Economic and Market Watch Report

1st Quarter, 2011

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 :

Employment declined by 14,397 jobs in January and February. The job losses brought about an increase in the average monthly unemployment rate from 8.3% in the fourth quarter to 8.9% for the initial two months of the first quarter. Layoffs continued, which will weigh on buyer confidence and demand in Maricopa County. However, mortgage rates remain near record lows, maintaining a favorable buying environment for those with a job.

Housing Market :

	Q4' 10	*Q1' 11*	*Q2' 11* *(Forecast)*
Average Price	**$171,900**	**$168,300**	↔
# Homes on the Market *	**40,788**	**43,251**	↑
# Homes Sold **	**15,935**	**20,173**	↔
# New Homes Built ***	**908**	**785**	↑
Avg # of Days on Market	**72**	**81**	↑

* Available as of Mar. 31, 2011.
** May not add to total of zip codes.
*** During the first two months of 1st quarter.

Data by Zip Codes for Q1 2011

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	$42,000	N/A	1	N/A	63	105.3%
85003	$181,700	-16.69%	38	100.00%	116	93.6%
85004	$133,900	-34.10%	25	108.33%	88	93.7%
85006	$61,400	-32.90%	73	10.61%	57	95.2%
85007	$138,400	-13.50%	30	20.00%	76	96.6%
85008	$62,200	-23.30%	137	-8.05%	65	95.1%
85009	$32,000	-23.08%	45	-18.18%	55	98.1%
85012	$142,200	5.18%	40	14.29%	90	97.3%

*** % 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 Q1 2011

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	$138,300	7.54%	127	135.19%	77	96.4%
85014	$111,700	2.29%	123	6.96%	92	92.9%
85015	$73,400	-3.17%	91	-13.33%	76	95.0%
85016	$192,500	-10.05%	168	15.07%	95	94.9%
85017	$39,200	-23.14%	85	-8.60%	60	97.1%
85018	$297,100	-9.20%	181	35.07%	77	91.6%
85019	$46,200	-25.24%	100	35.14%	77	94.8%
85020	$112,200	-30.66%	147	20.49%	87	94.2%
85021	$159,600	19.46%	86	28.36%	78	95.7%
85022	$122,600	-14.56%	224	47.37%	88	95.2%
85023	$126,500	4.03%	121	-10.37%	90	92.5%
85024	$163,900	-8.23%	140	37.25%	77	96.7%
85027	$85,100	-14.47%	208	16.85%	74	96.1%
85028	$218,600	-21.48%	86	26.47%	89	94.5%
85029	$68,600	-21.69%	194	9.60%	71	94.7%
85031	$38,300	-19.37%	96	6.67%	56	96.1%
85032	$109,100	-9.46%	325	7.97%	84	94.9%
85033	$41,900	-19.73%	192	1.59%	58	96.4%
85034	$66,000	-0.90%	8	0.00%	80	92.6%
85035	$41,100	-8.05%	148	13.85%	53	94.6%
85037	$66,800	-11.87%	302	-4.73%	66	96.0%
85040	$69,300	-12.72%	85	-2.30%	72	95.8%
85041	$81,300	-19.27%	267	-4.64%	79	95.5%
85042	$95,200	-16.49%	205	51.85%	70	95.9%
85043	$74,600	-16.65%	203	4.10%	80	95.1%
85044	$192,800	-7.40%	161	26.77%	97	94.5%
85045	$275,400	-8.08%	40	25.00%	86	97.4%
85048	$215,500	-4.69%	167	2.45%	82	94.4%
85050	$225,000	-16.36%	163	29.37%	80	97.0%
85051	$58,700	-17.90%	185	50.41%	78	95.3%
85053	$85,300	-12.15%	138	39.39%	76	96.2%
85054	$224,800	12.63%	39	-15.22%	63	95.3%
85083	$232,200	-3.89%	118	35.63%	76	98.1%
85085	$214,200	-10.71%	138	6.98%	64	97.3%
85086	$220,700	-2.56%	308	-12.50%	73	97.3%
85087	$187,100	-1.06%	56	5.66%	75	96.4%

