Economic and Market Watch Report

4th Quarter, 2009

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ARMLS Economic and Market Watch Report

Arizona Regional Multiple Listing Service, Inc. (ARMLS) has been providing multiple listing services to its subscribers since its inception in 1982. ARMLS was one of the first regional multiple listing services in the country. Our service area includes all of Maricopa County and portions of Pinal and Yavapai Counties. With more than 35,000 subscribers, ARMLS is one of the largest multiple listing services in the country.

Index

Local Report

Arizona

Maricopa County **1**

Pinal County **6**

Trends **8**

Chief Economist's Commentary* **9**

Economic Monitor* **11**

The statistical information presented in this report is compiled from information provided by Arizona Regional Multiple Listing Service, Inc and may not include all sales activity in the market.

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ARMLS
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Local Report

Maricopa County, AZ

Buyer's Market	1	2	3	4	5	Seller's Market

Labor Market :

In the first two months of the fourth quarter, 944 jobs were added to the payrolls of Maricopa County. As a result of these new jobs, the average monthly unemployment rate fell from 8.5% during the third quarter to 8.2% for October and November. This steady job creation may help to maintain demand for home purchases. Favorable mortgage rates should support this trend.

Housing Market :

	Q3' 09	*Q4' 09*	*Q1' 10* *(Forecast)*
Average Price	**$182,200**	**$184,000**	↔
# Homes on the Market *	**46,941**	**39,300**	↑
# Homes Sold **	**21,480**	**19,809**	↔
# New Homes Built ***	**1,967**	**1,108**	↑
Avg # of Days on Market	**67**	**61**	↑

* Available as of Dec. 31, 2009.
** May not add to total of zip codes.
*** During the first two months of 4th quarter.

Data by Zip Codes for Q4 2009

Zip Code	Average Price	Price Change ***	Total # Homes Sold (Quarter)	% Change in # Homes Sold ***	Average Days on Market	% of Asking Price (Sold/ List Price)
	$187,800	N/A	3	N/A	102	91.9%
85001	$137,700	N/A	2	N/A	31	100.0%
85003	$241,700	-31.84%	30	66.67%	85	93.9%
85004	$161,900	-28.77%	13	18.18%	62	91.1%
85006	$85,400	-12.41%	87	112.20%	50	98.9%
85007	$134,400	-7.05%	39	50.00%	80	95.8%
85008	$82,300	-36.98%	160	113.33%	59	96.3%
85009	$43,500	-14.20%	91	18.18%	44	101.0%
85012	$190,400	-44.83%	36	176.92%	83	96.2%

*** % Change of current quarter compared to the same quarter to year ago.

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Local Report

Maricopa County, AZ

Data by Zip Codes for Q4 2009

Zip Code	Average Price	Price Change ***	Total # Homes Sold (Quarter)	% Change in # Homes Sold ***	Average Days on Market	% of Asking Price (Sold/ List Price)
85013	$146,000	-34.94%	84	75.00%	65	94.2%
85014	$121,700	-44.17%	119	112.50%	61	96.0%
85015	$91,200	-14.77%	112	86.67%	56	96.7%
85016	$197,700	-33.41%	201	89.62%	81	93.4%
85017	$50,000	-18.43%	88	-16.98%	41	102.5%
85018	$321,700	-28.84%	144	111.76%	78	92.2%
85019	$59,700	-13.73%	75	-18.48%	32	101.9%
85020	$154,900	-15.08%	128	37.63%	69	95.3%
85021	$176,300	-9.77%	95	63.79%	66	94.4%
85022	$165,700	-19.84%	226	137.89%	60	96.3%
85023	$142,900	-18.20%	141	98.59%	63	97.5%
85024	$179,700	-25.31%	114	56.16%	64	97.4%
85027	$105,200	-28.39%	203	128.09%	50	99.7%
85028	$279,900	-18.37%	87	85.11%	98	94.1%
85029	$83,100	-25.00%	196	88.46%	45	99.7%
85030	$39,900	N/A	1	N/A	52	100.0%
85031	$50,100	-2.34%	96	-26.72%	47	99.6%
85032	$134,700	-18.46%	310	118.31%	51	97.8%
85033	$53,800	-11.37%	234	-1.68%	52	100.2%
85034	$71,000	-27.48%	6	20.00%	27	100.1%
85035	$50,900	-1.55%	143	-28.50%	47	102.6%
85037	$82,800	-13.57%	402	38.14%	46	100.2%
85040	$76,000	-7.77%	104	65.08%	67	99.3%
85041	$106,600	-23.64%	341	44.49%	53	100.8%
85042	$108,400	-26.81%	178	64.81%	56	100.6%
85043	$91,200	-12.14%	237	18.50%	53	103.5%
85044	$229,200	-8.90%	123	53.75%	76	96.4%
85045	$295,500	-8.34%	36	-10.00%	75	97.3%
85048	$227,800	-28.36%	155	61.46%	56	96.8%
85050	$284,400	-11.51%	149	86.25%	57	97.7%
85051	$72,900	-19.36%	178	48.33%	51	100.5%
85053	$96,800	-31.44%	126	72.60%	49	101.6%
85054	$286,400	-6.50%	42	110.00%	79	96.6%
85083	$247,300	-20.51%	101	77.19%	45	98.6%
85085	$262,300	-3.64%	177	88.30%	62	97.5%
85086	$229,600	-15.37%	364	47.37%	62	97.9%

