Economic and Market Watch Report

3rd Quarter, 2010

ARMLS®

ARIZONA REGIONAL MULTIPLE LISTING SERVICE, INC.

130 South Priest Drive
Tempe, Arizona 85281
(480) 921-7777

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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**

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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 :

Employment declined by 6,097 jobs in August and September. The job losses brought about an increase in the average monthly unemployment rate from 8.5% in the second quarter to 8.9% for the initial two months of the third quarter. Layoffs continued to rise, which will weigh buyer confidence and demand in Maricopa County. However, mortgage rates have once again hit record lows, creating a favorable buying environment for those with a job.

Housing Market :

	Q2' 10	*Q3' 10*	*Q4' 10* *(Forecast)*
Average Price	**$187,300**	**$177,100**	↔
# Homes on the Market *	**42,110**	**45,190**	↑
# Homes Sold **	**23,786**	**17,998**	↔
# New Homes Built ***	**1,488**	**933**	↑
Avg # of Days on Market	**68**	**69**	↑

* Available as of Sep. 30, 2010.
** May not add to total of zip codes.
*** During the first two months of 3rd quarter.

Data by Zip Codes for Q3 2010

Zip Code	Average Price	Price Change ***	Total # Homes Sold (Quarter)	% Change in # Homes Sold ***	Average Days on Market	% of Asking Price (Sold/ List Price)
85001	$86,600	N/A	3	N/A	11	94.5%
85003	$224,000	-8.53%	26	18.18%	86	91.8%
85004	$146,800	-18.72%	18	38.46%	45	93.0%
85006	$97,200	12.50%	78	-9.30%	71	95.1%
85007	$183,200	40.28%	27	-32.50%	81	95.8%
85008	$71,000	-12.67%	124	-27.06%	67	95.2%
85009	$38,700	-13.23%	54	-51.79%	66	96.8%
85012	$219,100	33.60%	35	-28.57%	100	92.8%

*** % 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 Q3 2010

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	$130,500	-17.77%	99	30.26%	61	93.8%
85014	$106,800	-25.21%	100	-28.57%	73	94.9%
85015	$74,600	-11.08%	114	-17.39%	73	94.0%
85016	$171,600	-15.88%	157	-6.55%	91	92.9%
85017	$48,000	-4.00%	95	-33.57%	61	97.4%
85018	$312,400	-8.28%	146	15.87%	85	92.4%
85019	$52,800	-7.21%	89	-32.58%	72	97.1%
85020	$155,300	-8.00%	139	14.88%	72	94.4%
85021	$149,400	-17.55%	91	-1.09%	67	94.2%
85022	$149,900	-8.09%	188	-2.08%	59	95.5%
85023	$125,800	-2.78%	116	-11.45%	75	94.5%
85024	$178,800	-5.15%	121	-8.33%	62	96.2%
85027	$91,800	-14.13%	167	-4.57%	61	96.9%
85028	$235,600	-15.37%	86	-7.53%	77	95.2%
85029	$78,100	-13.13%	169	-11.98%	60	96.8%
85031	$42,700	-5.53%	83	-36.64%	48	98.0%
85032	$121,700	-10.97%	297	-13.91%	63	96.3%
85033	$49,500	-0.20%	181	-37.59%	58	95.4%
85034	$60,300	-20.97%	5	-58.33%	52	91.5%
85035	$42,400	-10.17%	126	-30.77%	59	95.9%
85037	$75,900	-3.56%	275	-36.05%	47	98.4%
85040	$79,800	1.53%	95	-26.36%	59	95.4%
85041	$99,100	-3.41%	264	-31.78%	58	97.8%
85042	$110,500	-2.30%	160	-24.53%	68	97.9%
85043	$84,400	-4.95%	162	-54.62%	65	99.1%
85044	$203,300	-12.03%	129	0.78%	83	96.0%
85045	$298,200	-18.70%	41	28.13%	100	95.6%
85048	$228,000	-9.20%	223	19.89%	65	96.7%
85050	$286,800	10.95%	108	-32.50%	63	96.9%
85051	$76,200	9.64%	148	-24.49%	52	96.3%
85053	$90,800	-9.65%	131	-5.76%	54	97.1%
85054	$202,700	-9.10%	35	-20.45%	59	95.5%
85083	$229,000	-14.68%	110	-0.90%	106	98.5%
85085	$240,300	-6.24%	144	-4.64%	58	97.8%
85086	$232,000	-2.93%	345	-13.97%	70	97.5%
85087	$186,900	-10.62%	46	-30.30%	81	98.2%

