

GWERC Industry Update

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Update Provided

Real Estate Temp Housing Government **Mortgage** Corporate Moving

You will have no more than 5 minutes to cover these highlights.

Please tell us top 3 national and/or international issues in your industry:

Employment

- The job market is showing signs of life, adding 290,000 jobs in April, the most of any month in the last three years.
- Despite the job gains, unemployment rose to 9.9% in April, from 9.7% in March, as more people re-enter the workforce looking for jobs.
- 80% of the jobs added in April came from the private sector, as opposed to the government.

Interest Rates

- The 30 Year Fixed Rate reached historic lows in May, as credit troubles in Europe drove liquidity to the U.S. Market.
- The average rate for a 30 Year Fixed was 4.89% in May.
- It is expected that rates will rise in the near term and finish the year in the low-to-mid 5's.

Home Prices

- Home sales and year-over-year home prices were up in May, but home sale activity is expected to decline somewhat in the near term with the expiration of the Home Buyer Tax Credit.
- The March 2010 Case-Shiller Home Price Index saw its second year-over-year price improvement since December 2006, rising 2.4%. Unfortunately, month-over-month prices fell 0.5% for the second consecutive month, reflecting the high level of distressed sales as well as the trend that higher sales from the homebuyer tax credit have not been enough to offset and above average inventory of homes for sale.
- On a quarterly basis, quarter-over-quarter home prices are up 0.08% in Q2 2010; year-over-year home prices are up 2.4% in Q2 2010.

Home Sale Activity

- Existing home sales rose 7.6% in April. There is currently 8.4 months of inventory.
- New home sales gained 14.8% in April and months of inventory fell to 5 months as builders continue to offer significant incentives and discounts to move inventory.
- The average sales price rose to \$219,300 due to higher distressed sales prices and the shrinking distressed property share of total sales volume in April.
- Distressed home sales accounted for 47% of all sales made in April, down from 52% in March.
- First Time Homebuyers (FTHB's) accounted for 43% of all purchases made in April, down from 48% in March.

Mortgage Delinquency

- Mortgage delinquencies fell in Q1 2010 to 9.37%, a typical occurrence for the first quarter as homeowners use tax refunds and year-end bonus' to pay down debt.
- Mortgages in the foreclosure process hit a record high of 4.63% in Q1 2010.
- The Foreclosure crisis in Florida continues to worsen, but California is showing signs of improvement. Washington, Maryland, Oregon and Georgia have had the greatest year-over-year overall increases in foreclosure activity in Q1 2010.
- Freddie Mac's delinquency rate (90+ days past due and in foreclosure) declined to 4.06% as of March, the second consecutive monthly decline since April 2007.

Foreclosures

- In April, foreclosure activity showed signs of reaching a plateau.
- There were 333,837 foreclosure filings in April, down 2% year-over-year and 9% month-over-month. This is the first yearly decline since January 2006.
- In all, 92,432 families completed the foreclosure process and lost their homes, setting a new record in April. This is up 1% from March and 45% year-over-year.

Strategic Defaults - A growing trend whereby homeowners choose to walk away from their homes, even if they can afford the monthly payments.

- Morality aside, one could argue that a Strategic Default is a rational economic decision that makes the most sense for a family's well being in the long-term.
- It is estimated that 12% of all defaults in February 2010 were Strategic Defaults.
- In 2008, roughly 588,000 homeowners strategically defaulted, up 128% from 2007.
- Strategic Defaults are most prevalent in regions that have been hardest hit by the housing crisis (California, Florida) as well as for homes purchased on or after 2006 as those properties did not experience any home price appreciated before prices began to decline. Update notes must be provided to Joe Poole at least three business days prior to GWERC meeting.

Please check your national professional organizations for information that may be helpful to our members, such as National Association of Realtors, Mortgage Bankers Association, American Moving and Storage Association, Corporate Housing Providers Association, WERC for corporate mobility info, GSA for government.

If you have additional questions, please contact Joe Poole at jpoole@suddath.com.