*** % Change of current quarter compared to the same quarter to year ago.

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Maricopa County, AZ

Data by Zip Codes for Q4 2009

Zip Code	Average Price	Price Change ***	Total # Homes Sold (Quarter)	% Change in # Homes Sold ***	Average Days on Market	% of Asking Price (Sold/ List Price)
85087	$205,500	-24.14%	56	40.00%	44	99.1%
85119	$170,500	N/A	2	N/A	30	98.6%
85120	$90,500	N/A	6	N/A	19	99.7%
85139	$90,000	N/A	1	N/A	13	106.0%
85140	$108,000	N/A	1	N/A	30	102.9%
85142	$225,200	N/A	92	N/A	27	98.1%
85201	$83,700	-35.37%	134	61.45%	52	98.8%
85202	$115,100	-12.54%	131	151.92%	52	99.3%
85203	$137,300	-26.42%	104	44.44%	46	98.5%
85204	$99,200	-15.79%	246	33.70%	50	101.0%
85205	$147,000	-19.01%	148	59.14%	73	96.5%
85206	$147,400	-15.34%	184	75.24%	82	96.5%
85207	$252,100	-9.38%	187	53.28%	74	97.4%
85208	$112,300	-19.15%	188	44.62%	64	98.6%
85209	$170,300	-12.35%	223	61.59%	55	98.4%
85210	$96,900	-19.72%	132	60.98%	46	99.0%
85212	$183,000	-16.48%	138	23.21%	40	99.8%
85213	$197,300	-28.46%	103	77.59%	70	97.0%
85215	$227,400	-36.90%	86	120.51%	86	92.8%
85216	$93,000	N/A	1	N/A	20	100.0%
85218	$301,000	N/A	1	N/A	85	97.1%
85219	$121,500	N/A	3	N/A	10	99.5%
85220	$81,800	-28.75%	7	-50.00%	67	101.1%
85222	$128,000	27.36%	1	0.00%	26	98.5%
85224	$154,100	-19.99%	158	61.22%	48	98.6%
85225	$145,300	-26.36%	311	44.65%	47	99.2%
85226	$209,000	-22.65%	137	57.47%	63	97.4%
85228	$73,500	N/A	1	N/A	88	106.5%
85232	$58,900	-54.69%	1	0.00%	11	100.0%
85233	$190,100	-16.44%	165	68.37%	58	98.5%
85234	$193,500	-19.51%	236	50.32%	54	98.1%
85236	$207,400	0.78%	5	-28.57%	211	98.5%
85238	$154,700	19.00%	3	50.00%	77	94.9%
85239	$94,100	-33.55%	13	-31.58%	93	99.7%
85240	$100,500	N/A	2	N/A	6	98.1%
85242	$240,300	-6.02%	122	-33.70%	65	96.6%

*** % Change of current quarter compared to the same quarter to year ago.

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Data by Zip Codes for Q4 2009

