Economic and Market Watch Report

2nd Quarter, 2008

ARMLS
ARIZONA REGIONAL MULTIPLE LISTING SERVICE, INC.

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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.

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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 :

Maricopa County saw 4,378 layoffs occur during April and May. Despite the decline in employment, the average monthly unemployment rate fell from 3.6% during the first quarter to 3.3% in the first two months of the second quarter. More jobs are needed to augtment the historically low mortgage rates to maintain home sales.

Housing Market :

	Q1' 08	*Q2' 08*	*Q3' 08 (Forecast)*
Average Price	**$314,000**	**$286,500**	↑
# Homes on the Market *	**56,910**	**53,661**	↓
# Homes Sold **	**9,313**	**19,845**	↔
# New Homes Built ***	**2,243**	**1,915**	↔
Avg # of Days on Market	**91**	**87**	↑

* Available as of Jun. 30, 2008.
** May not add to total of zip codes.
*** During the first two months of 2nd quarter.

Data by Zip Codes for Q2 2008

Zip Code	Average Price	Price Change ***	Total # Homes Sold (Quarter)	% Change in # Homes Sold ***	Average Days on Market	% of Asking Price (Sold/ List Price)
80522	$99,900	N/A	1	N/A	12	100.9%
84242	$277,500	N/A	1	N/A	165	97.4%
85003	$381,700	-7.15%	25	-19.35%	104	94.3%
85004	$348,100	-5.10%	10	-52.38%	47	97.2%
85006	$185,300	-26.70%	39	-15.22%	64	95.3%
85007	$326,000	-11.63%	27	-28.95%	114	90.8%
85008	$184,100	-9.35%	74	-28.16%	73	94.7%
85009	$70,300	-58.89%	35	-33.96%	64	88.2%
85010	$175,000	N/A	1	N/A	15	100.0%

*** % 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 Q2 2008

Zip Code	Average Price	Price Change ***	Total # Homes Sold (Quarter)	% Change in # Homes Sold ***	Average Days on Market	% of Asking Price (Sold/ List Price)
85012	$393,700	-33.00%	15	-40.00%	119	96.7%
85013	$270,500	-17.68%	37	-47.89%	106	94.4%
85014	$227,100	-15.86%	65	-26.97%	83	95.2%
85015	$168,300	-18.50%	57	-42.42%	79	94.7%
85016	$363,200	-31.24%	111	-26.00%	84	95.2%
85017	$107,000	-32.06%	61	-14.08%	76	97.6%
85018	$556,500	-0.61%	140	-20.45%	92	92.9%
85019	$126,200	-32.91%	50	-1.96%	68	96.1%
85020	$278,200	-8.18%	80	-45.95%	88	94.7%
85021	$278,500	-16.62%	70	-14.63%	86	94.9%
85022	$251,600	-16.66%	136	-24.44%	106	94.6%
85023	$230,800	-19.83%	94	-10.48%	70	96.1%
85024	$266,600	-10.39%	126	1.61%	63	97.2%
85027	$172,100	-23.85%	138	2.22%	73	97.1%
85028	$383,300	-11.05%	54	-36.47%	99	94.2%
85029	$165,500	-22.08%	99	-16.81%	69	97.2%
85031	$106,200	-39.73%	50	31.58%	73	97.0%
85032	$226,300	-18.45%	216	-14.96%	79	96.2%
85033	$110,100	-36.10%	78	-22.00%	66	98.0%
85034	$142,200	-37.71%	6	0.00%	128	90.8%
85035	$103,200	-43.45%	65	18.18%	47	97.6%
85037	$153,800	-28.90%	153	-3.16%	67	97.3%
85040	$162,600	-8.39%	43	-21.82%	73	95.1%
85041	$193,700	-21.64%	181	-4.23%	89	98.2%
85042	$209,700	-16.95%	96	-15.79%	80	96.2%
85043	$154,500	-33.15%	131	43.96%	73	97.6%
85044	$292,400	-15.64%	157	-2.48%	98	96.1%
85045	$412,600	-18.07%	49	-12.50%	117	94.6%
85048	$338,300	-27.99%	179	16.99%	86	95.4%
85050	$339,400	-15.02%	132	3.13%	84	96.4%
85051	$148,000	-23.04%	89	-10.10%	62	96.6%
85053	$193,900	-18.22%	77	-3.75%	80	95.9%
85054	$404,400	-21.29%	35	16.67%	111	94.9%
85056	$263,700	N/A	1	N/A	30	100.0%
85083	$354,600	N/A	56	N/A	53	94.3%
85085	$304,700	-25.43%	116	27.47%	80	95.8%

