



There's *Good News* on the *Horizon...*

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If you are already working with an agent, this is not meant as a solicitation for that business.

According to recent data from the National Association of REALTORS®, the number of homes on the market has begun to come down a bit – which is good news for sellers, buyers, and the health of the real estate market and the U.S. economy.

October 2011 showed the first sizeable downward shift in many months – indicating a significant drop in inventory year-over-year since the height of the market in 2007-2008

Year	Inventory of Existing Homes
Oct-06	3.9 million
Oct-07	4.4 million
Oct-08	4.2 million
Oct-09	3.6 million
Oct-10	3.9 million
Oct-11	3.3 million

The data above from NAR compares October inventory numbers from 2006-2010; at the market height in October 2007 there were 4.4 million homes on the market, while this past October that number had shrunk to 3.3 million. While we have assume some of that shift is seasonal (late fall and winter normally have fewer homes on the market), when comparing October to October numbers to get a more accurate reading, October 2011 still saw the lowest inventory since October of 2005.

Why is this important? Because when inventory shrinks – i.e. there are fewer homes for buyers to choose from and competition begins to pick up – house prices begin to rise. And, when house

prices begin to rise, the equity a homeowner has in his/her home increases as well. After the past few years where high inventory rates and falling prices seriously challenged the housing market, the most recent data is very good news.

Additionally, if the number of months it would take to exhaust the current inventory decreases from October's 8-month supply to perhaps a 6-month supply by mid-2012, that will help push price appreciation levels into positive territory of about 3% to 5% annually, according to NAR Chief Economist Lawrence Yun.

While none of us has a crystal ball to use when determining the future, we can rely on accurate data from industry experts – and the current data is finally starting to signal a slight shift upward for the housing market.

If you're a buyer still waiting for the bottom of the market – you might consider getting in now because by the time you realize the market has hit bottom ... it will have already and you might just miss out on the lowest prices in decades.

If you're a seller thinking about putting your home on the market, lower inventory numbers are good news for you in that with less competition, more buyers may be looking at your home as their potential new home.

Want to know more about our local market and how our inventory levels and prices are comparing to national averages? Give me a call at 360-620-2690 or send an email to mollyells@windermere.com. I'd be happy to share the data for our market and how it may affect your ability to buy or sell real estate in 2012.

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