Zip Code	Average Price	Price Change ***	Total # Homes Sold (Quarter)	% Change in # Homes Sold ***	Average Days on Market	% of Asking Price (Sold/ List Price)
85243	$91,500	N/A	2	N/A	7	101.7%
85248	$263,800	-9.53%	175	63.55%	83	95.4%
85249	$292,900	-7.40%	232	45.00%	70	96.5%
85250	$233,200	-16.95%	97	70.18%	101	95.5%
85251	$224,100	-26.96%	234	110.81%	77	94.2%
85253	$1,381,800	-28.07%	86	138.89%	167	89.1%
85254	$318,600	-14.72%	197	53.91%	73	95.3%
85255	$566,800	-26.23%	297	80.00%	80	93.3%
85257	$160,700	-19.61%	121	83.33%	79	97.8%
85258	$357,200	-8.27%	144	65.52%	90	94.2%
85259	$610,400	5.04%	120	73.91%	111	94.4%
85260	$304,000	-32.77%	211	93.58%	86	94.4%
85262	$800,300	-7.98%	156	73.33%	146	90.3%
85263	$461,500	-1.49%	14	133.33%	125	89.4%
85264	$335,000	-62.98%	1	0.00%	265	96.8%
85266	$569,900	-24.89%	66	69.23%	100	92.6%
85268	$356,100	-17.93%	159	51.43%	85	94.6%
85281	$151,500	-20.93%	101	119.57%	62	96.0%
85282	$161,700	-20.74%	120	57.89%	52	97.1%
85283	$166,700	-21.85%	108	58.82%	72	97.1%
85284	$343,000	-14.10%	50	4.17%	74	95.5%
85286	$247,600	-11.70%	184	62.83%	60	97.4%
85295	$201,100	-14.82%	228	53.02%	54	99.5%
85296	$192,700	-18.69%	240	34.08%	54	99.4%
85297	$229,100	-16.48%	160	7.38%	53	98.2%
85298	$271,300	-8.28%	137	57.47%	65	97.3%
85301	$61,500	-20.23%	162	35.00%	42	100.0%
85302	$97,900	-23.46%	174	83.16%	47	99.7%
85303	$100,100	-11.42%	169	29.01%	49	100.8%
85304	$107,300	-36.77%	128	91.04%	47	98.7%
85305	$157,900	-26.76%	57	32.56%	57	99.6%
85306	$118,100	-16.89%	105	77.97%	46	99.7%
85307	$111,800	-20.71%	50	11.11%	64	102.3%
85308	$170,900	-24.75%	281	67.26%	55	97.4%
85310	$197,300	-18.00%	85	49.12%	53	99.3%
85320	$50,000	N/A	1	N/A	6	83.3%

*** % Change of current quarter compared to the same quarter to year ago.

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Data by Zip Codes for Q4 2009

Zip Code	Average Price	Price Change ***	Total # Homes Sold (Quarter)	% Change in # Homes Sold ***	Average Days on Market	% of Asking Price (Sold/ List Price)
85322	$63,200	N/A	5	N/A	69	99.1%
85323	$103,900	-22.58%	319	36.91%	46	102.2%
85326	$97,900	-17.31%	512	63.58%	56	100.6%
85329	$72,500	N/A	2	N/A	44	96.7%
85331	$364,500	-10.64%	141	48.42%	74	95.6%
85335	$81,000	-15.71%	238	3.93%	40	103.8%
85337	$91,000	127.50%	2	100.00%	27	100.6%
85338	$142,800	-17.98%	393	59.11%	46	99.1%
85339	$137,100	-22.23%	345	62.74%	57	101.1%
85340	$200,300	-9.12%	211	34.39%	58	97.3%
85342	$102,200	-34.02%	5	400.00%	34	97.6%
85345	$95,100	-23.98%	289	61.45%	48	101.0%
85351	$100,800	-17.38%	176	23.94%	99	93.7%
85353	$106,800	-18.54%	295	22.92%	48	102.4%
85354	$48,600	-36.47%	41	241.67%	76	91.0%
85355	$203,200	-17.67%	77	140.63%	58	98.6%
85361	$126,700	-16.86%	36	100.00%	76	97.2%
85363	$76,900	-31.34%	55	129.17%	44	101.7%
85373	$140,200	-14.15%	121	45.78%	83	96.4%
85374	$153,900	-8.56%	329	38.82%	67	97.0%
85375	$183,800	-10.78%	218	65.15%	115	94.2%
85377	$596,400	-20.98%	28	75.00%	115	93.2%
85379	$146,200	-17.21%	399	14.99%	48	100.9%
85381	$167,700	-21.82%	91	59.65%	59	98.6%
85382	$175,200	-15.93%	185	79.61%	71	98.4%
85383	$260,100	-13.76%	286	42.29%	69	97.4%
85387	$232,600	-15.45%	80	122.22%	68	96.1%
85388	$147,000	-12.29%	225	33.93%	44	99.6%
85390	$157,100	-35.77%	21	75.00%	119	94.4%
85392	$125,500	-21.56%	221	4.74%	49	99.5%
85395	$214,700	-12.26%	153	56.12%	60	98.4%
85396	$176,200	-20.77%	152	123.53%	69	96.6%