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

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Data by Zip Codes for Q2 2008

Zip Code	Average Price	Price Change ***	Total # Homes Sold (Quarter)	% Change in # Homes Sold ***	Average Days on Market	% of Asking Price (Sold/ List Price)
85086	$330,200	-22.63%	337	56.02%	81	95.5%
85087	$339,800	-12.69%	42	27.27%	125	92.0%
85201	$149,900	-16.63%	72	-40.98%	75	95.7%
85202	$184,200	-12.20%	91	-43.13%	89	96.5%
85203	$216,900	-19.43%	77	1.32%	73	96.5%
85204	$163,500	-22.99%	146	4.29%	62	96.8%
85205	$208,600	-11.20%	132	-20.48%	84	96.6%
85206	$188,600	-19.26%	155	2.65%	94	94.4%
85207	$388,200	2.40%	171	4.27%	87	94.6%
85208	$151,200	-20.50%	177	8.59%	77	97.0%
85209	$217,900	91.14%	196	19500.00%	76	95.9%
85210	$165,900	-11.19%	57	-25.00%	86	97.3%
85212	$230,100	-20.41%	112	15.46%	66	98.4%
85213	$324,900	-5.25%	93	3.33%	96	94.2%
85215	$252,000	-15.83%	55	-40.86%	130	94.2%
85218	$177,000	-42.53%	1	0.00%		88.5%
85219	$143,800	43.80%	1	0.00%	8	95.9%
85220	$178,200	-21.36%	6	0.00%	52	95.9%
85222	$143,000	N/A	1	N/A	16	100.0%
85224	$229,600	-14.20%	135	-23.30%	79	96.2%
85225	$207,700	-17.84%	213	-10.88%	79	97.1%
85226	$275,700	-25.93%	125	-31.69%	74	97.3%
85230	$380,000	N/A	1	N/A	94	95.0%
85232	$158,000	-4.76%	1	0.00%	27	100.0%
85233	$248,600	-20.01%	143	-20.99%	65	96.5%
85234	$276,400	-18.22%	222	29.82%	82	95.7%
85236	$221,300	-20.91%	34	-62.64%	63	95.6%
85238	$152,200	N/A	9	N/A	50	97.9%
85239	$213,800	6.26%	26	-23.53%	93	99.7%
85242	$279,000	-30.34%	239	121.30%	97	96.3%
85243	$196,500	N/A	6	N/A	56	96.2%
85248	$305,800	-20.09%	269	-14.06%	115	94.7%
85249	$340,100	-18.66%	287	-8.89%	98	94.9%
85250	$309,300	-11.70%	87	-33.59%	103	93.9%
85251	$388,100	5.92%	169	-17.16%	101	94.1%
85253	$1,704,500	-7.04%	71	-34.26%	151	90.7%