*** % 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)
85120	$68,300	N/A	14	N/A	67	96.1%
85138	$90,500	N/A	2	N/A	94	103.5%
85140	$110,000	0.00%	1	0.00%	2	100.1%
85142	$202,600	-19.86%	183	1933.33%	57	97.9%
85143	$95,000	N/A	2	N/A	44	97.5%
85201	$72,800	-15.15%	132	-20.00%	61	95.2%
85202	$101,400	-10.82%	116	-5.69%	59	96.6%
85203	$116,900	-19.55%	100	-14.53%	75	95.6%
85204	$91,900	-4.27%	192	-41.28%	63	96.6%
85205	$139,200	1.75%	140	-14.11%	64	96.0%
85206	$140,500	-5.00%	124	-10.14%	94	95.6%
85207	$247,300	-4.22%	225	-4.66%	77	93.6%
85208	$97,900	-11.24%	155	-25.12%	67	97.4%
85209	$142,300	-9.07%	195	13.37%	65	97.2%
85210	$82,400	-12.25%	104	-6.31%	76	97.1%
85212	$172,800	-4.90%	135	-6.90%	65	99.0%
85213	$208,700	8.13%	127	25.74%	66	96.6%
85215	$204,200	-16.35%	60	-6.25%	74	96.0%
85216	$354,900	N/A	1	N/A	155	100.0%
85218	$129,000	-0.77%	1	0.00%	28	86.0%
85220	$67,000	-21.55%	2	-88.89%	96	95.8%
85224	$132,200	-24.50%	187	0.54%	66	97.2%
85225	$123,100	-9.02%	285	-12.04%	60	97.1%
85226	$175,400	-12.30%	126	-7.35%	65	97.3%
85233	$181,400	-5.27%	163	-5.23%	69	96.7%
85234	$191,400	-6.73%	218	-13.15%	58	96.7%
85236	$146,700	24.32%	3	200.00%	42	98.0%
85238	$89,000	-12.32%	1	-92.31%	1	100.0%
85239	$71,800	-27.69%	2	-85.71%	134	82.6%
85242	$227,300	-1.00%	21	-91.14%	164	94.8%
85248	$250,100	3.43%	171	17.12%	91	95.1%
85249	$299,300	-1.06%	218	-14.17%	78	97.2%
85250	$211,600	-4.86%	77	-9.41%	63	94.5%
85251	$186,700	-5.52%	204	4.62%	86	95.1%
85252	$55,000	N/A	1	N/A	26	79.1%
85253	$1,359,800	-20.54%	94	10.59%	144	90.3%