*** % Change of current quarter compared to the same quarter to year ago.

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Local Report

Pinal County, AZ

Buyer's Market	1	2	3	4	5	Seller's Market

Labor Market :

In the first two months of the fourth quarter, 54 jobs were added to the payrolls of Pinal County. As a result of these new jobs, the average monthly unemployment rate fell from 12.1% during the third quarter to 11.8% for October and November. This steady job creation may help to maintain demand for home purchases. Favorable mortgage rates should support this trend.

Housing Market :

	Q3' 09	*Q4' 09*	*Q1' 10 (Forecast)*
Average Price	**$115,200**	**$112,300**	↔
# Homes on the Market *	**5,736**	**4,845**	↑
# Homes Sold **	**2,665**	**2,678**	↔
# New Homes Built ***	**706**	**318**	↑
Avg # of Days on Market	**61**	**51**	↑

* Available as of Dec. 31, 2009.
** May not add to total of zip codes.
*** During the first two months of 4th quarter.

Data by Zip Codes for Q4 2009

Zip Code	Average Price	Price Change ***	Total # Homes Sold (Quarter)	% Change in # Homes Sold ***	Average Days on Market	% of Asking Price (Sold/ List Price)
85085	$275,000	N/A	1	N/A	30	100.0%
85118	$210,200	N/A	49	N/A	34	96.1%
85119	$130,000	N/A	40	N/A	19	98.2%
85120	$90,400	N/A	41	N/A	18	98.3%
85122	$95,900	N/A	110	N/A	24	98.3%
85123	$57,200	N/A	43	N/A	28	97.2%
85128	$75,900	N/A	43	N/A	20	99.4%
85131	$97,200	N/A	19	N/A	32	90.7%
85132	$101,600	N/A	63	N/A	23	98.9%

*** % Change of current quarter compared to the same quarter to year ago.

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Local Report

Pinal County, AZ

Data by Zip Codes for Q4 2009

Zip Code	Average Price	Price Change ***	Total # Homes Sold (Quarter)	% Change in # Homes Sold ***	Average Days on Market	% of Asking Price (Sold/ List Price)
85138	$114,100	N/A	200	N/A	18	101.5%
85139	$105,800	N/A	108	N/A	18	102.8%
85140	$120,700	N/A	115	N/A	21	100.9%
85142	$111,900	N/A	107	N/A	21	99.4%
85143	$105,800	N/A	228	N/A	21	99.8%
85173	$110,000	N/A	1	N/A	540	78.6%
85193	$121,700	N/A	3	N/A	27	96.6%
85194	$232,400	N/A	9	N/A	11	101.4%
85208	$95,000	N/A	1	N/A	2	100.0%
85218	$241,100	-4.70%	70	12.90%	88	93.5%
85219	$128,900	-0.77%	57	1.79%	96	96.4%
85220	$95,100	-11.45%	74	25.42%	76	95.0%
85222	$108,100	-17.42%	142	-24.87%	84	96.0%
85223	$75,300	-1.70%	37	-46.38%	183	93.7%
85228	$74,700	-21.37%	75	25.00%	58	97.9%
85231	$108,700	-6.21%	24	84.62%	109	94.8%
85232	$85,700	-8.83%	88	-5.38%	69	97.7%
85237	$85,000	N/A	1	N/A	224	95.5%
85238	$112,000	-16.17%	201	-16.94%	74	99.6%
85239	$104,500	-19.31%	161	-18.27%	73	102.8%
85240	$110,200	-20.26%	140	-10.83%	61	100.5%
85242	$124,300	-4.38%	161	-30.30%	66	99.3%
85243	$109,500	-7.44%	242	-35.64%	62	100.2%
85272	$207,000	-39.60%	2	-33.33%	205	95.0%
85273	$51,000	-72.43%	3	200.00%	20	111.0%
85293	$139,100	-28.22%	4	100.00%	87	89.3%
85294	$152,100	-27.61%	14	-33.33%	119	91.5%
85705	$25,000	N/A	1	N/A	20	125.0%