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

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Data by Zip Codes for Q1 2011

Zip Code	Average Price	Price Change ***	Total # Homes Sold (Quarter)	% Change in # Homes Sold ***	Average Days on Market	% of Asking Price (Sold/ List Price)
85119	$83,000	N/A	1	N/A	300	97.6%
85120	$69,500	3.58%	9	-10.00%	43	104.8%
85138	$66,300	-17.64%	2	-50.00%	18	103.6%
85139	$105,000	1.25%	1	-66.67%	38	95.5%
85140	$101,000	80.36%	2	100.00%	56	92.7%
85142	$187,300	-7.73%	233	47.47%	75	98.1%
85143	$60,000	-41.06%	1	-80.00%	117	87.0%
85201	$65,700	-23.78%	132	-0.75%	78	93.8%
85202	$83,300	-6.93%	142	57.78%	72	94.9%
85203	$99,800	-23.05%	94	-14.55%	79	94.7%
85204	$78,900	-19.08%	227	7.08%	66	94.5%
85205	$125,500	-6.55%	185	10.78%	84	94.3%
85206	$127,900	-12.34%	195	11.43%	101	94.8%
85207	$220,400	-10.15%	253	31.09%	93	95.8%
85208	$96,400	-9.40%	231	27.62%	63	94.9%
85209	$146,400	-7.05%	225	3.21%	76	95.9%
85210	$75,400	-0.92%	115	21.05%	63	94.6%
85212	$156,800	-6.94%	143	21.19%	84	97.3%
85213	$185,900	-3.38%	117	13.59%	83	95.8%
85215	$168,700	-31.26%	90	26.76%	96	95.0%
85220	$76,700	-12.84%	1	-88.89%	148	76.0%
85222	$110,000	N/A	1	N/A	21	95.7%
85224	$121,600	-12.27%	171	23.02%	72	96.4%
85225	$121,800	-15.18%	307	30.64%	70	96.9%
85226	$155,200	-22.09%	146	37.74%	82	95.7%
85233	$163,200	-11.69%	188	36.23%	79	96.6%
85234	$182,000	-11.05%	210	14.13%	81	96.4%
85236	$187,200	-24.97%	3	-40.00%	22	93.6%
85238	$77,000	-23.00%	1	0.00%	1	92.9%
85242	$224,100	-4.52%	13	-80.60%	125	94.7%
85248	$248,800	-1.82%	201	-12.99%	106	95.5%
85249	$245,900	-9.89%	251	21.84%	87	96.7%
85250	$200,400	3.46%	145	61.11%	99	93.8%
85251	$226,400	1.30%	262	35.75%	97	92.8%
85253	$1,228,500	-2.16%	103	6.19%	139	90.7%
85254	$267,800	-7.27%	260	22.07%	82	95.8%