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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	$272,700	-15.49%	208	-2.80%	68	95.6%
85255	$560,700	-2.27%	270	-10.30%	92	91.7%
85257	$134,400	-11.52%	149	43.27%	64	96.1%
85258	$280,400	-20.99%	160	14.29%	83	95.5%
85259	$446,600	-19.95%	116	-1.69%	92	94.5%
85260	$316,800	-9.77%	190	1.60%	78	95.8%
85262	$747,600	2.98%	115	-22.30%	123	90.1%
85263	$351,500	0.29%	13	-7.14%	185	89.5%
85264	$745,000	-7.57%	1	0.00%	21	94.4%
85266	$627,000	-1.75%	67	-19.28%	159	93.7%
85268	$319,500	-13.77%	138	-14.81%	108	92.3%
85280	$167,000	N/A	1	N/A	28	93.3%
85281	$162,000	-10.79%	130	12.07%	77	94.8%
85282	$133,800	-20.45%	127	-11.19%	68	95.4%
85283	$153,000	-22.84%	122	-12.23%	57	95.1%
85284	$341,500	1.94%	48	-36.00%	63	96.1%
85286	$237,300	-2.22%	185	-10.63%	60	97.2%
85295	$182,700	-17.03%	224	-4.68%	63	98.0%
85296	$192,700	-1.13%	251	-0.79%	64	97.6%
85297	$220,100	0.14%	168	-13.40%	62	97.5%
85298	$261,300	-7.54%	149	-12.87%	71	96.4%
85301	$54,400	-15.53%	128	-28.89%	63	97.4%
85302	$91,400	-8.14%	154	-17.20%	59	97.8%
85303	$91,900	-0.76%	145	-40.33%	47	98.1%
85304	$102,300	-17.96%	153	28.57%	57	96.5%
85305	$138,600	-14.92%	48	-23.81%	53	96.3%
85306	$106,300	-0.93%	89	-6.32%	59	95.7%
85307	$92,500	-21.34%	32	-46.67%	46	97.0%
85308	$180,700	0.33%	278	-15.24%	59	97.0%
85310	$250,100	10.47%	104	-13.33%	71	94.5%
85322	$58,100	-2.84%	3	0.00%	49	122.5%
85323	$96,600	-5.57%	211	-42.82%	58	97.6%
85326	$92,300	-0.54%	408	-25.68%	59	98.1%
85331	$329,200	-2.46%	154	-9.94%	88	95.9%
85335	$78,100	0.39%	196	-37.97%	55	98.3%
85337	$64,900	50.93%	1	0.00%	5	100.0%

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Data by Zip Codes for Q3 2010

Zip Code	Average Price	Price Change ***	Total # Homes Sold (Quarter)	% Change in # Homes Sold ***	Average Days on Market	% of Asking Price (Sold/ List Price)
85338	$142,400	-0.21%	350	-17.45%	58	97.9%
85339	$122,600	-11.03%	320	-12.33%	70	98.6%
85340	$195,600	-8.47%	182	-11.22%	67	97.5%
85342	$119,300	-9.28%	3	-50.00%	338	97.6%
85345	$84,300	-8.77%	265	-16.93%	57	97.8%
85351	$87,300	-16.06%	171	11.76%	112	93.0%
85353	$99,100	-4.07%	202	-38.79%	61	98.5%
85354	$58,500	-14.22%	57	67.65%	74	95.3%
85355	$180,000	-21.40%	66	-2.94%	79	98.8%
85361	$116,200	-12.50%	32	-39.62%	66	96.5%
85363	$61,900	-23.58%	45	7.14%	35	101.9%
85373	$137,700	-8.32%	128	11.30%	70	96.7%
85374	$138,400	0.87%	258	-16.23%	79	96.5%
85375	$170,900	-6.00%	140	-21.79%	106	94.3%
85377	$604,800	-11.38%	28	-30.00%	139	91.8%
85379	$135,200	-3.36%	374	-15.00%	55	98.9%
85381	$150,300	-18.98%	92	0.00%	60	97.3%
85382	$163,100	-11.60%	190	-14.80%	74	97.2%
85383	$265,100	2.47%	283	-16.27%	80	97.1%
85387	$196,800	-1.70%	61	-22.78%	84	96.8%
85388	$136,400	-4.48%	206	-13.08%	62	98.2%
85390	$117,500	-46.93%	19	-17.39%	91	94.0%
85392	$121,300	-10.01%	202	-28.87%	52	98.1%
85395	$209,800	-5.11%	119	-21.71%	71	96.4%
85396	$188,600	9.59%	137	-22.60%	85	96.2%

*** % 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 :

Employment declined by 371 jobs in August and September. The job losses brought about an increase in the average monthly unemployment rate from 11.6% in the second quarter to 12.3% for the initial two months of the third quarter. Layoffs continued to rise, which will weigh buyer confidence and demand in Pinal County. However, mortgage rates have once again hit record lows, creating a favorable buying environment for those with a job.

