



REAL ESTATE TODAY

For the GREATER ALBUQUERQUE AREA

THE "ADJUSTED" MARKET by Barbara Madaras

Some folks say the current real estate market is in a downturn. Others call it a return to a normalized market after the housing boom of 2005.

David Lereah, chief economist for the National Association of Realtors, refers to it as a manageable "contraction."

Although , sales of existing homes decreased in 2006 from 2005, 2006 still had the third-best performance on record nationally. 2007 should follow suit with sales numbers mirroring those of 2006.

Speaking at the 2006 Realtors Conference & Expo held in November 2006, Lereah said he expected a 9 percent decrease in sales of existing homes and a 17 percent drop in new-home sales nationally in 2006. That forecast was accurate!

He attributed the decreases to a drop in the number of investors, who drove up home-sale numbers in 2005. Across the nation, abnormally high home prices resulted because of that year's housing frenzy.

"Prices got too high too quickly in (the 2005) boom," Lereah said.

However, sales prices have begun to drop and the market has begun to correct itself in most parts of the country.

In Lereah's opinion, the real estate market in 2007, the country will be divided into five segments that he calls:

NON-BOOM STALLERS: These are areas, such as the state of Ohio, that never experienced the housing boom of 2005.

NON-BOOM GAINERS: These areas, which include Texas and parts of **New Mexico**, didn't participate in the boom but nevertheless had growing real estate markets in 2005.

BOOMLITES: These areas, such as Atlanta, experienced slightly higher than normal home appreciation in 2005/2006. (ED: **Albuquerque** is in this category.)

AVERAGE BOOM: These areas, such as New York City, have seen recent modest price decreases and a drop in sales.

These four segments, which make up three-fourths of the country, "will be expanding in a sluggish way in 2007", Lereah said.

HOT BOOM: These areas include the Phoenix Valley, parts of California and south Florida. In these areas, home prices need to drop to bring back buyers, Lereah said. The biggest question in these areas is how much do prices need to drop and how will it take before their markets become active substantially and profitably active again.

Albuquerque's Residential Home Sales statistics for March 2007 indicate that the housing market continues to be sluggish as compared to March 2006. There has been a substantial increase in inventory and a decrease in sales compared to a year ago.

On the positive side, prices have remained stable unlike many other areas around the country.

On April 30, the number of homes in the Albq Metro area on the market surpassed the all time 1998 record high of 3510. On May 15, the number reached 6000!

Published by



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August 2007

WHAT MAKES UP A CREDIT SCORE?

Your Credit Score..... That magical mystical mysterious number that at times governs your life.

What is it? Well.....

The number itself can range from 350 to 850. The formula for exactly how the score is calculated is proprietary information and owned by Fair Isaac, the company that is the source of the score.

Here, however, is an approximate breakdown of how your credit score is determined:

☼ **35 percent** of the score is based on your payment history. This makes sense since one of the primary reasons a lender wants to see the score is to find out if and how timely you pay your bills. The score is affected by how many bills have been paid late, how many were sent out for collection, any bankruptcies, etc. At what point these things happened is also a factor. The more recent the late payment, the worse it will be for your overall score.

☼ **30 percent** of the score is based on outstanding debt. How much do you owe on car or home loans? How many credit cards do you have that are at their credit limits? The more cards you have at their limits, the lower your score will be. The rule of thumb is to keep your card balances at 25% or less of their limits.

☼ **15 percent** of the score is based on the length of time you've had credit. The longer you've had established credit, the better it is for your overall credit score. Why? Because more information about your past payment history gives a more accurate prediction of your future actions.

☼ **10 percent** of the score is based on the number of in-

quiries on your report. If you've applied for a lot of credit cards or loans, you will have a lot of inquiries on your credit report. These are bad for your score because they indicate that you may be in some kind of financial trouble or may be taking on a lot of debt even if you haven't used the cards or gotten the loans. The more recent these inquiries are, the worse for your credit score. FICO scores only count inquiries from the past year.

☼ **10 percent** of the score is based on the types of credit you currently have. The number of loans and available credit from credit cards you have makes a difference. There is no magic number of combination of types of accounts that you shouldn't have. These actually come more into play if there isn't as much other information on your credit report on which to base the score.



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Relative to the market that is!

A realtor can provide you with accurate, informative and up-to-date statistics which will impact your ability to effectively sell or buy a property.

For a Seller, statistics such as Average Sale Price in your area, Average Sale Price per Square Foot and Number of Sales by Month will assist you in listing your property at a price and at a time that will enable a quick and profitable sale transaction.

For a Buyer, statistics such as Average

"A realtor can..... impact your ability to effectively sell or buy a property."

Price per Square Foot and Number of Sales by Month will assist you in more accurately determining your purchasing power when that purchasing power will have the most strength.

Each edition of "Real Estate Today" will have the most up-to-date statistics for your area. Two editions are published — one for the Greater Alber-

que Area and one for the Lynnewood Park & Brentwood Hills areas.

And we are always available to work with clients to research other areas.

To receive additional or future copies of either publication, contact us at the information shown on the back cover.

In the meantime.....

Enjoy finding out what YOUR HOUSE is worth! Contact **Barbara Madaras** at **505.301.1033** for a FREE Market Analysis.