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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)
85255	$572,600	-1.67%	310	-2.82%	112	93.2%
85257	$118,500	-21.37%	128	26.73%	102	94.0%
85258	$288,600	-24.65%	175	36.72%	98	93.9%
85259	$533,900	-8.66%	127	4.10%	96	93.4%
85260	$268,900	-9.83%	196	5.95%	75	95.1%
85262	$742,900	-13.71%	161	1.26%	208	90.9%
85263	$383,000	-11.38%	27	35.00%	187	90.4%
85264	$496,000	N/A	1	N/A	9	110.5%
85266	$596,700	-14.38%	103	27.16%	109	92.3%
85268	$314,700	-26.11%	229	18.65%	111	93.7%
85280	$104,000	N/A	1	N/A	77	98.1%
85281	$126,600	-13.88%	125	43.68%	77	94.6%
85282	$112,400	-22.86%	143	21.19%	73	93.5%
85283	$130,800	-20.00%	88	10.00%	78	96.9%
85284	$304,900	-22.32%	66	26.92%	81	96.0%
85286	$231,000	-2.08%	186	31.91%	70	97.8%
85295	$172,700	-8.43%	225	14.80%	76	97.4%
85296	$169,700	-10.54%	284	25.66%	75	97.1%
85297	$203,700	-17.66%	183	11.59%	78	98.0%
85298	$247,000	-9.16%	156	31.09%	105	97.3%
85301	$48,200	-14.99%	128	-9.22%	69	95.8%
85302	$83,400	-11.75%	140	-2.78%	76	96.5%
85303	$79,400	-14.35%	151	-10.65%	62	97.6%
85304	$80,800	-27.08%	146	14.96%	60	95.4%
85305	$147,100	-3.29%	59	25.53%	85	97.3%
85306	$91,600	-0.65%	111	56.34%	81	95.7%
85307	$83,200	-13.78%	29	-12.12%	58	95.7%
85308	$148,500	-14.56%	274	25.69%	74	96.7%
85310	$172,600	-25.15%	112	25.84%	70	97.8%
85320	$147,400	-45.81%	2	0.00%	192	96.7%
85322	$34,500	-34.91%	4	-55.56%	33	97.9%
85323	$91,000	-8.91%	203	-19.44%	71	96.3%
85326	$86,300	-8.29%	423	-7.03%	74	96.3%
85331	$332,700	-4.64%	160	7.38%	93	94.8%
85335	$65,700	-15.88%	232	-1.69%	64	96.7%
85337	$52,900	N/A	3	N/A	118	92.1%

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Maricopa County, AZ

Data by Zip Codes for Q1 2011

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	$136,400	-6.96%	343	8.20%	79	97.2%
85339	$114,000	-14.09%	334	-7.48%	82	97.1%
85340	$186,700	-10.46%	177	14.19%	75	97.3%
85342	$115,300	74.70%	11	450.00%	121	95.3%
85343	$90,000	N/A	1	N/A	18	85.7%
85345	$76,900	-13.69%	297	12.50%	65	96.1%
85351	$87,400	-14.81%	277	18.88%	110	93.4%
85353	$88,900	-13.61%	237	0.00%	80	97.0%
85354	$47,300	-21.04%	42	-4.55%	87	90.8%
85355	$169,600	-19.08%	67	24.07%	90	96.8%
85361	$135,100	6.13%	51	15.91%	67	98.3%
85363	$59,000	-16.43%	42	-12.50%	78	93.5%
85373	$122,400	-8.59%	147	-1.34%	86	95.6%
85374	$147,800	-4.58%	354	0.00%	86	95.6%
85375	$167,200	-10.49%	273	-1.44%	91	94.3%
85377	$513,300	-10.40%	32	-3.03%	133	91.8%
85378	$93,600	N/A	31	N/A	59	95.3%
85379	$125,500	-10.80%	364	7.06%	71	97.4%
85381	$133,400	-15.46%	125	73.61%	69	97.3%
85382	$156,600	-8.26%	243	30.65%	89	96.2%
85383	$245,400	-6.26%	299	11.99%	93	96.6%
85387	$218,300	-1.53%	76	-13.64%	81	94.9%
85388	$126,300	-12.23%	205	-9.29%	69	97.3%
85390	$189,500	-18.42%	37	68.18%	126	89.6%
85392	$106,100	-14.30%	209	10.00%	70	97.3%
85395	$199,700	-9.10%	157	11.35%	78	95.2%
85396	$166,500	-5.18%	176	10.69%	88	97.0%

*** % 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 increased by 1,780 jobs in Pinal County during January and February. However, the number of job seekers also increased. The combined effect of these two trends was an increase in the average monthly unemployment rate from 11% for the fourth quarter to 11.7% in the first two months of the first quarter. Solid job growth will help confidence, while near-record low mortgage rates boost affordability.

Housing Market :

	Q4' 10	*Q1' 11*	*Q2' 11* *(Forecast)*
Average Price	**$100,300**	**$101,000**	↔
# Homes on the Market *	**4,812**	**4,718**	↑
# Homes Sold **	**1,821**	**2,687**	↔
# New Homes Built ***	**357**	**114**	↑
Avg # of Days on Market	**75**	**79**	↑

* Available as of Mar. 31, 2011.
** May not add to total of zip codes.
*** During the first two months of 1st quarter.