Housing Market :

	Q2' 10	*Q3' 10*	*Q4' 10* *(Forecast)*
Average Price	**$111,300**	**$108,300**	↔
# Homes on the Market *	**4,936**	**5,365**	↑
# Homes Sold **	**2,978**	**2,125**	↔
# New Homes Built ***	**415**	**188**	↑
Avg # of Days on Market	**63**	**63**	↑

* Available as of Sep. 30, 2010.
** May not add to total of zip codes.
*** During the first two months of 3rd quarter.

Data by Zip Codes for Q3 2010

Zip Code	Average Price	Price Change ***	Total # Homes Sold (Quarter)	% Change in # Homes Sold ***	Average Days on Market	% of Asking Price (Sold/ List Price)
85118	$240,200	-51.70%	85	2733.33%	79	96.3%
85119	$131,400	87.18%	85	8400.00%	56	97.0%
85120	$95,900	17.09%	69	1625.00%	50	97.2%
85122	$97,500	34.30%	219	7200.00%	51	97.7%
85123	$58,100	14.82%	72	2300.00%	40	98.7%
85128	$76,500	9.60%	58	1833.33%	59	94.7%
85131	$112,700	N/A	13	N/A	81	94.1%
85132	$88,700	-21.71%	114	11300.00%	55	98.4%

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

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Data by Zip Codes for Q3 2010

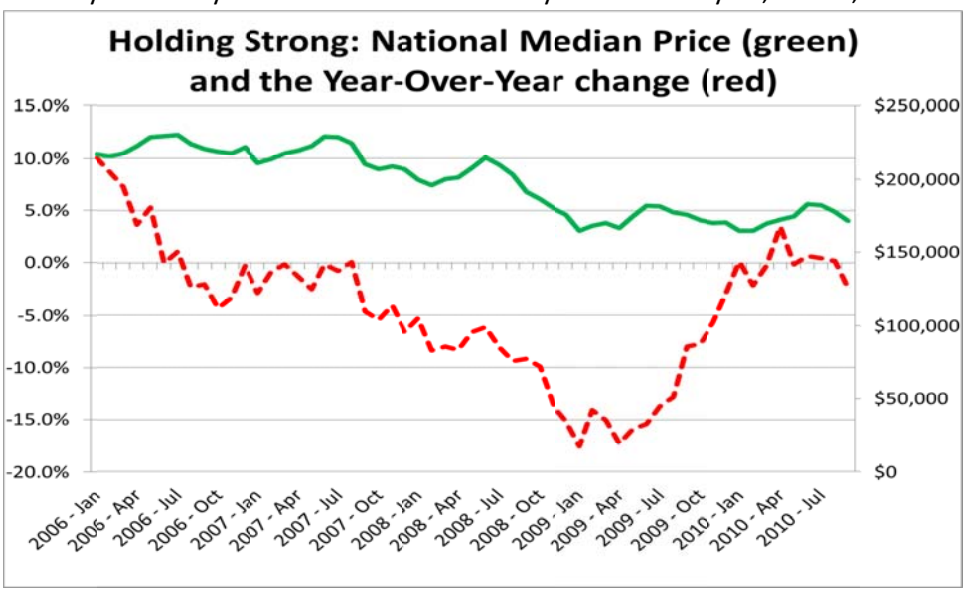
Zip Code	Average Price	Price Change ***	Total # Homes Sold (Quarter)	% Change in # Homes Sold ***	Average Days on Market	% of Asking Price (Sold/ List Price)
85137	$39,500	N/A	2	N/A	202	83.2%
85138	$112,200	25.64%	330	3200.00%	60	96.7%
85139	$95,500	-8.44%	142	4633.33%	55	98.2%
85140	$110,900	0.27%	214	3466.67%	62	98.1%
85142	$109,500	4.89%	146	1725.00%	56	97.6%
85143	$105,800	12.79%	342	3320.00%	57	97.9%
85172	$123,900	N/A	5	N/A	57	96.3%
85173	$60,000	N/A	1	N/A	169	91.6%
85193	$71,600	N/A	10	N/A	120	95.6%
85194	$159,600	-20.16%	20	1900.00%	62	98.5%
85218	$261,600	-11.50%	7	-93.00%	230	91.8%
85219	$136,200	3.10%	7	-92.55%	133	101.6%
85220	$66,500	-19.10%	20	-79.59%	91	99.1%
85222	$85,100	-26.45%	22	-90.95%	117	97.9%
85223	$44,600	-23.50%	7	-93.33%	40	96.4%
85228	$96,400	27.18%	5	-94.74%	47	94.9%
85231	$170,000	47.70%	1	-95.65%	621	85.4%
85232	$81,600	-9.53%	13	-89.92%	143	97.2%
85238	$92,700	-17.08%	22	-94.69%	113	94.1%
85239	$90,100	-15.08%	24	-91.43%	74	94.7%
85240	$123,600	3.69%	13	-94.96%	144	94.0%
85242	$90,800	-23.95%	30	-88.10%	72	98.3%
85243	$102,600	-5.52%	20	-95.36%	120	100.2%
85273	$41,000	-40.84%	2	-50.00%	296	100.0%
85291	$88,000	N/A	1	N/A	48	99.1%
85293	$97,500	-12.95%	2	-88.89%	688	95.2%
85294	$190,000	26.41%	1	-96.77%	160	100.0%
85631	$25,000	-68.75%	1	0.00%	78	100.4%