*** % Change of current quarter compared to the same quarter to year ago.

One Year After the Crash

By Ken Fears, Manager of Regional Economics

A lot can change in one year. In September of 2008, the Lehmen Brothers investment bank declared bankruptcy. The subsequent chain of events sent global credit markets into turmoil and brought many local housing markets to a virtual standstill. Nationally, seasonally adjusted home sales slipped 11.0% between September and November of 2008. However, over the 12 months ending in November of 2009, home sales rose 44.1% to reach 6.540 million at a seasonally adjusted and annualized rate. Here in the market covered by the Arizona Regional MLS sales were 39.4% higher in December of 2009 than 12 months earlier, a significant gain. Much of this momentum is due to unprecedented government incentives through record low mortgage rates and tax credits. But how will the market fair in 2010 when these incentives are eliminated?

The first-time home buyer tax credit was originally set to expire in late November of 2008. Any home sold by November 30th was eligible for the credit. However, it can take a month to two months to close a contract, so only homes that were under contract in October had a realistic chance of closing in time to use the credit. Consequently, looking at the change in demand from October to November of 2009 can be informative. Nationally, the number of homes under contract rose for nine consecutive months, peaking in October and then falling 15.5% in November of 2009. Likewise, sales fell 16.2% between November and December, reflecting the slump in November contracts. Locally, the number of homes sold rose 3.1% between November and December of 2009. It is unlikely that sale should remain as strong as their November highs, but homes sales should remain above 2009 levels because of the decline in layoffs and improved consumer confidence.

	Less than $1 Million	More than $1 Million
Sales Q4 2008	15,036	147
Sales Q4 2009	22,872	188

Another change has developed in the market that could support stronger sales in 2010. A large jump in jumbo mortgage rates created a disproportionate increase in inventory at the higher price ranges in 2007 and 2008, but sales at the upper end have since picked up. The strong incentives for first time buyers spurred buying at the lower end of the market, but the improvement at the upper price range was due to a different factor: better mortgage rates. The spread between average 30-year fixed rate on a jumbo and FHA rates fell from 143 basis points in January of 2009 to 71 basis points in December of 2009[1]. As a result, sales have rebounded and the months supply of homes for sale above $1,000,000 has tightened (improved) from 63.8 in November of 2008 to 23.3 months in November of 2009. Here in the market covered by the Arizona Regional MLS, sales of homes over $1,000,000 rose by 27.9% from December 2008 to December 2009.

The housing market in 2010 is virtually guaranteed to be better than that of 2009. Sales will improve at the upper end of the market as banks' view of non-agency backed loans as less risky spreads. But rising mortgage rates across the board may create headwinds for sales growth as the economy recovers in late 2010. Regardless, the national market will likely achieve a higher level of sales volume, well below the heady days of 2006, but at a steady, more stable level of sales.

[1] Source: Bankrate.com

A New Year: Good Prospects, Lingering Challenges

by Lawrence Yun, *NAR Chief Economist*

Happy New Year! I think we were all glad to say good-bye to 2009 and the recession, a suffering job market, and at least for most of the year, very sluggish housing activity.

Fortunately, towards the end of last year things were looking up for housing (finally). As we saw, the first time home buyer tax credit provided a strong incentive for buyers to enter the market. From a sales pace of 4.5 million units (seasonally adjusted annualized pace) in the immediate months prior to the tax credit stimulus, existing-home sales soared to 6.1 million and 6.5 million in October and November, respectively. Now with the tax credit having been extended (and expanded) and the new deadline not looming until the middle of 2010, the deep cold winter will bring us a few calm months before another surge in home sales in spring and early summer. Of course, the big question is, once the tax credit goes away in the second half of the year, what can we expect?