Data by Zip Codes for Q1 2011

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	$228,100	-7.13%	159	48.60%	86	95.4%
85119	$112,900	-20.72%	102	47.83%	75	96.5%
85120	$74,800	-19.83%	108	20.00%	71	94.8%
85122	$92,000	-8.46%	253	31.09%	74	96.7%
85123	$60,400	-12.21%	88	1.15%	61	94.2%
85128	$62,600	-12.69%	64	4.92%	75	94.2%
85131	$142,900	31.71%	19	-9.52%	90	96.5%
85132	$94,500	11.97%	163	34.71%	92	96.1%

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

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Data by Zip Codes for Q1 2011

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	$37,000	-80.11%	2	100.00%	132	83.2%
85138	$96,700	-18.33%	469	69.93%	80	96.8%
85139	$84,500	-12.62%	194	25.16%	78	94.5%
85140	$97,100	-17.43%	282	60.23%	72	97.8%
85142	$98,000	-17.02%	175	63.55%	70	97.2%
85143	$92,900	-13.66%	446	53.26%	73	97.1%
85145	$96,600	N/A	3	N/A	132	95.1%
85172	$134,500	224.10%	2	0.00%	161	96.1%
85173	$63,400	24.80%	4	-20.00%	65	93.0%
85192	$80,000	N/A	1	N/A	40	62.0%
85193	$63,100	-46.62%	7	250.00%	43	96.6%
85194	$131,600	-17.13%	32	28.00%	74	96.3%
85218	$248,800	-23.30%	5	-90.74%	161	93.4%
85219	$134,600	-14.27%	6	-81.25%	193	89.6%
85220	$93,900	11.12%	15	-54.55%	117	95.1%
85222	$93,900	-5.91%	5	-90.91%	33	97.1%
85223	$63,800	10.57%	8	-50.00%	324	80.3%
85228	$60,300	-22.19%	3	-89.29%	387	90.5%
85231	$36,400	-67.70%	3	-75.00%	78	95.7%
85232	$94,200	0.75%	11	-70.27%	335	93.6%
85237	$38,000	-45.17%	1	-66.67%	22	77.6%
85238	$108,400	6.17%	12	-86.52%	162	97.0%
85239	$112,200	19.62%	15	-75.81%	146	96.8%
85240	$71,900	-40.18%	2	-96.67%	73	97.4%
85242	$106,400	-8.35%	16	-80.25%	97	92.9%
85243	$87,200	-22.00%	7	-93.58%	130	96.7%
85296	$124,000	N/A	1	N/A	48	100.0%
85623	$40,000	N/A	1	N/A	22	95.5%
85631	$38,500	N/A	2	N/A	45	95.2%
85714	$70,000	N/A	1	N/A	92	101.4%

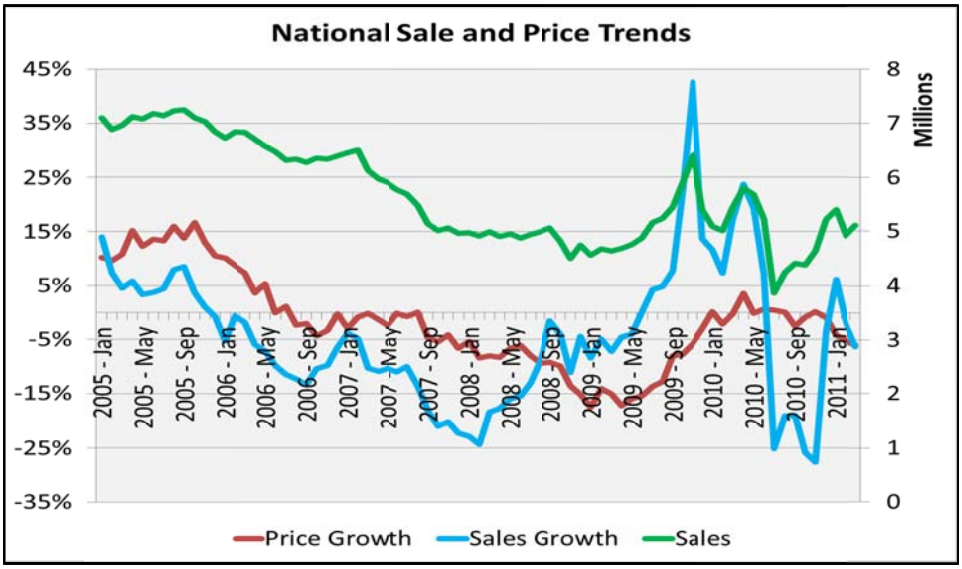
*** % Change of current quarter compared to the same quarter to year ago.