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

Pricing During the Post-Credit Hangover

By Ken Fears
Manager, Regional Economics

The tax credit had a robust impact on the national housing market. Sales surged in April and maintained this momentum in May, dragging inventories lower and stabilizing prices. This was an important shift in the market. However, July's 25.3% drop in national year-over-year sales volume sent many would-be buyers, sellers, and REALTORS® alike into a panic. The gap in year-over-year sales eased in August, but that gap persists. The overhang of supply relative demand has given some would-be buyers pause and filled sellers with anxiety about prices.



The national median home price was stabile from April through August, but stumbled again in September falling 2.4%. Locally, the average home price in the area covered by the Arizona Regional MLS was 8.3% lower in September of this year than in September of 2009. This gap shrank from July of this year. Remember that home prices tend to rise during the summer as families move and buy homes, which are larger on average. Consequently, it is best to compare home prices from the same period a year earlier in order to illuminate the true price trend.

	Days on Market	
	3Rd Quarter 2009	3Rd Quarter 2010
Concession Less than 5%	24.1	33.5
Concession Greater than 5%	116.5	95.9

Home prices only tell part of the story, though. The average price concession in the area covered by the Arizona Regional MLS fell from 12.1% in July to 11.8% in September. This contraction of the ratio suggests that home prices may solidify through the fall.

At the transaction level, many REALTORS® report to NAR a growing divide between buyers and sellers and difficulty bridging that gap. Locally, the share of home sales with a concession of greater than 5% rose during the 3rd quarter of 2010 compared to the same period in 2009. At the same time the average number of days on market for homes that sold in the 3rd quarter of 2010 with a concession greater than 5% was less than during the 3rd quarter of 2009. The increased share of sales with large concessions suggests that sellers must be more receptive to re-pricing to move their homes.

	Share of Total Sales	
	3Rd Quarter 2009	3Rd Quarter 2010
Concession Less than 5%	53.7%	43.7%
Concession Greater than 5%	46.2%	56.1%

The tax credit brought many buyers to the table, but may also have fed a buyer backlash when it was taken away. In some areas, this backlash has pushed buyers and sellers apart. The downward trend in price concessions suggests that this phenomena is not widespread locally, but sellers must still be aware of the potential need to re-anchor price expectations downward.

Inflation or Deflation?

by Lawrence Yun, *NAR Chief Economist*

How low can we go? We saw another historic low in the 30-year fixed-rate mortgage as the average rate touched 4.3 percent recently. The low rates are certainly welcome in this current post homebuyer tax credit environment to entice more buyers into the market.

