

## October 2011 Statistical Notes:

- For the first time this year, Year to Date Units Sold exceed total units sold in 2010. 3379 in 2011 to 3356 in 2010, but total volume sold still lags because Median Sale Price this year is lower, \$163,000 to \$173,000 last year. We still expect by 2011 year end, total volume may exceed last year.
- The second half of 2011 is dramatically better than the same time last year. Last year after the tax credit expired, sales tanked. We are now in a true—no sugar added—market...a new normal for certain.
- Important to note, total active listings are down considerably, bringing inventory levels down currently to about 8 months worth compared to a year ago at 12 months worth. Hence, absorption rate getting back to near normal. Once inventory drops below 5 months, it begins to transcend into a seller's market.
- The key factor to watch is Mortgage Interest Rates. They are poised to increase, but we don't know exactly when. A simple 1% increase in mortgage rates, say, from 4% to 5%, will cause a typical family to have to scale down their purchase by nearly 15%. If you qualify now at 4% for a \$200,000 home, but you choose to wait, and rates increase 1% to 5%, the same borrower now qualifies for only \$170,000 home. That is the true cost of waiting.
- Lawrence Yun, PhD, Chief Economist for NAR has noted several indices that indicate there is light at the end of the tunnel. He will be our SCCAR guest Feb, 2011...stay tuned.

