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## THE SPOKESMAN-REVIEW

### May Real Estate Activity Increases 18.5%

#### 169 days left to use "Cash at Closing" Tax Credit

*Jeannette Karis, President, Spokane Association of REALTORS*

In May in Spokane County, 390 single family homes were sold to new owners, according to data from the Spokane Association of REALTORS®. This is an 18.5% increase over April, and a month-to-month increase for the fourth month in a row, demonstrating a steady increase of confident buyers and sellers are participating in this year's active real estate market in Spokane.

The county-wide sales volume (value of the real estate sold) totaled \$70 million, and while the number of homes sold compared to May 2008 is down by 90, the total volume was equal to May of 2002, signaling that perhaps the Spokane market has returned to its 'normal' performing range.

There are some pretty strong national indicators as well, based on first-quarter activity, as reported by the National Association of REALTORS®:

- Almost a half million first time buyers, nationwide
- Pending Home Sales Index rose for third straight month
- Affordable Housing Index in record territory

According to NAR reports, there were approximately 455,000 first-time buyers that

took advantage of low prices and interest rates to close transactions in the first quarter of the year. Lawrence Yun, NAR chief economist, said buyers are responding favorably to current market conditions. "Now the \$8,000 first-time buyer tax credit is beginning to impact the market," he said. "Since first-time buyers must finalize their purchase by November 30 to get the credit, we expect even greater activity in the months ahead, and that should spark more sales by repeat buyers."

The first-time homebuyer tax credit was enacted last year--and improved upon earlier this year--to help encourage households to enter the housing market while interest rates are low and affordability is high. The credit is worth up to \$8,000, is available to households that have not owned a home in at least three years, and does not have to be repaid. Households can get their credit returned to them in the form of a payment.

As noted above, the Pending Home Sales Index has increased for the third month in a row. This Index is a forward-looking indicator that projects future activity. Current numbers reflect contracts signed in April, in process, but yet to close. Many will close over 2-3 month's time, making this a good projection of short-term pending activity. Its good news when it trends upward. For April, the index rose 6.7

percent to 90.3 from a reading of 84.6 in March, and is 3.2 percent above April 2008.

Also, NAR's Housing Affordability Index is in record territory. The affordability index rose to 174.8 in April from an upwardly revised 171.9 in March, which makes it the second-highest monthly reading on record after peaking at 176.9 in January. The HAI is a broad measure of housing affordability using consistent values over time, examining the relationship between home prices, mortgage interest rates and family income.

**“Cash at Closing” just announced by HUD**

The most exciting news came the first week of June. HUD just announced that qualifying buyers who have not owned a home for the past three years may use the 2009 Stimulus Tax Credit for “cash at closing” to cover costs on FHA loans, to buy down the interest rate or make a larger down payment.

Your Spokane REALTOR® will have details about a variety of current programs available in Washington State, based on your individual needs. But there are just 169 days left to utilize the \$8,000 tax credit. The credit may now be used for “cash at closing,” but the program will end on November 30, 2009 and your home loan must close on or before that date. The home buying process from start to finish can take two months or even longer as the market begins to pick up, so contact a Spokane REALTOR® today. A last reminder: you can browse **SpokaneOpen.com** for local REALTOR®-sponsored open houses, any time, 24/7.

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*Source: National Association of REALTORS®*