Mortgage rates are exceptionally low right now for a couple of reasons. One is low inflation. Another reason: the Federal Reserve recently announced it may again start purchasing longterm bonds – which may include mortgage backed securities (MBSs). Even if MBSs are not included in the Fed's repurchase program and it instead focuses only on government bonds, the bottom line impact will be roughly the same: such action will lower rates for any long-term borrowing. Because the bond market nearly always prices-in new information quickly, there may not be any downward movement on rates when the Fed actually *does* purchase bonds at later date. That is, from a practical point of view, the rate may have already reached the bottom. It is possible for rates to still go *lower* from this point onward, but more likely than not the rates will go *higher*. The path and the pace of change will be strongly influenced by changes in consumer prices.

With so high an unemployment rate (in September it was 9.6 percent), there is not likely to be any wage and inflationary pressure, some say. Hence we can expect a continuing low interest-rate environment for quite some time. If anything, we should focus heavily on avoiding *deflation* – a condition of generally declining prices. Deflation could lead to us into 20 years of Japanese-economy-style stagnation. Recall if you will that Japan recovered from its utter destruction after World War II (yes, with the help of an "administering" U.S. presence and support). The Japanese economy took off. The country became so wealthy that its citizens started buying property (including land) all over Hawaii and trophy buildings across the mainland U.S. in the 1980s. Then came deflation in the early 1990s. All that progress suddenly halted as if the Japanese economy smacked into a brick wall.

With that historical example in their minds, some policymakers are likewise – and perhaps rightly – very concerned about deflation and the possible accompanying future lost decades. After a slight CPI decline in 2009, the Federal Reserve opened the monetary spigot to avoid such a deflation scenario in the U.S. Some calm and economic growth returned. But our economy has been showing fresh signs of sputtering. Officials at the Fed have recently hinted at another opening of the monetary spigot via purchasing bonds – with freshly printed money.

But wait a second. Can a society's standard of living improve simply by printing money? Is there a free lunch? Doesn't too much paper money eventually lead to too high a rate of inflation? The data is mixed. Let's take a look.

The consumer price index (CPI) rose 1.2 percent from August 2009 to August 2010. The more carefully watched core CPI figure which excludes the volatile energy and food components showed a tamer inflation rate of 1.0 percent. That is the lowest core CPI in more than 50 years. A key reason for this historic low core inflation rate has been tame housing rent growth over the past two years. If the housing rent component of the CPI – which accounts for nearly 30 percent of the "weight" of the CPI basket) were to pick up, then overall CPI would also surely rise. Rent for residential housing slid ever so slightly over the past two years to June of 2010 before starting to rise in the past two months. In fact, several apartments in the Washington D.C. region raised rents by 10 to 20 percent recently. While the D.C. area is no doubt unique (it has little employment troubles, especially compared to other markets), but if such a rent growth trend was to spread to many parts of the country then alarmingly high inflation will be with us – and likely for quite some time.

In addition to a slight upturn in the housing rent component, some of the pipeline inflation measures have also been rising. The Producer Price Index (PPI) for final products rose by 3.0 percent in the past 12 months. PPI for intermediate products rose by 5.0 percent. PPI at the very early stage of production, for the crude goods, rose by a whopping 18.2 percent. Some commodity prices are rising as well. Wheat and

raw coffee prices have spiked. Oil prices at $80 or so are not low by any means. And gold prices are at record highs. The U.S. government is also verbally trying to convince China to strengthen its currency, which by reverse means a weakening of the dollar. A weaker dollar also translates into higher import prices, which also add to the inflationary pressure. If rising PPI, commodity prices, and weaker dollar steadily begin to impact CPI to turn upward, then the Federal Reserve will have no choice other than to raise interest rates or lose the effectiveness of the monetary policy.

My sense is that CPI inflation has already hit its low point and will rise. But the rise, hopefully, will be slight and gradual. Mortgage rates can then also rise gradually and not alarmingly. Our baseline forecast is for the 30-year fixed rate to hit 5 percent – but not until the middle of 2011 at the earliest.

By that time, the economy should have added one million additional jobs -- on top of the 700,000 private sector job creations from January to September of this year. That pace of job creation is not robust, but it is still a sign of healing and a move in the right direction.

