




REAL ESTATE 2009

Run a marathon not a sprint.



If you've picked up a newspaper, flicked on a TV or tuned into talk radio recently, you have experienced your fair share of opinions and predictions about the real estate market, but here are the facts.

The State of the Market: There Is a Silver Lining.

AFFORDABILITY IS HIGH

The Housing Affordability Index measures the ability of a typical American family to qualify for a mortgage based on the median-price for an existing single-family home. A score of 100 indicates that a typical family would have the exact amount required based on a 20 percent down payment and monthly payments of no more than 25 percent of their household income.

Currently, the index is at 135.2, which means the average American family not only can afford to purchase a home, but also will have excess money for living expenses. Another upside, highly desirable real estate markets such as California, Arizona and Florida are becoming more affordable.

SELECTION IS VAST

With more homes on the market, homebuyers can be more selective than in previous years. During the recent market boom, limited availability and high prices resulted in many people making offers on homes due to fear of being left out of the market. However, in this buyer's market, house hunters can afford to take their time and make a choice they are fully comfortable with.

THE UPSWING CONTINUES

Continuing the trend of increased existing home sales, 2009 is expected to produce an additional 6.6 percent increase in home sales. 2009 will be among one of the strongest transaction years in history with an estimated 5.74 million transactions. This year is also projected to boost new home sales to more than 600,000 transactions.

Existing home sales prices are also expected to increase by 3.7 percent in 2009, with new home sales increasing by 4 percent.

Source: National Association of Realtors®

International buyers infuse the U.S. market.

Some real estate agents are reporting that 25 percent of their transactions are coming from foreign buyers, up from previous estimates of 10 percent. Many of these wealthy

“With these prices, you can't say no!” international buyers are looking in coastal

markets like New York City, San Diego and Miami.

Foreign buyers not only infuse money into our economy, they strengthen and stabilize home prices.



Invest in Your Home

In many markets around the country, the price of remodeling has gone down, according to the U.S. Remodeling Permit Activity Report released by Remodelormove.com. Decreased remodeling costs have created a favorable opportunity for homeowners to invest in their most valuable asset: their home.

5 WAYS TO SPEED UP YOUR SALE

- 1) Trust your agent to set the right price. A correctly priced home will always draw attention from buyers.
- 2) Get your house market-ready before you begin showing it so your family can get used to keeping your home clean and beautiful.
- 3) The more frequently your home is shown, the faster you will find a buyer. Keep your home clean and staged so you can be ready to show your home on short notice.
- 4) Decide in advance what price and conditions you will find satisfactory.
- 5) Don't refuse to lower your asking price. Consult with your agent to keep your home priced realistically.

You can't go wrong with a minor kitchen remodel. Since *Remodeling* magazine first introduced the minor kitchen remodel category in 2004, it has consistently remained among the highest return on investment (ROI) projects. Last year, the minor kitchen remodel had the highest ROI of any interior project.

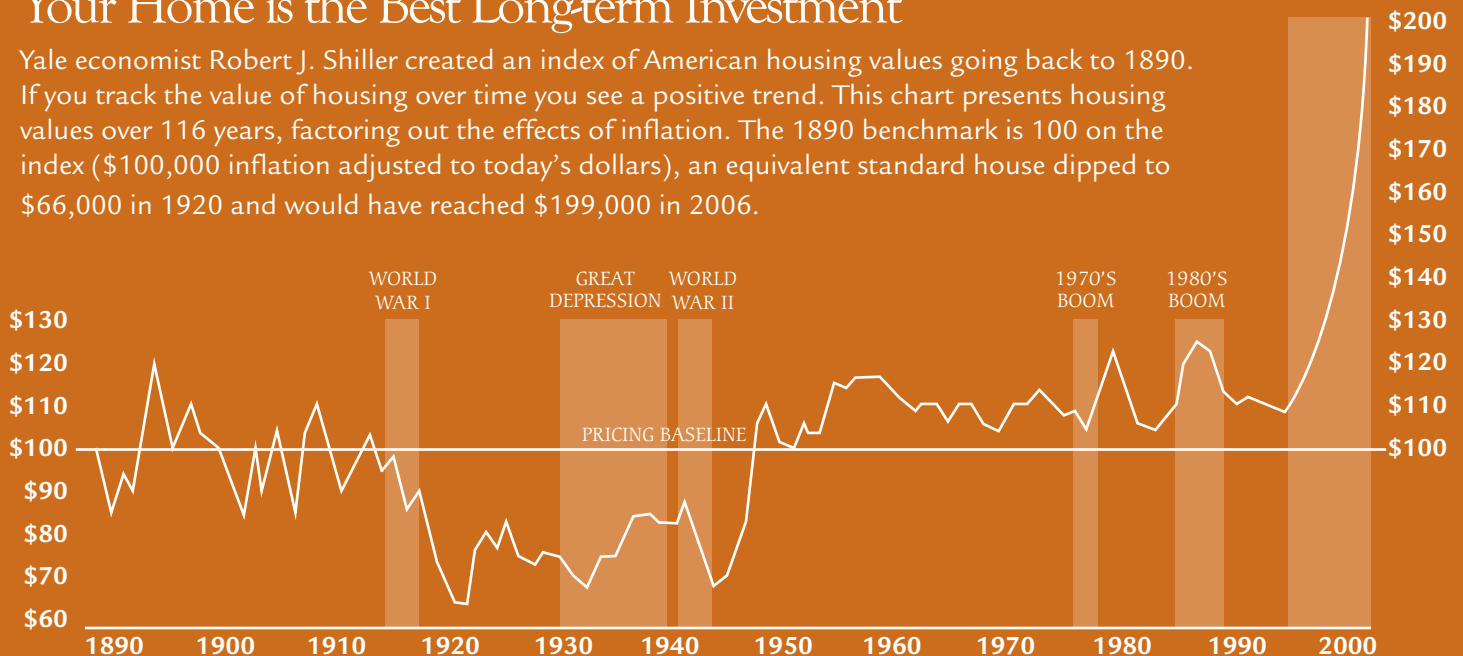


Look outside. Five of the six highest-value remodels were exterior projects. A wood deck addition, midrange vinyl siding replacement, midrange wood window replacement and upscale vinyl replacement all featured an ROI more than 80 percent. In fact, an upscale siding replacement using fiber cement materials was the highest-value remodel last year at 88.1 percent.

Consider living space additions. A remodel that increases living space is generally a good investment. When repurposing a room, the general rule of thumb is that unused or storage areas should be converted to livable space, such as a bedroom or bathroom. Repurposing a bedroom is typically a bad idea; home office additions offer a low value return.

Your Home is the Best Long-term Investment

Yale economist Robert J. Shiller created an index of American housing values going back to 1890. If you track the value of housing over time you see a positive trend. This chart presents housing values over 116 years, factoring out the effects of inflation. The 1890 benchmark is 100 on the index (\$100,000 inflation adjusted to today's dollars), an equivalent standard house dipped to \$66,000 in 1920 and would have reached \$199,000 in 2006.



Source: New York Times