

Economic and Market Watch Report

4th Quarter, 2008



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RealtyWEB.NET Economic and Market Watch Report

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RealtyWEB.NET is pleased to offer this quarterly economic and market watch report which is designed to help real estate practitioners identify current and future economic and real estate trends that affect our industry.

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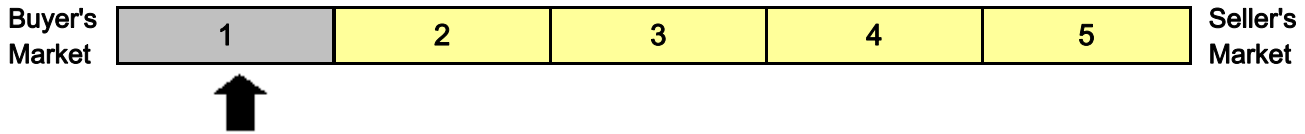
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Baker County, FL



Labor Market :

Employment declined by 145 jobs in October and November. The job losses brought about an increase in the average monthly unemployment rate from 6.2% in the third quarter to 6.6% for the first two months of the fourth quarter. Job losses are ticking upwards, creating a drag on buyer confidence and demand in Baker County. However, historically low mortgage rates have created a favorable buying environment for those with a job.

Housing Market :

	Q3' 08	Q4' 08	Q1' 09 (Forecast)
Average Price	\$173,500	\$132,200	↓
# Homes on the Market *	106	116	↑
# Homes Sold **	28	9	↓
# New Homes Built ***	20	8	↓
Avg # of Days on Market	96	206	↑

* Available as of Dec. 31, 2008.

** May not add to total of zip codes.

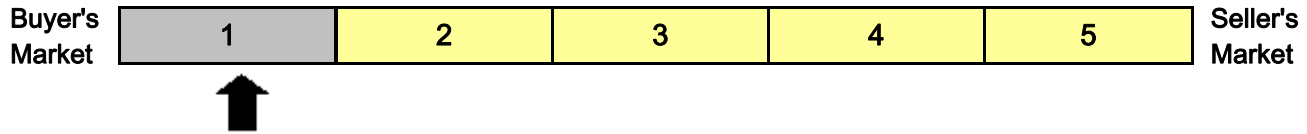
*** During the first two months of 4th quarter.

Data by Zip Codes for Q4 2008

Zip Code	Average Price	Price Change ***	Total # Homes Sold (Quarter)	% Change in # Homes Sold ***	Average Days on Market	% of Asking Price (Sold/ List Price)
32040	\$158,000	9.42%	2	-66.67%	284	93.2%
32063	\$135,600	-24.16%	6	-71.43%	166	96.3%
32087	\$60,000	-48.94%	1	-50.00%	293	70.6%

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

Bradford County, FL



Labor Market :

Employment declined by 140 jobs in October and November. The job losses brought about an increase in the average monthly unemployment rate from 5.1% in the third quarter to 5.5% for the first two months of the fourth quarter. Job losses are ticking upwards, creating a drag on buyer confidence and demand in Bradford County. However, historically low mortgage rates have created a favorable buying environment for those with a job.

Housing Market :

	Q3' 08	Q4' 08	Q1' 09 (Forecast)
Average Price	\$112,600	\$125,000	↔
# Homes on the Market *	142	173	↔
# Homes Sold **	28	22	↓
# New Homes Built ***	NA	NA	↓
Avg # of Days on Market	151	175	↑

* Available as of Dec. 31, 2008.

** May not add to total of zip codes.

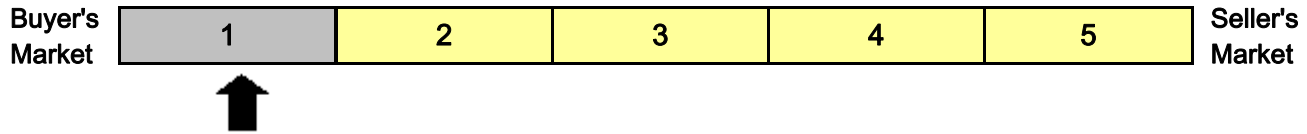
*** During the first two months of 4th quarter.

