

# REAL TRENDS HOUSING MARKET REPORT: THE HOUSING MARKET RECOVERY CONTINUED IN DECEMBER WITH SIGNIFICANT IMPROVEMENT IN BOTH UNIT SALES AND AVERAGE PRICES

***Report shows housing recovery continuing even without direct benefit of tax credit. Unit sales up 17.1 percent in December 2009 over December 2008 while average price of homes sold rises 0.6 percent for first gain in four years.***

January 12, 2010 – Denver, CO - Home sales rose 17.1 percent across the nation in December 2009 compared to the same month in 2008, according to the REAL *Trends* Housing Market Report. This gain came despite the loss of urgency from first-time homebuyers since the related tax credit that was set to expire at the end of November was extended through April 2010. More surprising is that the average price of homes sold rose 0.6 percent – the first gain in over four years. Every region of the country showed gains in home sales with the Northeast leading with an increase of 29.8 percent in units. The Midwest was next with unit sales up 19.2 percent over the same month a year ago.

On the price front, the average price of homes sold rose 2.1% in the Midwest its best showing since 2005 and the South showed a price gain of 0.9 percent from December 2008 to December 2009. Only the Northeast showed a price decline and it was only 1.3%.

The results were surprising given that mortgage applications for purchase were down in November. Most forecasts called for a sharp reduction in sales on a year over year basis due to the expiration of the first-time homebuyers tax credit and the resultant extension to April 30, 2010.

"While the results for December 2009 were down substantially from November 2009, the fact that every region showed double-digit improvement in sales and that sales prices actually went up marginally shows evidence that the housing market is beginning the process of stabilization," said Steve Murray, editor of REAL *Trends* and author of the REAL *Trends* Housing Market Report. "Many forecasts predicted a sharp slowdown in December sales and virtually no forecasts indicated an increase in the average prices of homes sold."

"We do expect that these results will weaken somewhat in the next few months because the first quarter is historically a slow period for homebuying and the deadline for the homebuyer tax credit has been extended until April 30, which is when first-time homebuyers and eligible existing homeowners need to be under contract in order to qualify for the tax credit. However it now appears that the short-term softness may be offset by strengthening consumer demand for housing. Other factors that may boost housing are the rise in mortgage rates over the past month that is usually a signal for consumers to act and the high rates of affordability that continue to exist in most markets."

"It is also recognized that the fourth quarter of 2008 and first quarter of 2009 were the worst quarters for housing sales so that the November and December 2009 results, while very strong and encouraging, were in comparison to some of the worst months in housing sales recorded in the last decade."

<i>REAL Trends December/November Housing Market Report</i>				
<i>(Versus same month a year ago)</i>				
	December 2009 Closed Sales	December 2009 Avg. Price	November 2009 Closed Sales	November 2009 Avg. Price
National	+17.1%	+0.6%	+42.9%	-7.2%
<b>Regional Report</b>				
Northeast	+29.8%	-1.3%	+53.7%	-6.1%
South	+15.1%	+0.9%	+47.9%	-4.4%
Midwest	+19.2%	+2.1%	+50.7%	-4.5%
West	+10.8%	+0.5%	+25.0%	-7.6%