Mortgage rates at near 5 percent (still amazingly attractive) and some job creation should be enough to help home sales rise above a 5 million unit annualized pace by the spring of 2011. This sales pace will still be subpar, barely matching the sales activity of 10 years ago when there were 30 million fewer people living in the U.S. But it will be adequate to keep home prices essentially stable.

Under an alternative forecast scenario where the CPI rises very fast, mortgage rates will also sharply rise, perhaps, even to 7 or 8 percent. Homebuyers will clearly be put off. Homeowners, though, may see a boost in their home values, since real estate values have historically proven to rise in line with inflation. In such a scenario, oh how sweet it will be for those who locked in mortgage rates at an historic low 4.3 percent and then later experience home price gains while their monthly mortgage payments remain unchanged.

This table reflects data available through July 2, 2010.

Monthly Indicator	Recent Forecast	Likely Direction Over the Next Six Months	Forecast
Existing-home sales rose 7.6% in August to a seasonally adjusted annual rate of 4.13 million units. July re-sales figures were revised upward. Both single-family homes and condominium sales increased. Home values continue to stabilize; the national median existing home price was $178,600 in August – an increase of 0.8% from August of 2009. Sales still remain below par, and despite very attractive affordability conditions, housing's recovery will be slow and gradual due to economic uncertainty.	Aug 2010 4,130 July 2010 3,840 Aug 2009 5,100	↑	Slow and steady recovery
New home sales registered a seasonally adjusted annual rate of 288,000 units in August – a level unchanged from July but 28.9% below the **level** a year ago. New home inventory was down only 1.1% from	Aug 2010 288 July 2010 288 Aug 2009 405	↑	Stock market wealth helps new home sales
Housing starts improved in August, rising 10.5% from the previous month to 598,000 units. The bulk of growth in starts remained in the multifamily sector. Housing permits – generally a reliable indicator of future starts – rose 1.8% to 569,000, with the bulk again in the multifamily segment.	Aug 2010 598 July 2010 541 Aug 2009 585	↑	Some loosening in construction loans will provide boost
Housing affordability continues to rise. NAR's Housing Affordability Index posted a reading of 168.3 in August – up from July's index of 162.2 as well as the 161.9 reading a year ago. The Index has been above 160 for a full 12 months.	Aug 2010 168.3 July 2009 162.2 Aug 2009 161.9	↔	Already at historic highs
Mortgage rates The average 30-year fixed mortgage rate continued to post new records lows, as it declined to 4.35% in September. While this is good news for "well-qualified home buyers," according to NAR's REALTORS® Confidence Index many REALTORS® indicate that that banks are more reluctant than ever to approve loans even to such qualified mortgage applicants.	Sept 2010 4.35% Aug 2010 4.43% Sept 2009 5.06%	↑	A higher rate to compensate for a loss in future purchasing power of the dollar
Employment The economy shed 95,000 jobs in September – down from August's 57,000 lost jobs and worse than most analysts expected. Private firms actually added 64,000 payrolls – for a ninth consecutive month of *private* job additions – but government payrolls declined by 159,000. Sectors posting job gains included health care, leisure and hospital, and retail. The unemployment rate was unchanged at 9.6%.	Sept 2010 -95 Aug 2010 -57 12-month total: +344	↑	Steady upward with gyrations induced by Census workers
Economic Growth The economy grew 1.7% in the second quarter of this year. This is the third revision of second quarter GDP growth based on more complete data. The inflation measure remained unchanged. Additional data on Personal Consumption Expenditures (PCE) show that consumer spending rose 0.2% from July to August and was up 1.7% from a year ago.	2010:II +1.7% 2010:I +3.7% 2009:II -0.7%	↔	Slow expansion unless business spending comes around

Notes: All rates are seasonally adjusted. Existing home sales, new home sales and housing starts are shown in thousands. Employment growth is shown as month-to-month change in thousands. Sources: NAR, Bureau of the Census, Bureau of Labor Statistics and Freddie Mac.