Data by Zip Codes for Q4 2008

Zip Code	Average Price	Price Change ***	Total # Homes Sold (Quarter)	% Change in # Homes Sold ***	Average Days on Market	% of Asking Price (Sold/ List Price)
32091	\$116,100	-4.44%	17	13.33%	116	91.7%
32622	\$162,000	170.00%	1	0.00%	194	98.2%
OTHER	\$153,400	-10.61%	4	-63.64%	423	90.9%

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

Clay County, FL



Labor Market :

Employment declined by 1,156 jobs in October and November. The job losses brought about an increase in the average monthly unemployment rate from 5.7% in the third quarter to 6.3% for the first two months of the fourth quarter. Job losses are ticking upwards, creating a drag on buyer confidence and demand in Clay County. However, historically low mortgage rates have created a favorable buying environment for those with a job.

Housing Market :

	Q3' 08	Q4' 08	Q1' 09 (Forecast)
Average Price	\$216,900	\$194,400	↓
# Homes on the Market *	1,795	1,903	↑
# Homes Sold **	479	351	↓
# New Homes Built ***	160	77	↓
Avg # of Days on Market	104	115	↑

* Available as of Dec. 31, 2008.

** May not add to total of zip codes.

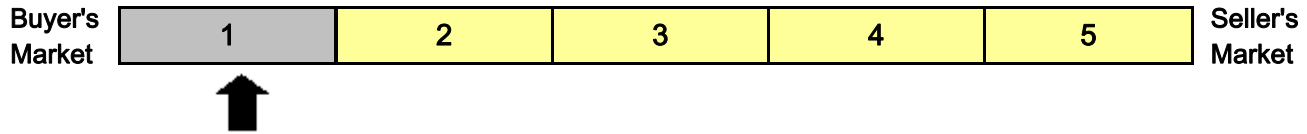
*** During the first two months of 4th quarter.

Data by Zip Codes for Q4 2008

Zip Code	Average Price	Price Change ***	Total # Homes Sold (Quarter)	% Change in # Homes Sold ***	Average Days on Market	% of Asking Price (Sold/ List Price)
32003	\$277,100	-8.64%	51	64.52%	126	93.8%
32043	\$203,600	-10.19%	41	0.00%	137	92.6%
32065	\$212,300	-18.44%	81	37.29%	96	94.7%
32068	\$160,200	-16.52%	100	28.21%	122	95.0%
32073	\$179,300	-5.88%	54	14.89%	106	96.7%
32656	\$97,900	-21.24%	15	-11.76%	135	93.3%
OTHER	\$155,700	-27.38%	9	-93.57%	64	88.5%

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

Duval County, FL



Labor Market :

Employment declined by 5,421 jobs in October and November. The job losses brought about an increase in the average monthly unemployment rate from 6.9% in the third quarter to 7.1% for the first two months of the fourth quarter. Job losses are ticking upwards, creating a drag on buyer confidence and demand in Duval County. However, historically low mortgage rates have created a favorable buying environment for those with a job.

Housing Market :

	Q3' 08	Q4' 08	Q1' 09 (Forecast)
Average Price	\$205,600	\$191,300	↓
# Homes on the Market *	7,083	7,663	↑
# Homes Sold **	1,650	1,441	↓
# New Homes Built ***	439	233	↓
Avg # of Days on Market	96	101	↑

* Available as of Dec. 31, 2008.