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

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Zip Code	Average Price	Price Change ***	Total # Homes Sold (Quarter)	% Change in # Homes Sold ***	Average Days on Market	% of Asking Price (Sold/ List Price)
85254	$461,600	-7.27%	180	-13.04%	98	94.5%
85255	$737,500	-19.04%	260	-5.80%	112	93.0%
85257	$227,500	-18.66%	97	-3.96%	83	95.3%
85258	$488,600	-8.43%	179	-16.74%	93	93.3%
85259	$594,600	-34.68%	115	-26.28%	97	93.6%
85260	$452,100	-13.77%	174	-19.44%	104	94.5%
85262	$1,281,900	6.67%	120	-46.67%	139	92.5%
85263	$533,400	-14.38%	21	-16.00%	186	92.7%
85266	$827,400	-19.67%	53	5200.00%	114	94.4%
85268	$515,100	5.62%	197	-9.22%	100	93.5%
85281	$256,000	-5.67%	129	-5.15%	84	94.4%
85282	$230,800	-9.38%	142	-24.06%	69	96.4%
85283	$241,700	-12.55%	98	-19.67%	75	95.8%
85284	$406,800	-28.39%	55	-26.67%	86	95.4%
85285	$162,500	N/A	1	N/A	70	72.2%
85286	$305,900	N/A	129	N/A	64	95.9%
85295	$267,600	N/A	161	N/A	57	96.7%
85296	$260,100	-21.94%	245	-10.26%	81	96.6%
85297	$287,800	-23.54%	213	-15.81%	89	95.4%
85298	$336,600	N/A	78	N/A	93	95.9%
85299	$215,000	N/A	1	N/A	21	97.8%
85301	$138,300	-15.52%	63	-40.00%	81	97.8%
85302	$170,900	-20.36%	98	-10.91%	82	97.5%
85303	$193,600	-21.24%	107	40.79%	86	98.0%
85304	$202,200	-22.17%	75	-6.25%	97	96.7%
85305	$228,500	-37.00%	49	88.46%	66	97.7%
85306	$195,500	-15.22%	51	-31.08%	70	96.5%
85307	$187,100	-25.61%	30	57.89%	80	96.4%
85308	$255,100	-16.61%	257	0.00%	82	96.7%
85310	$293,100	-23.21%	103	-7.21%	88	95.4%
85320	$325,000	170.83%	2	100.00%	329	69.2%
85322	$655,600	N/A	3	N/A	86	112.2%
85323	$175,500	-32.27%	302	11.85%	93	98.4%
85325	$197,000	N/A	1	N/A	213	98.5%
85326	$162,600	-34.04%	221	39.87%	82	97.6%
85328	$90,000	N/A	1	N/A	71	81.2%

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Data by Zip Codes for Q2 2008

Zip Code	Average Price	Price Change ***	Total # Homes Sold (Quarter)	% Change in # Homes Sold ***	Average Days on Market	% of Asking Price (Sold/ List Price)
85329	$158,000	-10.99%	1	-50.00%	131	105.4%
85331	$470,600	-21.44%	113	-19.29%	122	94.6%
85332	$130,000	N/A	1	N/A	253	92.9%
85335	$139,200	-31.70%	164	27.13%	68	100.3%
85337	$89,000	-21.10%	1	-50.00%	8	92.2%
85338	$229,400	-24.34%	319	18.59%	105	94.4%
85339	$211,400	-30.85%	171	52.68%	61	97.8%
85340	$278,000	-22.15%	146	46.00%	89	96.3%
85342	$143,400	-42.36%	5	25.00%	120	94.2%
85345	$159,300	-23.74%	160	-16.67%	78	97.5%
85351	$150,500	-7.21%	222	-21.28%	117	93.5%
85353	$180,600	-28.02%	194	120.45%	78	99.4%
85354	$161,300	-19.55%	12	-55.56%	119	93.1%
85355	$315,300	-33.01%	24	9.09%	61	96.2%
85361	$245,500	-5.90%	21	-30.00%	140	94.0%
85362	$310,000	N/A	1	N/A	20	106.9%
85363	$134,100	-27.32%	24	-17.24%	70	98.7%
85373	$183,700	-19.82%	118	-24.36%	127	95.2%
85374	$211,100	-15.83%	304	7.42%	102	95.4%
85375	$217,300	-12.10%	297	15.12%	106	94.2%
85377	$737,900	-24.41%	23	-11.54%	135	94.8%
85379	$202,400	-24.28%	329	37.66%	61	98.3%
85381	$226,200	-27.22%	78	9.86%	93	95.6%
85382	$243,900	-11.47%	174	-21.27%	105	96.6%
85383	$343,900	-23.71%	220	41.03%	77	95.8%
85387	$307,200	-7.16%	57	-28.75%	142	94.8%
85388	$213,500	N/A	196	N/A	82	96.9%
85390	$262,900	-21.43%	33	10.00%	184	91.7%
85392	$197,300	N/A	124	N/A	73	96.0%
85395	$287,000	N/A	110	N/A	71	95.3%
85396	$306,700	N/A	75	N/A	81	92.5%
85628	$116,500	N/A	1	N/A	12	100.3%
85640	$215,000	N/A	1	N/A	85	93.7%
85851	$84,000	N/A	1	N/A	90	97.7%
86339	$219,900	N/A	1	N/A	42	100.0%
88210	$167,500	N/A	1	N/A	78	98.0%

