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ECONOMIC RECOVERY BRINGS BUYING OPPORTUNITIES

By **TRICIA MORRIS**
President, Premiere Mortgage

The Grateful Dead rock band may have had an economist in the group when they sang the lyrics that said, "What a long strange trip it's been." Following the news of the economy as it recovers from the last two years can seem like a journey on a highway with conflicting direction signs — but the evidence is growing that the recovery is under way.

Recently, the Federal Reserve announced positive economic activity in 11 of the 12 federal banking regions, although unemployment remains persistent. Manufacturing orders are continuing to increase and March retail sales surprised many with a higher than expected increase. This is an important indicator to watch because 70 percent of the economy is based on consumer buying.

Pent up demand, low interest rates and the federal home purchase tax credit program that ended April 30 have helped the housing market, which is experiencing a slight increase in prices and decreasing inventory. Interest rates have been kept low by a weak economy and the purchase of mortgage backed securities by the Federal Reserve. However, the Fed program has concluded and interest rates are expected to increase through the balance of this year and into 2011.



Morris

Even with the anticipated interest rate increase, Fed Chair Ben Bernanke testified before Congress that,

"Overall, on the inflation front, recent data continue to show a subdued rate of increase in consumer prices...The moderation in inflation has been broadly based, affecting most categories of goods and services with the principal exception of some globally traded commodities and materials, including crude oil. Long-run inflation expectations appear stable."

A critical element in the continuing gradual economic recovery is the strength of the housing market. As the market has adjusted it is becoming evident that we probably have reached bottom and that the opportunity for buyers and sellers to purchase their dream home on Maui is becoming better and better.

According to information released by the National Association of Realtors (NAR), Existing-home sales in March (the most recent month for which sales figures were available) rose 6.8 percent to a seasonally adjusted annual rate of 5.35 million units in March from 5.01 million in February,

and are 16.1 percent above the 4.61 million-unit level in March 2009.

Single-family home sales rose 7.3 percent to a seasonally adjusted annual rate of 4.68 million in March from a level of 4.36 million in February, and are 13.3 percent above the 4.13 million level a year ago.

Lawrence Yun, NAR chief economist, said it is encouraging to see a broad home sales recovery in nearly every part of the country, with two important underlying trends. "Sales have been above year-ago levels for nine straight months, and inventory has trended down from year-ago levels for 20 months running," he said. Inventory reductions generally indicate more solid and often increasing prices.

Closer to home, the Realtors Association of Maui (RAM) reports that Residential Sales rose two months in a row at 70 homes sold in March, while Condo Sales posted a 46-month high of 122 units sold.

Maui's Year-to-Date sales numbers that compare January-March 2010 to January-March 2009 show that residential unit sales rose 42 percent with a total dollar volume sold of \$113,929,064, a gain of 19 percent over a similar period a year ago.

RAM goes on to say, "The market is stirring, with mixed indicators showing increased activity and now sales. Inventory was decreasing, yet bumped up for Homes the last

three months. Median prices are showing some small up ticks."

To take advantage of the opportunities on the market, it's a good time to visit with your professional local mortgage professional to plan your purchase, check your credit, clear up any problems and get pre-approved for a loan. A mortgage banker can be a key partner as you review the programs of various lenders and make your financing decisions.

During your visit also take the time to learn more about creative financing terms such as Agreements of Sale, Seller Carry Back Financing (especially 2nd mortgages), and Sale-with-Lease-Back to Seller. Benefits include no bank qualifying and low down payments — between 5-10 percent in some cases. It is important to note that short sale and bank owned properties don't qualify for unconventional financing.

It's clear, now is the time to buy the home you've always wanted — in a wonderful location and at a great price. Does it get any better than Maui?

Premiere Mortgage, with offices on Maui and Kaua'i, offers extensive loan options through both broker and banking services. Tricia Morris may be reached on Maui, in Kihei, at 874-8800, Wailea, at 891-8900, West Maui at 665-8800, on Kaua'i at 808-822-2300, or toll free at (800)-813-7711.