** May not add to total of zip codes.

*** During the first two months of 4th quarter.

Data by Zip Codes for Q4 2008

Zip Code	Average Price	Price Change ***	Total # Homes Sold (Quarter)	% Change in # Homes Sold ***	Average Days on Market	% of Asking Price (Sold/ List Price)
32202	\$308,800	125.90%	1	-75.00%	18	98.0%
32204	\$152,600	25.80%	6	50.00%	93	89.2%
32205	\$136,700	-24.60%	72	84.62%	94	92.8%
32206	\$136,700	20.33%	15	0.00%	107	89.2%
32207	\$224,000	26.41%	46	58.62%	107	92.4%
32208	\$53,600	-38.18%	41	10.81%	72	92.4%
32209	\$60,400	-0.17%	16	-44.83%	89	95.4%
32210	\$192,300	14.26%	109	105.66%	101	92.7%

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

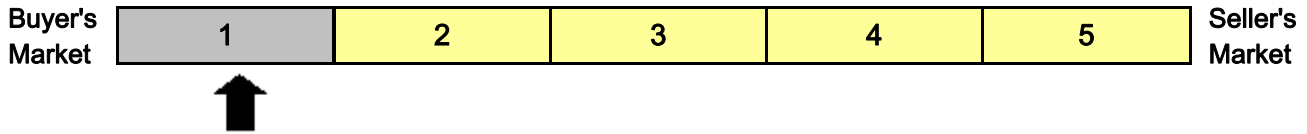
Duval County, FL

Data by Zip Codes for Q4 2008

Zip Code	Average Price	Price Change ***	Total # Homes Sold (Quarter)	% Change in # Homes Sold ***	Average Days on Market	% of Asking Price (Sold/ List Price)
32211	\$109,000	-27.38%	60	93.55%	79	94.0%
32216	\$157,700	-3.55%	58	45.00%	108	94.7%
32217	\$187,400	11.15%	20	-4.76%	126	93.6%
32218	\$159,800	-23.10%	97	4.30%	91	95.5%
32219	\$131,500	-28.34%	18	0.00%	83	97.4%
32220	\$135,500	-24.60%	21	50.00%	88	93.8%
32221	\$146,600	-35.79%	50	0.00%	79	96.9%
32222	\$192,000	-10.24%	22	37.50%	81	95.8%
32223	\$228,200	-37.43%	43	79.17%	103	93.5%
32224	\$302,600	-17.21%	67	3.08%	123	92.3%
32225	\$237,400	-9.63%	109	45.33%	110	94.2%
32226	\$211,600	-9.80%	74	76.19%	165	96.6%
32233	\$341,900	24.83%	25	47.06%	113	90.2%
32234	\$156,400	11.48%	7	0.00%	79	95.4%
32244	\$138,500	-19.29%	79	-3.66%	92	96.0%
32246	\$174,900	-17.54%	74	34.55%	73	94.6%
32247	\$58,000	N/A	1	N/A	0	100.0%
32250	\$425,200	-5.95%	29	38.10%	139	90.6%
32254	\$36,200	-50.41%	17	142.86%	117	92.7%
32256	\$337,100	2.71%	45	36.36%	113	92.6%
32257	\$191,300	-18.80%	63	85.29%	112	93.6%
32258	\$195,000	-24.62%	109	37.97%	88	94.8%
32266	\$450,000	25.87%	8	33.33%	134	90.8%
32277	\$167,700	-12.01%	32	28.00%	98	94.3%
OTHER	\$113,100	-48.26%	7	-98.69%	120	94.6%

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

Flagler County, FL



Labor Market :

Employment declined by 240 jobs in October and November. The job losses brought about an increase in the average monthly unemployment rate from 10.5% in the third quarter to 10.9% for the first two months of the fourth quarter. Job losses are ticking upwards, creating a drag on buyer confidence and demand in Flagler County. However, historically low mortgage rates have created a favorable buying environment for those with a job.

Housing Market :

	Q3' 08	Q4' 08	Q1' 09 (Forecast)
Average Price	\$181,100	\$49,000	↓
# Homes on the Market *	16	29	↑
# Homes Sold **	4	1	↓
# New Homes Built ***	51	31	↓
Avg # of Days on Market	72	115	↑

* Available as of Dec. 31, 2008.