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

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Zip Code	Average Price	Price Change ***	Total # Homes Sold (Quarter)	% Change in # Homes Sold ***	Average Days on Market	% of Asking Price (Sold/ List Price)
95395	$367,500	N/A	1	N/A	3	98.0%

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Local Report

Pinal County, AZ

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

Labor Market :

Pinal County saw 231 layoffs occur during April and May. Despite the decline in employment, the average monthly unemployment rate fell from 5.4% during the first quarter to 5% in the first two months of the second quarter. More jobs are needed to augtment the historically low mortgage rates to maintain home sales.

Housing Market :

	Q1' 08	*Q2' 08*	*Q3' 08* *(Forecast)*
Average Price	**$170,300**	**$163,500**	↑
# Homes on the Market *	**6,172**	**5,724**	↓
# Homes Sold **	**1,116**	**2,600**	↔
# New Homes Built ***	**996**	**731**	↔
Avg # of Days on Market	**86**	**79**	↑

* Available as of Jun. 30, 2008.
** May not add to total of zip codes.
*** During the first two months of 2nd quarter.

Data by Zip Codes for Q2 2008

Zip Code	Average Price	Price Change ***	Total # Homes Sold (Quarter)	% Change in # Homes Sold ***	Average Days on Market	% of Asking Price (Sold/ List Price)
84243	$158,900	N/A	1	N/A	140	100.0%
85212	$220,000	N/A	1	N/A	29	81.8%
85218	$337,900	1.29%	96	21.52%	111	94.7%
85219	$218,400	-11.36%	75	10.29%	100	94.1%
85220	$146,400	-22.33%	83	0.00%	54	97.6%
85222	$166,700	-20.88%	224	0.90%	87	96.0%
85223	$111,700	-25.58%	76	16.92%	88	95.4%
85225	$173,000	N/A	2	N/A	25	100.0%
85228	$108,500	-33.60%	39	0.00%	78	94.7%

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Data by Zip Codes for Q2 2008

Zip Code	Average Price	Price Change ***	Total # Homes Sold (Quarter)	% Change in # Homes Sold ***	Average Days on Market	% of Asking Price (Sold/ List Price)
85231	$88,500	-37.41%	16	-52.94%	134	96.3%
85232	$129,500	-28.33%	97	44.78%	81	95.3%
85237	$97,300	2.21%	2	-66.67%	27	102.0%
85238	$168,000	N/A	160	N/A	52	97.6%
85239	$162,400	-29.76%	301	96.73%	87	96.0%
85240	$157,600	N/A	98	N/A	60	97.6%
85242	$149,300	-33.35%	363	68.84%	81	98.6%
85243	$147,600	-29.24%	398	279.05%	71	97.1%
85249	$304,900	N/A	1	N/A	26	100.0%
85272	$117,300	-66.96%	2	0.00%	100	96.9%
85273	$98,300	13.90%	3	-25.00%	123	91.0%
85293	$160,800	N/A	5	N/A	111	93.3%
85294	$193,700	N/A	13	N/A	106	94.9%
85382	$239,400	N/A	1	N/A	184	89.7%

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

Improvement or Flash-in-the-Pan?