The key to a real and sustainable housing market recovery can be summed up in one word: jobs! The job market continues to struggle despite recent respectable gains in production. That is, total production as measured by GDP grew for the first time in two years in the third quarter of 2009, by a decent 2.2 percent growth rate. Early indications are that the economy expanded by better than 4 percent in the final (fourth) quarter of 2009. Based on many economic indicators - from consumer credit and retail sales to the need for inventory restocking and rising exports - GDP is expected to expand by close to 3 percent for all of 2010. While that 3 percent GDP growth is somewhat lackluster coming out of a deep recession, the worst is definitively over.

Even as production rises, companies coming out of a recession push their existing workers to do more rather than hiring new workers to raise production. Not surprisingly, the unemployment rate remained high at 10 percent in December as far fewer people were working (or even looking for work) during the month. In December a net 85,000 payroll jobs were lost according to company survey data in December tracked by the Bureau of Labor Statistics. In a separate survey of households which asks people whether or not they have a job, there were 589,000 net fewer jobs. Since the beginning of the recession two years ago, the country has shed 7.2 million jobs. Over the short term, the unemployment rate will, I'm afraid, go higher - possibly even to 10.5 percent, particularly if many of the discouraged workers re-enter the labor force and start applying for a job.

However, there are several signs pointing towards potentially consistent job creation in the second half of the year. In December, temporary help employment rose for a fifth straight month. Because many companies first turn to such "temp" jobs coming out of a recession, this rising trend should imply permanent job creations starting in few months. Past historical experience also show that temp jobs rise before permanent jobs.

Sector by sector, manufacturing companies continue to bleed heavily while jobs are still being cut sharply in construction because of weak housing starts and near total collapse in new commercial real estate construction. Jobs at state and local governments fell slightly in December. There will be continuing pressure throughout this year for further job cuts as most state and local governments are running relatively high budget deficits and generally by law have to balance their books.

There are some bright spots. Those sectors that have been gaining jobs consistently have been in health care service and in education. For a recent college graduate with a nursing or education degree, the job

prospects are much better. Another sector that had been hammered badly but is now showing job additions is the professional business service sector (e.g., accounting, management consulting, and law offices) which added about 50,000 payrolls in December. That could signal some good news for commercial real estate: these job gains will require office space, so this could be the very first sign of potential improvement and business opportunities for commercial REALTORS®.

Another bright spot: 2010, fortunately, happens to be the year of the Census and the counting of people. Consequently, the government will hire about one million people this year to collect and process the data. Yes, these jobs will be mostly temporary. But nonetheless it will provide jobs and income support until the private sector begins to add jobs on a permanent basis. Currently, the private sector is on the sidelines with a wait-and-see approach. But with overall production continuing to gain respectably, the private sector will eventually need to boost payroll. As the home buyer tax credit expires in June, private sector job creation will be key to a sustainable housing market recovery. My best guess is about 100,000 net job gains per month in the second half of the year.

Assuming the job market does turn around then, home sales for the year will be about 10 percent higher in 2010 compared to 2009. With inventory being absorbed, home values will likely squeak out a gain for the year as a whole. That is important in terms of boosting consumer confidence about home buying.

Home values are also important for boosting income for REALTORS®. Residential brokerage commission fell in 2009 by 6.2 percent to $40.6 billion according to Real Trends. That figure is roughly in line with NAR's estimated 8 percent decline in average commission income based on 5 percent higher unit sales but 13 percent decline in home values in 2009. While it's true that REALTORS® were much busier than normal in 2009 - both in terms of having more customers as well as having to spend longer on home sales transactions (particularly in regards to short-sales) - lower home values led to overall reduction in income on

Based on our home sales and home price projections for 2010, I think we can expect about a 12 to 19 percent rise in overall commission income in 2010. The forecast is never "on the money" (no pun intended) and the actual figure could be measurably higher or lower. Still, I'm comfortable in saying that following four years of a housing market recession, aggregate income is more likely to be up because of the tax credit in the first half of the year and the job creation in the second half.