** May not add to total of zip codes.

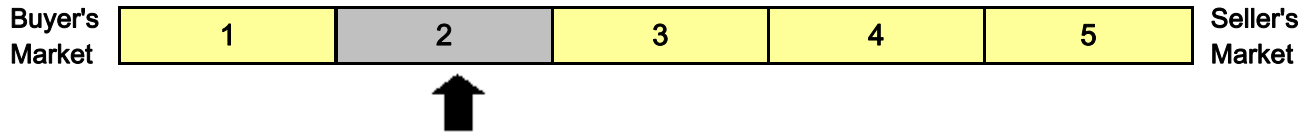
*** During the first two months of 4th quarter.

Data by Zip Codes for Q4 2008

Zip Code	Average Price	Price Change ***	Total # Homes Sold (Quarter)	% Change in # Homes Sold ***	Average Days on Market	% of Asking Price (Sold/ List Price)
32110	\$49,000	-67.31%	1	0.00%	115	71.6%

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

Nassau County, FL



Labor Market :

Employment declined by 431 jobs in October and November. The job losses brought about an increase in the average monthly unemployment rate from 5.9% in the third quarter to 6.5% for the first two months of the fourth quarter. Job losses are ticking upwards, creating a drag on buyer confidence and demand in Nassau County. However, historically low mortgage rates have created a favorable buying environment for those with a job.

Housing Market :

	Q3' 08	Q4' 08	Q1' 09 (Forecast)
Average Price	\$209,000	\$186,600	↓
# Homes on the Market *	338	371	↑
# Homes Sold **	62	75	↓
# New Homes Built ***	68	41	↓
Avg # of Days on Market	106	107	↑

* Available as of Dec. 31, 2008.

** May not add to total of zip codes.

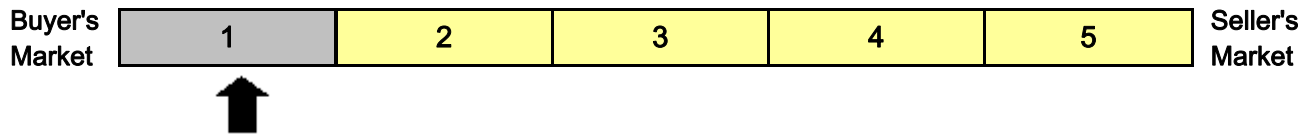
*** During the first two months of 4th quarter.

Data by Zip Codes for Q4 2008

Zip Code	Average Price	Price Change ***	Total # Homes Sold (Quarter)	% Change in # Homes Sold ***	Average Days on Market	% of Asking Price (Sold/ List Price)
32009	\$229,000	16.90%	1	-50.00%	94	95.5%
32011	\$111,800	-34.92%	9	28.57%	93	89.8%
32034	\$271,200	-0.48%	20	5.26%	141	91.9%
32046	\$61,500	-53.97%	6	20.00%	106	91.8%
32097	\$179,100	-13.10%	36	80.00%	90	95.3%
OTHER	\$171,900	-9.38%	3	-50.00%	150	98.3%

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

Putnam County, FL



Labor Market :

Employment declined by 206 jobs in October and November. The job losses brought about an increase in the average monthly unemployment rate from 8% in the third quarter to 8.7% for the first two months of the fourth quarter. Job losses are ticking upwards, creating a drag on buyer confidence and demand in Putnam County. However, historically low mortgage rates have created a favorable buying environment for those with a job.

Housing Market :

	Q3' 08	Q4' 08	Q1' 09 (Forecast)
Average Price	\$121,300	\$118,900	↓
# Homes on the Market *	728	843	↑
# Homes Sold **	80	66	↓
# New Homes Built ***	5	3	↓
Avg # of Days on Market	171	153	↑

* Available as of Dec. 31, 2008.