Investor and Cash Purchases Drive a Sales Resurgence

By Ken Fears
Manager of Regional Economics

The spring market started off well. Nationally, sales were up from the summer dull drums, but prices were headed downward. A closer look revealed a healthy market working to correct itself. However, these dynamics were unique to a few regions and not all markets shared in the sales recovery.

Nationally sales fell sharply in the wake of the Federal tax credit and by July home sales volume reached its lowest level in a decade. But, by January, the national sales volume at an annualized rate had reached roughly the same rate as a year earlier. This surge in demand was pinned on buyers trying to purchase in advance of mortgage rates which rose from an all-time low of 4.17% for a 30-year fixed in November. Since January, sales eased, but remain near levels reached last spring, when the Federal tax credit was in effect.



The factors driving sales this spring are different from last spring, though. According to NAR's monthly REALTOR® Confidence Survey, the share of distressed sales has risen dramatically equaling 40% of all sales in March. Furthermore, the share of investors and those who can pay all-cash increased dramatically, even higher than their respective shares prior to the first-time home buyer tax credit. Anecdotally, we have been told that the share of traditional listings are much lower this spring than at the same time last year as the tax credit induced more trade-up buyers to take advantage of the strong market conditions.

These developments may sound ominous, but they are exactly what are needed. First-time buyers rarely have the knowledge to renovate a home let alone the financing, so letting experienced investors take over helps to clear the market of this glut of foreclosed and short-sold housing that typically sell at roughly 20% below market. The softness of prices likely reflects the higher share of distressed sales, which will burn off eventually. Furthermore, the fact that investors are willing to jump in suggests that they feel that prices and or rents are undervalued…as sign that bodes well for long-term price trends.

Here in the market covered by the Arizona Regional MLS sales volume was 12.7% higher in the 1st quarter of 2011 than over the first three months of last year. On the other hand the average price was 11.0% below last year's median. Without local data on the share of distressed sales and investor purchases it is difficult to say whether the local market is following the national trend. However, the increase in sales volume appears to follow the national trend.

The national housing market has been erratic this spring, but is substantially stronger than the dog-days of last summer. While the thought of investors swarming the market sounds ominous, they are needed to clear away the overhang of distressed properties in regional markets. Once complete, the national housing market and banking system will be one step closer to long-term stability and growth.

Demand is Key

by Lawrence Yun, *NAR Chief Economist*

The housing market continues to show fragility. Home sales have risen broadly - by more than 20 percent from their low point last year. At the same time, home prices slid down after the homebuyer tax credit expired last summer. A review of several local MLS data indicates a fairly consistent downward trend in the ratio of the "final sales price"-to-"original listed price", implying that homes are not being priced to sell from the start.

The most recently available data are mixed. While existing home sales – which measure actual closings – fell 9.6 percent in February, pending sales – which measure contracts to purchase – rose slightly. Snowy weather in a number of areas of the country hurt both closings as well as pending contracts – as evidenced by deeper downturns in activity in the Midwest and Northeast regions.

