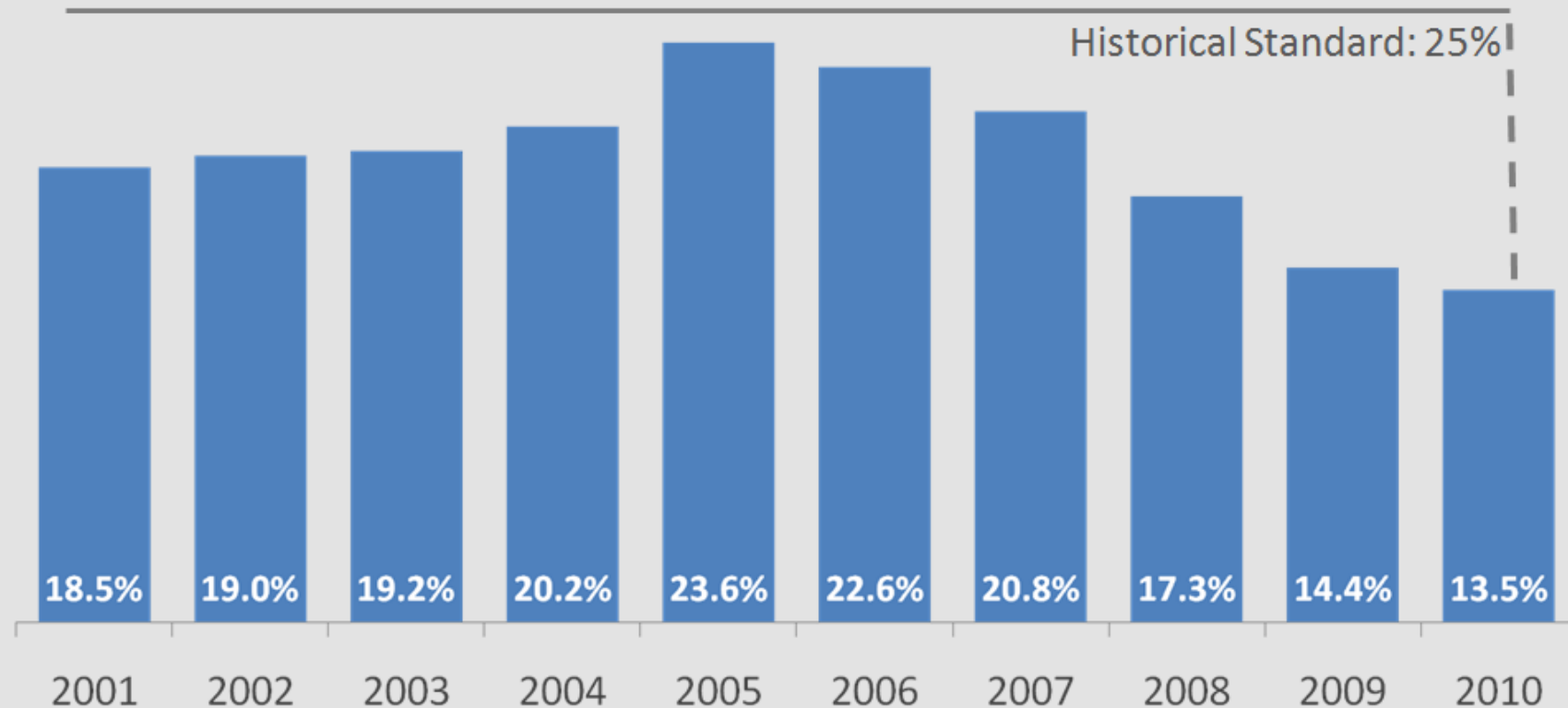




Affordability - Percentage of Income

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

Housing affordability set a new record in November. The relationship between mortgage rates, home prices, and family income is the most favorable on record for buying. The home price-to-income ratio continues to remain well below the historical standard. Stabilizing home prices and rising interest rates are expected to begin drawing affordability back up toward more normal levels.



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

Source: National Association of Realtors



Recent Government Action

Tax Break Extended

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Tax Break Extended

-President Obama signed an \$858 billion tax bill into law on December 17, keeping income tax rates from increasing before the new year.

-The legislation ...

- Extends the Bush-era income tax cuts on income, capital gains, and dividends for two years
- Reduces Social Security payroll tax rates by 2% for one year on income up to \$106,800
- Extends jobless benefits for 13 months
- Allows businesses to write off 100% of capital investments between September 9, 2010 and December 31, 2011.
- Extends dozens of expired and expiring tax breaks, including a research and development tax credit and a college tuition tax credit that was created in last year's economic stimulus law.
- Sets the estate tax rate at 35% for two years and would apply it only to estates worth more than \$5 million. Under current law, the estate tax has lapsed for 2010 and is set to jump next year to 55%.

-The tax cut is expected to put more money in the pockets of families most likely to spend it, help businesses to grow and as a result, spark demand, spur job creation, and strengthen the economy in 2011.

-Many economists predict the tax package could increase the economic expansion rate by a substantial one percent next year.



Topics for Home Buyers, Sellers, and Owners

Use the Season to Your
Home Selling Advantage

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Use the Season to Your Home-Selling Advantage

While summer is generally known as the peak season for home sales activity, the winter can also offer great advantages for sellers – such as less competition from other sellers. With a little effort, you can use the season to your home-selling advantage.

Let's put these ideas to work, so your home shows at its best.

1. *Keep snow and ice at bay.*

If the buyer can't get in easily, the house won't sell. That means keeping walkways and driveways free of the frozen stuff. You want to make the home look well maintained.

2. *Warm it up.*

Think warm, cozy, and homey. Before a buyer comes through, adjust the thermostat to a warmer temperature to make it welcoming. If you have a fireplace, turning it on right before the tour can create a more welcoming ambience.

3. *Emphasize winter positives.*

Is your home on a bus route or some other vital service that means it's plowed or deiced regularly in bad weather? Be sure to mention that to the buyers.

4. *Make it festive.*

Even if you're not actually going to be present, greet your buyers as if they were going to be guests at a party. Set up the dinner table with the good china and silver. Have a plate of cookies for your guests, some warm cider, or even chilled bottles of water.

5. *Use the season to your advantage.*

When the holidays are over, you can still use winter wreaths and dried arrangements around the door to spark interest. In the winter, with the leaves off the trees, you might also have a nice view that isn't as apparent in the spring and summer months.

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 the real estate market in your own area.

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.

About Keller Williams Realty

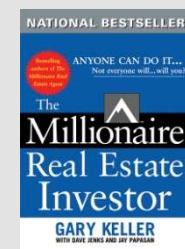
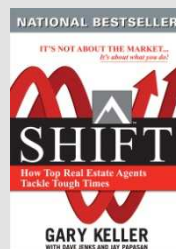


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The company has succeeded by treating its associates as partners and sharing its knowledge, policy control, and company profits on a systemwide basis.

By focusing on helping associates realize their fullest potential, Keller Williams Realty is known as an industry leader for its family culture, unmatched education, profit-sharing business model, phenomenal coaching programs, and technology offerings.

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