** May not add to total of zip codes.

*** During the first two months of 4th quarter.

Data by Zip Codes for Q4 2008

Zip Code	Average Price	Price Change ***	Total # Homes Sold (Quarter)	% Change in # Homes Sold ***	Average Days on Market	% of Asking Price (Sold/ List Price)
32112	\$117,200	45.23%	5	66.67%	202	92.7%
32131	\$207,800	-53.67%	6	200.00%	167	93.4%
32139	\$55,900	1.64%	4	300.00%	213	88.1%
32147	\$86,000	N/A	2	N/A	77	90.6%
32148	\$102,600	24.67%	11	-45.00%	171	87.5%
32177	\$134,000	-0.22%	19	-17.39%	102	92.3%
32181	\$128,200	-17.82%	6	50.00%	90	88.9%
32189	\$71,800	-37.35%	8	33.33%	213	97.3%

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

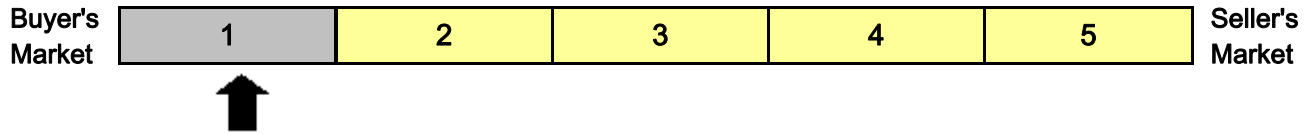
Putnam County, FL

Data by Zip Codes for Q4 2008

Zip Code	Average Price	Price Change ***	Total # Homes Sold (Quarter)	% Change in # Homes Sold ***	Average Days on Market	% of Asking Price (Sold/ List Price)
32193	\$243,400	-0.98%	1	-50.00%	189	100.0%
32666	\$118,000	27.84%	2	-33.33%	94	90.2%
OTHER	\$61,000	-43.52%	2	-93.33%	329	76.3%

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

St. Johns County, FL



Labor Market :

Employment declined by 1,120 jobs in October and November. The job losses brought about an increase in the average monthly unemployment rate from 5.5% in the third quarter to 6.1% for the first two months of the fourth quarter. Job losses are ticking upwards, creating a drag on buyer confidence and demand in St Johns County. However, historically low mortgage rates have created a favorable buying environment for those with a job.

Housing Market :

	Q3' 08	Q4' 08	Q1' 09 (Forecast)
Average Price	\$368,400	\$348,700	↓
# Homes on the Market *	2,118	2,296	↑
# Homes Sold **	443	389	↓
# New Homes Built ***	267	166	↓
Avg # of Days on Market	130	123	↑

* Available as of Dec. 31, 2008.

** May not add to total of zip codes.

*** During the first two months of 4th quarter.

Data by Zip Codes for Q4 2008

Zip Code	Average Price	Price Change ***	Total # Homes Sold (Quarter)	% Change in # Homes Sold ***	Average Days on Market	% of Asking Price (Sold/ List Price)
32033	\$233,000	-27.19%	6	200.00%	160	90.9%
32080	\$360,400	-11.73%	25	47.06%	139	92.0%
32082	\$727,400	15.72%	54	58.82%	181	85.1%
32084	\$179,100	-6.43%	25	0.00%	88	93.5%
32086	\$193,000	-15.72%	28	154.55%	148	94.6%
32092	\$268,700	-13.13%	96	15.66%	102	95.7%
32095	\$445,900	5.59%	19	0.00%	154	92.2%
32145	\$73,200	-38.07%	6	20.00%	169	84.3%

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

St. Johns County, FL

Data by Zip Codes for Q4 2008

Zip Code	Average Price	Price Change ***	Total # Homes Sold (Quarter)	% Change in # Homes Sold ***	Average Days on Market	% of Asking Price (Sold/ List Price)
32259	\$309,800	-25.10%	112	72.31%	109	92.9%
OTHER	\$369,200	-15.42%	18	-84.21%	96	96.3%

