

Overview:

While the housing statistics released by MLS September 10, 2008 show sales and listings down compared to the past two years, brokers are optimistic that interest rates will fall further after the federal government takeover of Fannie Mae and Freddie Mac, leading more buyers to get off the fence and make a purchase.

August's 18% drop in sales from 2007 is in line with the slower real estate market the 4-county metropolitan Milwaukee area has experienced this year. Buyers have several advantages in the current market, however, that they should not lose sight of; including an ample supply of homes, historically low interest rates, and the new \$7,500 first-time homebuyer tax credit.

New listings for August showed a 14.2% decrease over a year ago - marking the 13th month in a row listings have gone down. If this supply side correction continues, we should start seeing upward price pressure later this year or in early 2009 as all of the buyer advantage, mentioned above, kick into gear.

Buyers have a great window of opportunity this fall, and they should not pass it up!

Consumers should remember to Start With A REALTOR® before consulting with a lender or other housing professional.

Highlights of August 2008 MLS Statistics Report:

Listings -

Listings were down for the 13th straight month. The 25,416 listings accumulated thus far in 2008 puts the year on pace for total listings in the range of 2005.

Sales -

Sales were down 18% compared to July 2007 (1,452 vs. 1,772) and -25.1% compared to 2006 (1,939).

Market fundamentals are decent, but cautious -

National Association of REALTORS Economist, Lawrence Yun stated that economic growth could slow, but will continue to expand and not contract.

The MMAC Economic Trends Report, published on September 4, 2008, indicates that 6 of 19 indicators of metro area economic activity registered improvement from year-ago levels. However, the report points out that employment is a drag on economic performance in the Milwaukee region.

Interest rates are excellent historically. Buyers can expect rates in the range of 6.4% for a 30-year fixed mortgage and 5.93% for a 15-year fixed note.


NAR's Yun also said that with the federal government takeover and backing of Fannie Mae and Freddie Mac, the underwriting standards will return to more normal conditions and drive down the cost of obtaining a mortgage.

Inventory:




We currently have 10.13 months of inventory, with 14, 712 active residential listings in the metro area. This is even with the 10.1 months we had when the July stats were released (8/11), and up slightly from the 9.7 months we had when the June analysis was released (7/10), but it is down significantly from the 12 to 14 month levels we had going back to last fall.

Source: Greater Milwaukee Association of Realtors

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