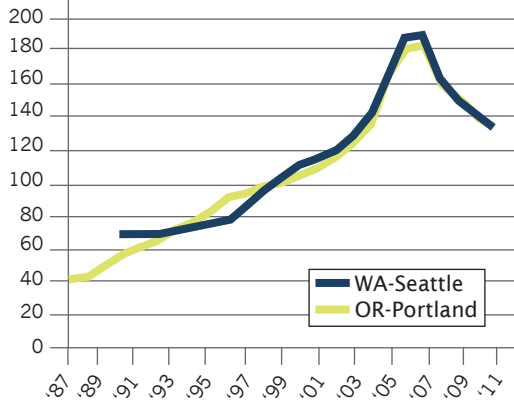


## Real Estate in 2012

WHAT CAN WE EXPECT?

Volume 12 Issue 1,  
King County Eastside Version

### HOME PRICE INDEX LEVELS 1987-2011



Note: Chart depicts the annual returns of the Case-Shiller 10-City and the 20-City Composite Home Price Indices.  
Source: S&P/Case-Shiller

### HOME VALUATIONS

Nationally, median home prices are expected to fall only slightly during the first half of 2012, according to Standard & Poor's Case-Shiller Home Price Index. But by year's end, home valuations should begin to rise. The National Association of REALTORS® (NAR) estimates the median home value will increase 1.8% from \$165,200 to \$168,200. Out of the 384 metro areas they monitor, Case-Shiller is predicting 95% will see some gains by the end of 2012.

Locally, the potential for substantial job growth exists, especially in the high-tech and

aeronautical industries. In a recent CNNMoney article, Case-Shiller forecasted the median home price in the Seattle metro area could rise as much as 10.5% in 2012. Case-Shiller also suggested that a 7.9% increase in the Portland metro area is possible. These increases should be significant boosts to consumer confidence leading into 2013.

### HOME SALES

Low mortgage rates and low home prices could lead to a bump-up in sales for the upcoming year. NAR predicts that national sales of existing homes will rise about 5.1%, from 4.9 million in 2011 to 5.2 million in 2012.

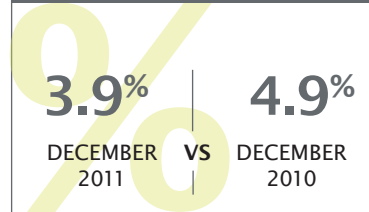
### MORTGAGES

A year ago, our market started 2011 at around 4.9% on a 30 year fixed mortgage and ended near a historic low of 3.9%. Freddie Mac predicts that mortgage rates for 2012 will remain low through mid-year, but close in on 5% by December.

Good credit, solid work history and a reasonable down payment can still go a long way toward qualifying for a loan. The Federal Housing Finance Agency (FHFA) sees evidence that lending standards are starting to loosen. A recent FHFA survey shows the number of loans made with a loan-to-value ratio greater than 90% rose significantly in 2011, doubling from 10% to 20%. This rise is a good indication more consumers are qualifying for low down payment, FHA-backed loans than before.

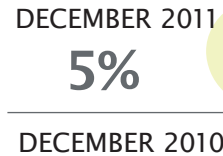
Economists agree the real estate market is poised for some growth in 2012 and that interest rates will see an increase. The first part of 2012 may well be the optimum time to buy, while home prices are at or close to stabilization and interest rates are still low.

### 30 YR MORTGAGE INTEREST RATES



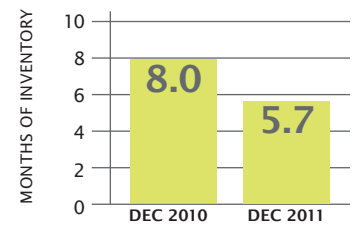
Source: Mortgage-X Mortgage Information Service

### PENDING SALES



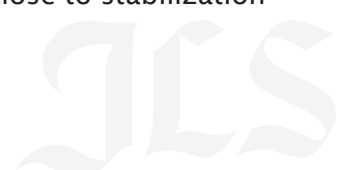
Note: For all price ranges in this region. Condo/Single Family, Resale Only  
Source: NWMLS/Trendgraphix

### MONTHS OF INVENTORY



4-6 months - Due to average demand, home prices hold steady or appreciate slightly.

Note: For all price ranges in this region. Indicates the number of homes on the market divided by the rate of sales. Condo/Single Family, Resale Only.  
Source: NWMLS/Trendgraphix



©2012 Some John L. Scott offices are independently owned and operated.