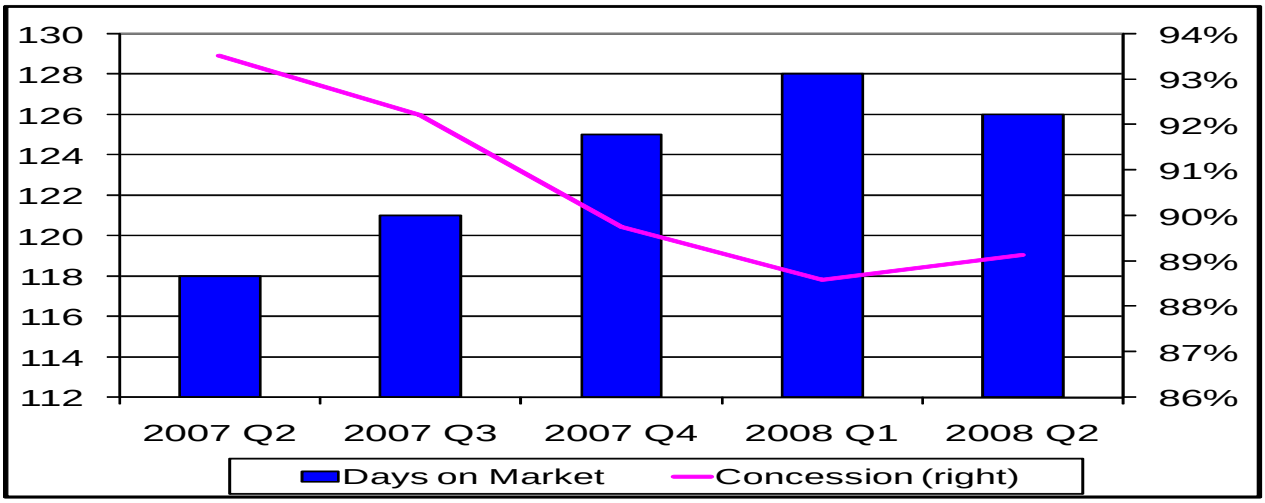
By Ken Fears
Manager, Regional Economics

Now that we can review the second quarter of 2008, sales rose with the seasonal upswing in demand and prices. But many factors such as moderating prices and historically low mortgage rates suggest that affordability is better today than it's been in years. With strong current conditions and the potential for rising mortgage rates, many periodicals and news figure-heads, even CNBC's once pessimist Jim Kramer has advised that now is the time to be looking to purchase. But are potential buyers following suit?

Home sales rose 2.0% nationally between April and May. This increase came even as mortgage rates rose from their January lows around 5.5% to nearly 6.4% in late June. Historically, sales and prices have tended to rise every spring and summer and decline during the fall and winter. This pattern is driven by the school year: families tend to move when the children are out of school. Since this extra demand is added to core demand during the warm months, sales volume increases. Also, as families require larger homes, the median price tends to rise as well.

Give this seasonal pattern, can it be asserted that the recent increase in sales is due to seasonal buying patterns or an actually improvement in buyer sentiments? Here in the market covered by the Arizona Regional MLS, sales fell 1.9% compared to the same period in 2007, while the average price has decreased 21.9% over this same period.

But simply looking at sales and prices on a year over year basis may not be enough. Since the national market slowdown has been in motion for nearly 2 years, there could be a year-over-year difference that does not account for an improvement in buyers sentiments during the intervening three quarters. In short, this market may be slower than a year ago, but it could have picked up in last three to six months. Changes to days on market and the concessions that sellers make might shed some light on this issue.



As can be seen from the graph above, average days on market rose over the 15-month period ending in June. Over this same period, the average concession fell. These patterns suggest that it is still unclear if there has been an improvement in consumers' perception of the market and willingness to participate actively.

This housing market is one of the most difficult in memory. The buyers that enter the market are finding their way to working out deals with sellers. But getting buyers to enter the market is the big problem. As the market moves away stalemate and to another, lower equilibrium, buyers are likely to come back to the market seeking deals. Potential buyers need to realize that deals won't seek them out, though. Good deals must be sought and bargained for.

Real Estate - A Nice "Commodity" Play!

by Lawrence Yun, NAR Chief Economist

We are all well aware of high commodity prices in today's market. Most tangible raw materials are commanding sky high prices. Oil, diesel, copper, steel, cement, and other construction related costs (except lumber) are all up substantially. Some have even brought back the Malthusian theory of too many people on earth outstripping available resources.

We can see the effect in inflation figures. In the past five years the consumer price index has risen 18 percent; the producer price index for construction has increased 39 percent during the same period.

