



The Real Story



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If you're a first-time buyer, now's the perfect time to be looking for a home.

Recent legislation and improving economic indicators bode well for first-time homebuyers...

- On July 30, President Bush signed into law the **Housing and Economic Recovery Act of 2008**, a 700-page stimulus package that includes, among other landmark features, a tax credit for first-time homebuyers. The credit is based on 10 percent of the home sales price up to \$7,500 and is available to first-time homebuyers between now and July 1, 2009. The amount of the credit is also determined by the buyer's gross income. To learn more about the credit, visit www.realtor.org.
- The **Housing and Economic Recovery Act of 2008** also includes increased limits (\$625,000) for conventional and FHA loans and a \$300-billion refinance program for existing homeowners with subprime loans. Richard Gaylor, president of the National Association of REALTORS (NAR) sees the housing stimulus package as providing long-term relief in the form of higher loan limits, reduced foreclosures and increased safeguards for Fannie Mae and Freddie Mac.
- According to Lawrence Yun, chief economist for the NAR, existing home sales are expected to strengthen in the months ahead with broader gains seen by the fourth quarter as buyers take advantage of new provisions in the stimulus package. **Up to 2.5 million new homebuyers are expected to enter the market between now and July 1, 2009.**
- The NAR's Pending Home Sales Index, a forward-looking indicator based on contracts signed in June, rose 5.3 percent from the previous month. **This is noteworthy because all four regions of the country showed gains.** A rise in contract activity historically precedes an overall housing recovery. The increase also reflects the **greater affordability** present in today's market.
- The national economy is expected to post a gain in GDP of 1.7 percent for 2008. Economists for the Mortgage Bankers Association estimate it to be 2.4 percent. Personal income for 2008 is also forecast to increase 1.7 percent. **Our economy is still growing.**
- **The price of oil is at its lowest point in three months** due to reduced demand and to a stronger U.S. dollar. OPEC just released a report forecasting a continued drop in demand for the remainder of 2008 and into the first half of 2009. Expect the price of gasoline and heating oil, both of which impact the real estate industry, to decline in the weeks and months ahead.

The Real Story is that powerful market forces are at work to re-energize the real estate industry. Congress has committed hundreds of billions of dollars to that end. All signs are go. **It's the perfect time for buyers, especially first-time buyers, to be looking for a home.**