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

Others

Data by Zip Codes for Q4 2008

Zip Code	Average Price	Price Change ***	Total # Homes Sold (Quarter)	% Change in # Homes Sold ***	Average Days on Market	% of Asking Price (Sold/ List Price)
32003	\$171,000	N/A	1	N/A	170	95.5%
32054	\$133,000	N/A	1	N/A	14	95.7%
32176	\$158,000	N/A	1	N/A	37	97.6%
32206	\$277,500	N/A	1	N/A	0	113.2%
32210	\$54,900	N/A	1	N/A	15	91.7%
32601	\$115,000	N/A	1	N/A	30	93.9%
32605	\$127,000	N/A	1	N/A	103	99.3%
32631	\$155,000	N/A	1	N/A	198	91.2%
32641	\$28,000	N/A	1	N/A	99	93.6%
32653	\$154,900	N/A	1	N/A	49	91.2%
32738	\$89,900	N/A	1	N/A	263	100.0%
33042	\$390,000	N/A	1	N/A	142	100.0%

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

Will Spring Thaw the Frozen Market?

Ken Fears

Economist, Manager of Regional Economics

The sharp stock market decline in August along with the economic gyrations that ensued sent the housing market into gridlock during the fourth quarter of 2008. Owners, buyers, and sellers alike felt a sharp pinch to their retirement accounts and stock holdings. Coupled with massive layoffs, consumer confidence fell to an all-time low in December of 2008, 56.7% lower than it was a year earlier. Consumers have cut back on spending and they are scared and unwilling to take big risks. Unfortunately, a home purchase is a big risk and the housing market is suffering the impact as a result.

Many factors would suggest that housing should re-ignite at any time. Mortgage rates are near historic lows and there is a distinct possibility that they could slip below 5.0% and stay there for some time. Much action is being taken in Washington and new incentives are planned to stimulate demand including conversion of the current \$7,500 tax credit into a true tax credit (the current credit must be repaid over a 15-year period) and an interest rate buy-down program. Passage of these and other possible housing stimulus programs should help to stimulate demand by way of improved affordability. The problem with the process of introducing these initiatives is that buyers may wait until these programs are implemented before buying.

It is difficult to say definitively whether anticipation of these programs is what is pushing buyers to the fence. Buyers have plenty of economic concerns to worry about, not to mention tighter credit standards. Regardless, it is wise for a seller to understand the current landscape and how it will change moving through the spring.

During the winter, less new inventory is placed on the market, but this pattern changes in the spring as the end of the school year approaches. In the current market, units that are priced well move fast. However, properties that are not well priced can sit for long periods. Homes that once sold in a few weeks are now sitting on the market for months with no interest. So, what should a seller do? Or more specifically, how should a seller's agent advise his or her client?

Every market is unique. Some have a strong influx of inventory that arrives every spring. An agent may anticipate more demand with the spring and advise their seller to wait. Conversely, the spring could bring more competition from other sellers, in which case an agent might suggest aggressive re-pricing prior to the spring. Yet another view holds that regardless of the new supply or competition from other sellers, new buyers will see an old listing for the first time. Thus, a listing with many days on market and a new price may be priced right from their fresh perspective...and move quicker with this new pool of potential buyers.

Days on Market	Less than 30	30 to 59	60 to 99	100 to 149	150 or more
Number	1636	1802	2441	2608	4855
Share	12.3%	13.5%	18.3%	19.5%	36.4%
Avg. Concession	98.9%	96.9%	94.9%	93.3%	88.2%

Here in the area covered by the Northeast Florida Multiple Listing Service, Inc, the majority of homes on the market as of December 31st had been on the market for more than 150 days. Listings on the market for more than 150 days accounted for 36.4% of the total inventory and averaged a concession of 88.2%. Conversely, the smallest share of inventory is in the range less than 30 days on market, which makes up 12.3% of the total inventory.

Pricing is paramount, so getting it right the first time is critical. However, the spring market may present an opportunity to move a floundering property if it can be re-priced correctly. Good sellers' agents are working harder and being creative to earn their income these days; the rest are suffering. A fresh strategy may help.