However, any rise in the aggregate commission income for REALTORS® as a whole may not be reflected in the income for individual REALTORS® if many more people enter the profession. (Remember, this happened during the housing boom years.) Those contemplating entering the profession need to be aware of the business challenges in the early years of a real estate career. The average income of REALTORS® with less than two years of experience is well below $20,000 per year before expenses. In addition, referrals and personal relationships have been the dominant factors in drawing new clients. Over 80 percent of recent home buyers and home sellers recommend (or will likely recommend) their specific REALTOR® to colleagues, friends, and family members. As with any dynamic entrepreneurial business, there will be some start-ups who will do very well, but the initial edge in real estate business will be with veterans who have served their clients well in the past.

This table reflects data available through January 8th 2010.

Monthly Indicator	Recent Statistics	Likely Direction Over the Next Six Months	Forecast
Existing Home Sales rose 7.4% in November to a seasonally adjusted annual rate of 6.54 million units. November resales were more than 44% higher than a year ago and at their highest level since February of 2007. The healthy sales activity helped draw down existing-home inventory to 3.52 million units – a 6.5 month supply at the current sales pace. The national median home price for an existing home was $172,600.	Nov 09 6,540 Oct 09 6,090 Nov 08 4,540	↑	Second surge coming in spring
New Home Sales declined 11.3% in November to a seasonally adjusted annual rate of 335,000 units. November's sales pace was 9.0% off that recorded in November 2008. While the actual number of new homes available for sale decreased to 235,000, inventory rose to a 7.9 month supply at the current sales pace.	Nov 09 355 Oct 09 400 Nov 08 390	↑	The worst is past
Housing Starts posted a seasonally adjusted annual rate of 574,000 in November – a 8.9% increase from October's level, but 12.4% off the rate a year ago. Single-family starts rose 2.1%. Housing permits – generally a reliable indicator of future starts – climbed 6.0% from the previous month.	Nov 09 574 Oct 09 527 Nov 08 655	↑	Construction loans are difficult to come by but more new homes will be built in 2010
Housing Affordability remains at a fairly high level. NAR's latest Housing Affordability Index (HAI) posted a reading of 167.7 in November, just marginally off October's index of 167.8 but well above the 144.3 index reading in November of 2008. Continuing low home prices and mortgage rates are keeping the index historically high.	Nov 09 167.7 Oct 09 167.8 Nov 08 144.3	↓	Soft income growth from high unemployment rates
Mortgage Rates increased slightly, as the average 30-year fixed rate rose from 4.88% in November to 4.93% in December. As the economy further strengthens, the Federal Reserve is likely to raise its overnight target rate, and this will push up short-term interest rates such as those for adjustable-rate mortgages. However, no Fed action is anticipated until the second half of 2010.	Dec 09 4.93% Nov 09 4.88% Dec 08 5.29%	↑	Will no longer remain at rock bottom levels
Employment Despite encouraging signs in other sectors of the economy, the job market continues to be a worry. In December, 85,000 jobs were lost, much worse than most analysts expected. November's revised employment figure actually showed a gain of 4,000 – the first job creation figure in nearly two years. That good news was tempered by an upwardly revised job loss number in October. The unemployment rate was nchanged at 10%, most likely due to people who have stopped looking for work.	Dec 09 -85 Nov 09 +4 12-month total: -4,164	↑	Net job gains possibly from spring and definitely by summer
Economic Growth The U.S. economy grew at a 2.2% rate in the third quarter of 2009. This is the third and final estimate of GDP growth based on more complete data. For comparison, second quarter 2009 real GDP growth was -0.7%. The positive GDP growth figure reflects increases in personal consumption expenditures, exports, and federal government spending, as well as contributions from private inventory and residential fixed investment.	2009:III +2.2% 2009:II -0.7% 2008:III -0.5%	↑	Not a robust postrecession growth, but still an expansion

Notes: All rate are seasonally adjusted. New home sales, existing home sales, and housing starts are shown in thousands. Empbyment growth is shown as month-to-month change in thousands. Inflation is shown as the month-to-month change in the Consumer Price Index. Sources: NAR, Bureau of the Census, Bureau of Labor Statistics, Freddie Mac, and the Mortgage Bankers Association