In light of the resource price boom, one interesting angle that has not been delved into deeply is that real estate could be a nice commodity play. Real estate -- with all its tangible and concrete solid qualities (unlike paper financial assets) - has historically been a good hedge against inflation. High commodity prices -- and high inflation rates in the late 1970s and early 1980s -- led to double-digit gains in home prices. So why hasn't that happened this time?

One reason goes back to supply and demand. Right now there are too many home sellers (some of whom are trying to sell one of several properties they own) in relation to home buyers. The short-term dynamics of high home inventory (of both new and existing homes) will require some time to work off. However, once inventory reaches a manageable level, does it then mean that real estate prices will "catch-up" to reflect high commodity costs and the high costs of construction?

Think about two different households (one owner, one buyer) interested in homes situated where land is cheap and plentiful. How much are those homes worth? If a household desires to build a (new) home there, then the real price of that home will be the cost of construction.

But let's assume that the home owner wanted to charge a much higher price (i.e., more than the cost of construction) to sell that home to a buyer. The buyer would do well by simply building a new home at the cost of construction rather than paying the higher asking price. So the long-term home price equilibrium can be viewed simply as the cost of production. If the cost rises, then so will the home price. In areas of the country where developable land is relatively widely available, the rising cost of construction will surely then lead to proportionately higher home prices.

Of course, where land is not cheap and/or plentiful, then real estate prices will not only reflect the cost of construction, but also the shortage (in supply) and the premium value of the land. New York, San Francisco, and the Washington D.C. areas, for example, will always command high home prices because of the very limited land supply that is close to downtown job centers.

Inflation has been - and always will be -- a big headache for the country, our economy and consumers. One way for consumers to assuage the pain of inflation, however, is to own commodities. A simple, good way is to own real estate. If commodity prices further accelerate for some reason, you will automatically be in the game.

The Forecast

By Lawrence Yun, *Vice President, NAR Research*

Modest near-term movement is expected in existing-home sales, with a recovery in sales seen during the second half of the year. The Pending Home Sales Index,* NAR's forward-looking indicator based on contracts signed in May, fell 4.7 percent to 84.7 from an upwardly revised reading of 88.9 in April, and remains 14.0 percent below May 2007 when it stood at 98.5. Some pullback after a sharp increase in the previous month was expected. The overall decline in contract signings suggests we are not out of the woods by any means. The housing stimulus bill has become a law and this will begin to make a measurable impact in raising home sales later in the year.

But location has never mattered more than in the current market. Look at the pending home sales index for the West. While it's true the index slipped 1.3 percent to 97.5 in May in that region, it was 2.0 percent *higher* than it was in May of 2007. Indeed, some markets have seen a doubling in home sales from a year ago, while others are seeing contract signings cut in half. For instance, double-digit pending sales gains in May from a year ago were noted in Colorado Springs CO, Sacramento CA and Spartanburg SC. In addition, price conditions vary tremendously, even within a locality, depending upon a neighborhood's exposure to subprime loans.

Although inflationary expectations appear to be under control for the time being, sharper consumer price gains could lead to notably higher mortgage interest rates in 2009. Based on current indicators, the 30-year fixed-rate mortgage is forecast to rise gradually to 6.8 percent by the end of this year, and then hold at that level for most of 2009.

The speed at which home prices has declined in a few select markets is unprecedented, but the large price declines in those areas have enticed bargain hunters back into the market. Interestingly, there have been reports of multiple bidding after the large price cuts, so it is possible that most of the price declines have already occurred in those markets. The aggregate median existing-home price (on a national basis) is projected to fall 6.2 percent this year to $205,300, and then rise by 4.3 percent in 2009 to $214,100.

New-home sales are a different story. They are likely to fall 32.3 percent to 525,000 in 2008 and decline another 3.4 percent next year to 507,000. In light of high inventory conditions, rising commodity prices and construction costs will curtail new home construction deep into next year. Housing starts, including multifamily units, will probably fall 28.7 percent to 966,000 this year, and then drop another 9.0 percent in 2009 to 879,000. The precipitous drop in starts is due in part to some overbuilding during the "boom" years, as well as the rising costs of construction.