We Need a “Jolt” Now!

by Lawrence Yun, Chief Economist, NAR Research

Well, let's talk about the bad news. The economy is just awful. It shed 2.6 million jobs in 2008. Brace yourself for another one million in the upcoming months. The stock market still has a very long way to go to recoup all its losses from the past year. The latest retail figures – which include data from the just-concluded holiday season – were the worst in years. I think I speak for a number of us when I say “thank goodness 2008 is over!” Happy New Year.

The recent housing figures did nothing to cheer us up at the end of the year – or even during the first few days of 2009. Existing-home sales declined 8.6 percent in November to a seasonally adjusted annual rate of 4.46 million. Year over year, existing sales declined 10.6 percent. Home prices declined 13.2 percent from the previous year – that's the largest price decline since NAR began tracking home prices in 1968. And immediate future sales activity doesn't look all that hot either. NAR's Pending

Home sales index was at its lowest level since NAR began tracking pending sales in 2001.

Pending and Closed Sales

Let's recap the numbers on both pending and closed sales measures. Pending home sales represent signing of contracts, not closed sales. Sometimes contracts do not close — for a variety of reasons. They may “fall out” because of buyers losing their jobs, or due to loss of ready cash (to pay for closing costs or down-payments) from stock market losses or retreating home equity. Because pending home sales is a leading indicator of what the closing activity will be two or three months down the road, the weak November figure suggests that sales activity also will be weak in December and possibly in January.

Existing-home sales also were down – to their lowest level since 1997. The decline is due first of all to the stock market “crash” in October. Job losses of course also played a major role in collapsing consumer confidence. Another reason for lower sales activity in November is that serious buyers decided to wait given the discussion about policy measures that could bring down mortgage rates.

Housing Stimulus

The price and sales figures affirm the need for a housing stimulus plan. Some action has already been taken. In the middle of December, the Fed working with the Treasury department, made a very innovative, nontraditional monetary policy move of purchasing – or making the announcement of purchasing – mortgage-backed securities. As a result, interest rates fell to 50-year low levels. Just consider – 5 percent mortgage rates! Who would have thought we would ever see 5 percent mortgage interest rates! (Please note that the November pending and existing-home sales do NOT reflect that.) But remember, generally there's about a 3-5 month lag time between interest-rate changes and the way home sales activity respond.

But I think we need further additional incentives for buyers. Right now, we are in a recession, people are losing jobs. Consumer confidence is likely to be low for those who are currently unemployed. But we need to change the confidence level of those households who HAVE jobs. About 90 percent of people will have jobs. How do we instill confidence in those potential home buyers? One way is to have “money on the table.” NAR has advocated for a home buyer tax credit for quite some time. Last summer a version of such a credit was enacted. But at the time the federal government was concerned with budget deficits. So while

the program provided for buyers to get a tax credit, they needed to pay it back. In these economic times, that just doesn't make sense. What we need now is a clean tax credit: where people get the credit and don't have to worry about repaying it.

Another element of such a housing stimulus package would be to raise loan limits. Even though people may qualify for a 5 percent mortgage rate, that is only for a conforming, conventional loan – NOT jumbo loans. The jumbo loan market is virtually frozen. One way to defrost it would be to raise the jumbo loan limit so more home buyers can qualify and take advantage of historically low rates.








“Jolt” Impacts

If a good strong stimulus package does pass Congress in January or February, the prospects for housing could be good. I think we may begin to see some steady improvement just from the historically-improved interest rates. But that will be a modest increase. Home sales activity now matches the level seen in 1997, so we are definitely down. While any improvement from a very low level is not necessarily great news, it would be welcome.

What we really need is a “jolt” to the system to help stabilize home prices. And our government can provide that jolt. Without home price stabilization, economic recovery will be very difficult. As home prices decline, consumer spending contracts. As prices decline, bank balance sheets deteriorate; as home prices decline, there will be increased incidence of mortgage defaults and rising foreclosures, including those on recently modified loans. If we have a properly structured housing-focused stimulus plan, once it is enacted I suspect that home sales could increase 10 percent – perhaps even 20 percent – nationwide. That would immediately bring down inventory levels and thus stabilize home prices.

