

The Housing Market is Showing Signs of Life – Has Economic Recovery Begun?

Good news is pouring in from the U.S. housing market – both new and existing home sales are on the rise. Could this signal the beginning of the end of the economy's woes?

New Home Sales

According to the Commerce Department, new home sales grew by 11.0 percent in June from May figures to a seasonally adjusted annual pace of 384,000. While the current pace is down 21.3 percent from last year, it is up dramatically from economists' predictions that sales would rise just 2.3 percent for the month. Plus, this uptick represents the fourth increase in new home sales during the past six months, a good sign that the bottom of the housing market is behind us.

Existing Home Sales

Sales of existing U.S. homes rose for the third straight month in June and National Association of Realtors chief economist Lawrence Yun believes this is part of a pattern. "The increase in existing home sales occurred in all major regions of the country," he said. "We expect a gradual uptrend in sales to continue due to tax credit incentives and historically high affordability conditions."

Hold the Phone - Foreclosures and Unemployment

While some positive data is showing up in the housing market, there are still a couple of other things keeping the overall U.S. economic picture from looking as rosy. For example, the national unemployment rate hit 9.5 percent in June and many economists are predicting that the rate will climb to 10 percent by the first part of 2010. Rising unemployment means many people will be trying to save more and spend less, a trend that seems very healthy on an individual level, yet worries analysts to no end. Without spending, our economy doesn't grow.

Mounting unemployment also means more foreclosures are on the way. According to a report by foreclosure data tracking company RealtyTrac, total homes in the foreclosure process rose 9 percent in the first half of this year from the previous six months, to 1.53 million properties. That number is up 15 percent from the same time in 2008 and means 1 out of every 84 American homeowners was in some stage of the foreclosure process. And June figures show the trend is continuing to worsen. Foreclosure filings were up almost 5 percent from May and 33 percent from one year earlier. "What this means is, despite the intensity of the efforts on the part of government and lenders, we don't have a handle on foreclosures yet," said Rick Sharga, a spokesman for RealtyTrac.

And James J. Saccacio, chief executive officer of RealtyTrac added, "Foreclosure activity continues to increase to record levels. Unemployment-related foreclosures account for much of this increased activity, and the high number of borrowers who find themselves owing more on their mortgages than their homes' are now worth represent a potentially significant future risk."

Even so, there is reason to be cautiously optimistic. A recovering housing market, even in its beginning stages, is one of the important pieces that must fall into place for the overall economy to follow suit.

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Help Us to Remember

~ Author Unknown

Help us to remember that the jerk who cut us off in traffic last night is a single mother who worked nine hours that day, that she is rushing home to cook dinner and help with homework, to do the laundry and spend a few precious moments with her children.

Help us to remember that the pierced, tattooed, disinterested young man who takes forever at the checkout stand, is a worried 19-year-old college student, who is balancing his apprehension over final exams with his fear of not getting his student loans for next semester.

Remind us that the scary looking bum, begging for money in the same spot every day (who really ought to get a job!) is a slave to addictions that we can only imagine in our worst nightmares.

Help us to remember that the old couple walking annoyingly slow through the store aisles and blocking our shopping progress are savoring this moment, knowing that, based on the biopsy report she got back last week, this will be the last year that they go shopping together.

Let us be slow to judge and quick to forgive.
Let us show patience, empathy and love.

Open our hearts not to just those who are close to us, but to all humanity.

Remind us each day that of all the gifts you give us, the greatest gift is love.



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~ Monthly Featured Homes ~

4340 North Shore Drive, Orono



Fabulous 4 bedroom, 3-bath walk out rambler on a 1-acre lot with woods & expansive views of Lake Minnetonka (Forest Lake Bay). Breathtaking views of the Lake from the screened porch, great room, dining room, decks, family room, & Master bedroom. Hardwood floors on the majority of the main floor living area, new stainless steel appliances in the kitchen, ceramic baths & a cozy wood burning fireplace in the great room.

11984 Saint Albans Hollow Drive, Minnetonka



Open bright home on a private lot and secluded cul-de-sac. Main floor Master Suite has 2 walk-in closets & large Master Bath. Great Room is vaulted with cozy gas fireplace. Three bedrooms in lower level & Family Room with walkout to wooded view. Large kitchen with center island & breakfast area. Close to walking and biking trails.

If you or anybody you know might be interested in one of these featured homes, please give us a call at 952-945-3109.