



Looking Back at 2009

-- A Tumultuous Year for Real Estate

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is not meant as a solicitation for that business.

2009 proved to be a tumultuous year for real estate, one that can be summed up in single word: *survival*.

As we look forward to 2010, it is helpful to take a quick look back at the real estate headlines of the past 12 months, which include:

1. Banks continued to limit lending.

Mortgage loans were hard for many buyers to get in 2009. Banks, reacting to the out-of-control lending practices of recent years, decided to go in the opposite direction and make it too difficult to get money.

First-time home buyers with perfect credit found that it just wasn't perfect enough. Jumbo loans became almost impossible to get. Even buyers wanting to purchase mid- to upper-range properties had trouble finding money.

Tightened criteria did a lot of damage by creating a vacuum where only the very fittest could survive. This spelled doom for the market, as it created a negative domino-effect. First-time home buyers couldn't buy until move-up buyers found money. They, in turn, couldn't move up until high-end buyers found money. The market stalled.

2. Sellers starved.

Sellers just had to sit and wait for a miracle in 2009. Buyers clung to a "wait-and-see" mentality that kept transactions closing at a snail's pace.

The only light at the end of the tunnel was the First-Time Home Buyer's Tax Credit, which spurred the market back into action in the final quarter.

3. Buyers were confused.

In 2009, buyers just didn't know what to do. Never having experienced a crash like the one we experienced in 2008, everybody was frozen in their tracks—waiting for some guidance.

Brave buyers jumped in, recognizing that January through March would go down in history as the best time to buy real estate in the last 30 years. This was mainly due to the best combination ever of low prices and low interest rates.

By mid-2009, things were more difficult. Media attention soured consumer attitudes and drove buyers away. As a result, buyers chose to wait...and wait...and wait.

4. The First-Time Home Buyer Tax Credit finally saves the day.

Relief came in the form of an \$8,000 stimulus from the United States government. First-time home buyers saw the advantage of snapping up this tax credit and began to return to the market.

Now that the tax credit has been extended into 2010 (and with the addition of an additional \$6,500 tax credit for buyers who have been in their homes for 5 of the last 8 years), we are already seeing more activity in the real estate market.

Are you interested in knowing how all this might affect you? Just give me a call at (360) 620-2690 or send an email to mollyells@windermere.com. I'll show you what the ups and downs of 2009 have done to your neighborhood—and how you can profit from them in 2010.

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