This publication is not intended as a solicitation if your property is currently listed for sale with another broker.

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* Trader Joe's



THINKING GREEN?

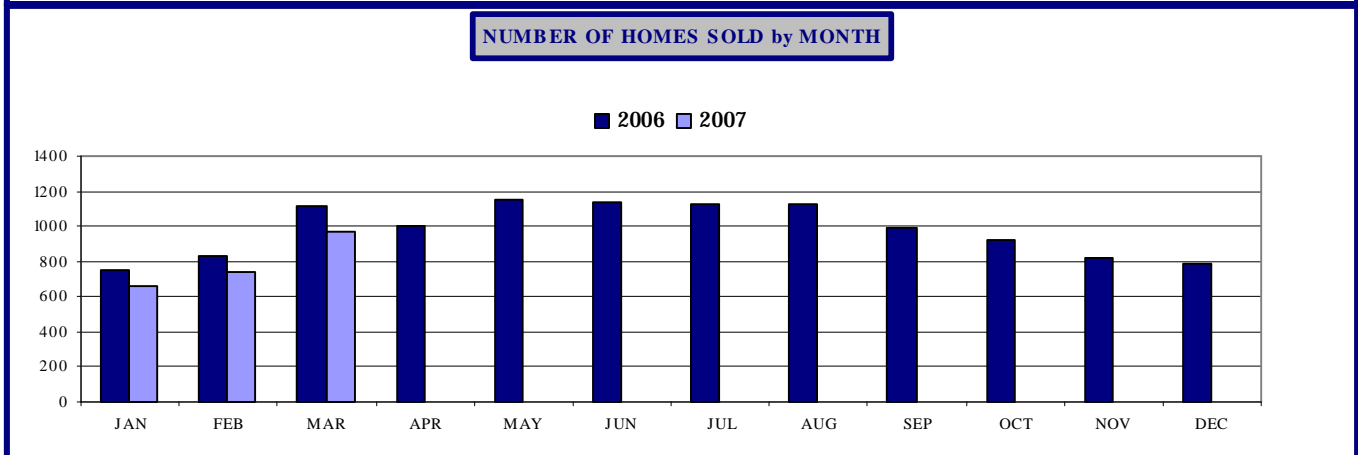
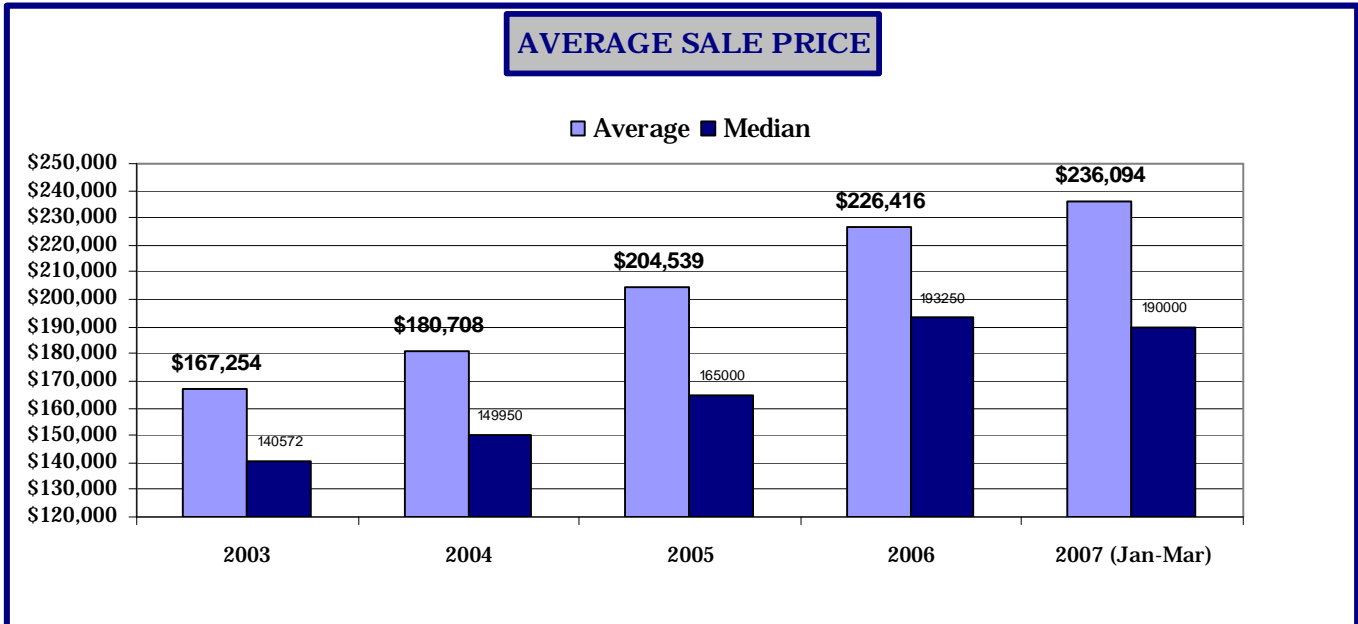
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Charts are derived from Multiple Listing Service statistics which are deemed reliable but not necessarily correct.

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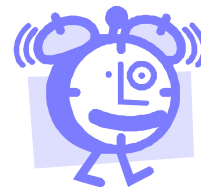
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