And new construction? New home sales are stuck in a rut. Only 19,000 newly constructed homes were sold in February. That translates into 250,000 new home sales (at a seasonally annualized rate) which would represent the worst activity in at least 50 years. But the new home sales figure is more reflective of supply than demand. Homebuilders continue to express concerns about the lack of construction loans to build new homes. The banks, in order to abide by regulatory requirements, have to put aside a larger capital reserve for what are considered riskier loans and, hence, have largely shunned homebuilders (even though bank profits have recovered quite nicely the past two years). With housing starts at historic lows, there are just not that many newly built homes that can be sold. In fact, the inventory of new homes for sale is also at 50-year lows.

New homes are also selling at a higher price than normal in relation to the price of existing homes, which is likely putting off some potential buyers of new property. Why? Because the price of new homes has to account for much higher commodity prices as part of the construction cost and, therefore, new homes need to sell at above these input costs in order for the builders to turn a profit. This is hard to do in the current environment where existing homes are being discounted by 30 to 40 percent off the price of new homes. Historically, the price differential between existing homes and new ones has been 15 to 20 percent.

Perhaps the banks have concerns about lending to homebuilders because they anticipate a continuing large number of foreclosed properties that they themselves will be stuck with. Of the mortgages in serious delinquency, the share of those over 90 days late in payment has modestly come down from its peak but still remains very high at 8.5 percent at the end of 2010. In normal years, it should be less than 2 percent. Therefore, the inventory and the sale of distressed properties will continue to account for a large portion of housing activity this year and probably next year as well. The share of distressed sales, either a foreclosure or homes requiring a short sale bank approval, edged up to 39 percent of all existing-home sales in February. These distressed sales need to take place because it means getting these homes into the hands of financially sound homeowners and thus will help reset the conditions for a healthy housing market in the future.
Recent homebuyers have been highly successful with historic low default rates, and a sizable number – in fact one third of all buyers – have made their home purchase with all-cash and thus a zero chance of default.

The faster pace of incoming distressed inventory into the marketplace does not necessarily mean a further slump in the housing market. The key is demand. If these distressed inventories are quickly picked up by buyers, then no worries. But if distressed inventories linger in the marketplace then we can expect a notable further decline in home values. All indications point to plenty of ready buyers for foreclosed homes,

not uncommonly with multiple offerings. So housing demand appears to be present at the moment and could grow as the economy turns for the better.

The number of homes available for sale at the end of February – both normal and distressed properties – was 3.5 million, but look for the inventory to climb to about 4 million by the end of this summer. This upswing in inventory is a normal seasonal occurrence – more homes are listed through the spring and summer months. The rising inventory will be met by rising demand through those spring and summer spring and summer. The peak months for sales closings are May, June, and July with sales roughly doubling that in winter months (on a non-seasonally adjusted, raw number basis).

Last year the demand arose from the home buyer tax credit. This year the demand will come from improving job market conditions. The latest jobs figures (released April 1) show that a net 216,000 new jobs were created in March alone, with 478,000 job creations in the first three months of this year. We are on track for a 2 million new jobs for 2011. Yes, mortgage rates will surely rise – but not alarmingly. Expect around a 5.7 percent average rate on a 30-year fixed mortgage by year-end, up from the current 5 percent rate.

The second-home market should also begin to show a recovery this year. Stock market gains are providing the financial wherewithal for wealthier households to buy vacation homes. Investors, looking for diversification and an inflation hedge, are looking at deeply discounted homes to generate rental income. The median price of an investor purchased home in 2010 was cheap – at $94,000. That is certainly better than putting money in the bank and getting essentially nothing in return, as well as protecting against the possibility of devalued currency from potential rising inflation and very high budget deficits. One thing that was lacking for the second home market in the past two years was mortgages to buy a non-primary occupant homes – because government-backed mortgages are not there for these properties. An eye-popping 59 percent of investor home purchases were made with cash in 2010.

Finally, as the housing market is trying to get back on a firm recovery track, we should be wary of unintended consequences of some of the consumer protection legislation that is out there – such as that focused on what we call QRMs. The new rule on Qualified Residential Mortgages (QRMs) could mean significantly reduced credit availability. The QRM rule says that a lender must set aside additional capital for any losses (i.e., reserve fund) and for 'skin-in-the-game' to loan funds for what are considered non-qualified mortgages. But the end result could be that mortgages become readily available to only the upper-income segment of society. Many working and middleclass Americans - who may have good though not pristine credit scores – may have to scrape up a very large downpayment, perhaps upwards of 20 percent, in order to buy a home.