Officially, the U.S. economy has still not drifted into recession. In fact, GDP growth in the second quarter of this year was close to 2 percent. Growth in GDP is forecast at 1.6 percent for all of 2008 and 1.4 percent next year – not spectacular, but still positive. Inflation, as measured by the Consumer Price Index, is forecast at 3.7 percent this year and 2.4 percent in 2009. Inflation-adjusted disposable personal income is projected to grow 1.5 percent in both 2008 and 2009.

So, what does all this mean for housing consumers? It will continue to be a buyer's market for a while. Obviously, we will need to watch development with credit markets and the GSEs, but if a potential buyer can qualify for a mortgage, there is plenty of choice out there for homes.

Economic Monitor

This table reflects data available through July 2008.

Monthly Indicator	Recent Statistics	Likely Direction Over the Next Six Months	Forecast
Existing Home Sales posted 4.99 million seasonally adjusted annualized units in May – a 2.0% increase from April's level. Resales rose in all regions but the South, and even there they were only down 0.5%. The national median home price for an existing home was $208,600, down 6.3% compared to a year ago. The inventory of existing homes was at a 10.8 months supply at the current sales pace.	May 08 4,990 Apr 08 4,890 May 07 5,930	↑	Sales activity is getting turbo charged in areas with notable price declines as buyers pick up bargains.
New Home Sales declined 2.5% in May to a seasonally adjusted annualized rate of 512,000 units. April's figure was revised downward to 525,000 units. Sales of new homes are off 40.3% compared to the pace in May 2007. The supply of new homes available for sale rose slightly to a 10.9 months supply.	May 08 512 Apr 08 525 May 07 857	↓	Very few new homes being built
Housing Starts slipped 3.3% in May, posting a seasonally adjusted annualized rate of 975,000 units. Both single-family and multi-family units fell, but multifamily units are up compared to their year-ago level. Housing permits, generally a reliable indicator of future starts, fell for single-family units while posting a mild increase for multifamily units.	May 08 975 Apr 08 1,008 May 07 1,436	↓	High commodity prices will cut profit margins and negatively impact construction
Housing Affordability slipped in May. NAR's Housing Affordability Index stood at 125.4 for the month, down from the 130.6 reading in April. The decline was due in large part to increases in most of the components of the index, including a month-to-month rise in the median home price, as well as increases in mortgage rates and qualifying income. Even so, May's index is still well above the 110.4 posted in May 2007.	May 08 125.4 Apr 08 130.6 May 07 110.4	↑	Sizable gains in California, Florida, Nevada, and Arizona
Mortgage Rates The 30-year fixed mortgage rate jumped 28 basis points in June to 6.32%. Rates are at their highest level since since October 2007. But relatively low mortgage rates and weak home prices have been fueling local home sales in some markets such as those in California and Florida. Mortgage rates are expected to rise in the second half of the year, although at a steady level.	June 08 6.32% May 08 6.04% June 07 6.61%	↑	Inching higher because mortgage lenders want to be protected from inflation
Employment The U.S. economy shed 62,000 payroll jobs in June – the sixth straight month of job losses. April and May job figures were revised and showed more job losses than previously registered. Construction jobs have borne the brunt of job cuts, losing more jobs than any other sector over the past 12 months. Bright employment spots included health care, education, government, mining (from the commodity boom), and leisure/ hospitality sectors all of which posted job gains.	June 08 -62 May 08 -62 12-month total -42 thousand	↑	GDP expands and lifts labor demand
Economic Growth Despite ongoing job cuts, the U.S. economy did grow in the first quarter of 2008, posting a GDP growth rate of 1.0% for the quarter. The figure is an upward revision from a previous estimate of 0.9%. This is the third and final revision of GDP growth based on more complete data. For comparison, real GDP increased 0.6% in the fourth quarter of 2007. The increase reflects increased spending for services, exports of goods and services, and federal government spending.	2008:I 1.0% 2007:IV 0.6% 2007:I 1.2%	↔	GDP expands but not robustly as consumers are tapped out

Notes: All rate are seasonally adjusted. New home sales, existing home sales, and housing starts are shown in thousands. Employment 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