That will give us the foundation for a further recovery in housing – which in turn will help turn our economy around. Here's to the potential for a happy new year.

This table reflects data available through January 2009.

Monthly Indicator	Recent Statistics	Likely Direction Over the Next Six Months	Forecast
<p>Existing Home Sales declined 8.6% in November to a seasonally adjusted annualized rate of 4.49 million units. The median sales price for an existing home also declined – to \$181,300, 13.2 percent below the price posted in November of 2007. Housing inventory continues at very elevated levels, with 4.2 million existing homes available for sale at the end of November – an 11.2 month supply at November’s sales pace.</p>	Nov 08 4,990 Oct 08 4,890 Nov 07 5,930		Rising affordability conditions will help despite job cuts
<p>New Home Sales posted 407,000 seasonally adjusted annualized units in November – 2.9% below October’s pace and 35.3% off the pace in November of 2007. While the actual number of new homes available for sale fell to 372,000, the month’s supply of inventory is still very high at 11.5 months.</p>	Nov 08 512 Oct 08 525 Nov 07 857		So few new homes are being built
<p>Housing Starts posted a seasonally adjusted annualized rate of 625,000 units in November – 18.9% below October’s level and 47.0% below that posted in November of 2007. Housing permits – generally a reliable indicator of future starts – were at 616,000 (seasonally adjusted annual rate), 15.6% off the rate in October and 48.1% below the rate a year ago. Builders have sharply cut back production. Given the large overall housing inventory, and further construction cutbacks are likely.</p>	Nov 08 625 Oct 08 771 Nov 07 1,179		Inventory is still high and cuts are required
<p>Housing Affordability In spite of the recession, housing affordability continues to improve. NAR’s latest housing affordability index rose in November to 142.4 – a 7th monthly increase. The rise in affordability was due primarily to a slight increase in the median family income and a decline in qualifying income while interest rates remained relatively low.</p>	Nov 08 142.4 Oct 08 138.8 Nov 07 120.1		Staying at a near 30-year high
<p>Mortgage Rates: Rates on 30 year fixed-rate mortgages fell 5.33% in December – their lowest level since June 2003. Rates have been falling since November when the Federal Reserve announced a plan to purchase mortgage-backed securities in an effort to prop up the distressed housing market.</p>	Dec 08 6.32% Nov 08 6.04% Dec 07 6.61%		Near 50-year lows and will remain at that level for most of 2009
<p>Employment The U.S. economy continues to bleed jobs. Nonfarm payrolls were cut by 524,000 in December, and November’s job loss figure was revised upward to 584,000. The unemployment rate rose to 7.2% in December – its highest level in 16 years. The economic momentum and the fall in average work hours per employee in the last month suggest another one million jobs could easily be lost in the upcoming months.</p>	Dec 08 -524 Nov 08 -528 12-month total -2,600 (thousands)		Heavy job losses in 1st quarter of 2009 followed by moderating job cuts in the second quarter
<p>Economic Growth The U.S. economy is officially in recession. GDP growth decreased at an annual rate of 0.5% from the second to the third quarter of 2008. This is the final estimate of GDP growth based on more complete data. Both consumer and business spending continue to decline. Economic contraction is expected to continue at least through the first half of 2009.</p>	2008:III 1.0% 2008:II 0.6% 2007:III 1.2%		Recovery in the second half of 2009 after a sharp contraction in the first half

Notes: All rate are seasonally adjusted. New home sales, existing home sales, and housing starts are shown in thousands. Employment growth is shown as month-to-month change in thousands. Inflation is shown as the month-to-month change in the Consumer Price Index. Sources: NAR, Bureau of the Census, Bureau of Labor Statistics, Freddie Mac, and the Mortgage Bankers Association