Prior to 2000, the housing market was just fine and stable. Many middle-class households purchased homes and thus became successful homeowners even though they did not put 20 percent down. That is because households stayed well within their budget and lenders did not hand out funny toxic mortgages. We need to simply revisit what worked in the past rather than imposing onerous new regulations. Government regulatory actions, though perhaps emanating from goodhearted intentions, unfortunately can lead to unintended harsh outcomes. In the case of housing, they could wind up denying working-class Americans the opportunity to become homeowners. The QRM rule could well be the most important regulation impacting the housing market in upcoming years. Washington bureaucrats should not jeopardize what is a staple of the American Dream – homeownership.

This table reflects data available through April 1, 2011.

Monthly Indicator	Recent Forecast	Likely Direction Over the Next Six Months	Forecast
Existing-home sales declined in February to a seasonally adjusted annual rate of 4.88 million units – down 9.6% from January and 2.8% below the pace in February of 2010. Even so, the pace of re-sales remained 26.4% above the cyclical low in July of 2010, and January's re-sales figures were revised upward to 5.40 million units	Feb 2011 4,920 Jan 2011 5,400 Feb 2010 5,020	↑	Pent up demand finally set to be unleashed, though slowly
New home sales also declined in February, posting a seasonally adjusted annual rate of 250,000 units – off 16.9% from January's sales pace and 28.0% off the pace in February of 2010. While the number of new homes available for sales was unchanged at 186,000, the month's supply did rise to 8.9 based on the current sales rate.	Feb 2011 250 Jan 2011 301 Feb 2010 347	↑	Recovering stock market helps with down payment to buy expensive homes
Housing starts posted a seasonally adjusted annual rate of 479,000 units in February – 22.5% below the pace in January and 20.8% below the pace in February 2010. Both single- and multifamily starts were off on a month to month basis, but multifamily starts were up by more than 54% from a year ago.	Feb 2011 479 Jan 2011 618 Feb 2010 605	↑	Banks with huge cash pile looking for places to lend including to builders
Housing affordability continues at very high levels. NAR's Housing Affordability Index posted a reading of 192.3 for February, up slightly from January's index and ahead of the 178.5 index registered in February of 2010. Continued low home prices – and an improving economy – are contributing to the record levels of affordability.	Feb 2011 192.3 Jan 2011 192.2 Feb 2010 178.5	↓	Down from record high levels
Mortgage rates The average 30 year fixed mortgage rate was 4.83% in March – a decline from the 4.95% in February and 4.97% a year ago. Historic low inflation rates and the recently increased demand for U.S. securities allowed fixed mortgage rates to drift lower.	Mar 2011 4.83% Feb 2011 4.95% Mar 2010 4.97%	↑	High budget deficit raises borrowing costs
Employment The U.S. economy added a net 216,000 jobs in March, with the private sector accounting for 230,000 new payrolls. Sectors that gained the most jobs included durable manufacturing, retail, education and health care, and professional and financial services, while the public sector (mainly local governments) shed positions. The unemployment rate fell again – to 8.8% which is its lowest level in two years.	Mar 2011 +216 Feb 2011 +194 12-month total: +1,300	↑	1.5 to 2 million net new jobs in the next 12 months
Economic Growth Real GDP increased at a 3.1% annual rate in the fourth quarter of 2010. This is the third estimate of GDP based on more complete data. As a comparison, real GDP increased 2.6% in the third quarter of last year. The healthy GDP growth was due primarily to increases in consumer spending and exports. In fact, consumer spending rose 4.0% in the fourth quarter of last year, with spending on durable goods increasing 21.1%	2010:IV +3.1% 2010:III +2.6% 2009:IV +5.0%	↔	Nothing exciting but steady growth

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.