

Comments

Observations

Sales in April were much stronger than last year and close to last month.

Foreclosures and their sales continued as significant portions of residential activity. See table below.

County	REO Sold		Repossessions	
	# Sold YTD	% of YTD Existing Sales	Pre & Fore-closures	% of Visible Supply
Benton (OR)	20	10%	109	13%
Clackamas (OR)	270	25%	1,982	37%
Clark (WA)	282	24%	1,877	47%
Deschutes (OR)	483	48%	1,378	39%
King (WA)	664	16%	4,684	32%
Kitsap (WA)	106	18%	681	33%
Lane (OR)	173	19%	1,138	41%
Marion (OR)	195	27%	1,298	31%
Multnomah (OR)	458	22%	2,980	43%
Pierce (WA)	755	37%	4,056	59%
Skagit (WA)	78	27%	352	25%
Snohomish (WA)	448	29%	2,707	41%
Thurston (WA)	149	22%	1,655	83%
Washington (OR)	254	20%	2,434	58%
Whatcom (WA)	83	14%	301	14%
Yamhill (OR)	75	34%	458	40%

The Home Affordable Modification Program (HAMP) converted more than 68,000 trial modifications to permanent status in April, putting the total at 299,092. It is a start and a long time coming.

Housing Starts

The Commerce Department reported a bigger than anticipated gain in housing. Starts rose to an seasonally adjusted annual rate of 672,000, up 5.8% from March. Is it real? Permits decreased 11.5% to an annual rate of 606,000 units.

Summary

This is the time of the year that the inventory of homes offered for sale climbs. Will sales absorb all that is being offered? Will all the forced sales drive prices lower?

The very first private mortgage backed security was issued in April on jumbo loans created in the last year. It was the first such issue in more than two years, a very positive development for the housing finance market. This AAA rated issue was oversubscribed allowing the issuer to reduce the coupon rate to 3.75% from 4%.

More real estate contracts are used to effect a sale. And still, the vast majority of credit, 90+%, to home buyers is from government programs.

The commercial market has ongoing refinancing that is problematic for lenders, owners and investors across the nation. This challenge will keep involved parties occupied in costly nonproductive tangles.

Finally, the European Community has a crisis of unprecedented proportions on its hands. The future of the global recovery is in question as a result. It is the reason that gold is strong while other commodities are weak. Needless to say, our stock market has suffered as a result.

The question remains, how will this all impact housing? There is certainly a bullish sentiment that has not been seen for more than two years. Will it translate into better times for real estate?



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