

MarketNotes

A Publication of The Stephen Howell Realty Group, LLC at Coldwell Banker Residential Brokerage

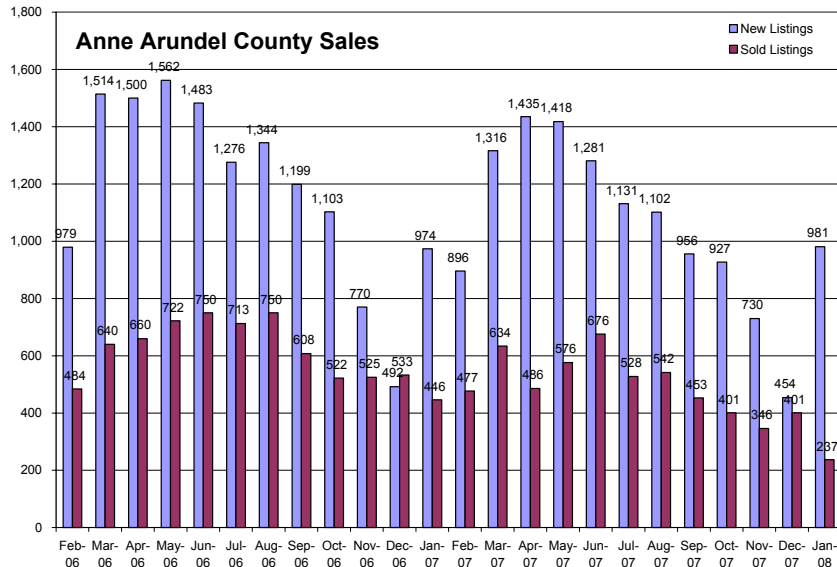
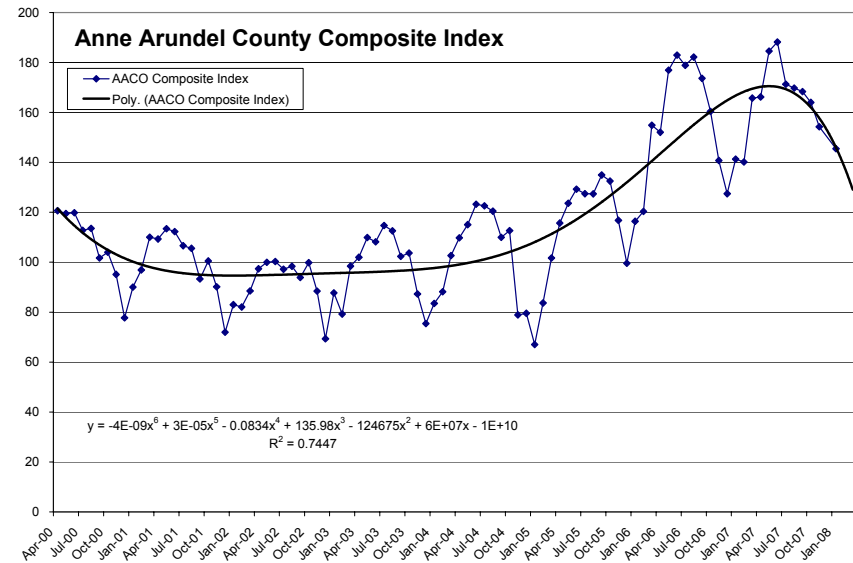
The Economy and Market Indicators

Despite what Washington or the media says, all signs point to the fact that we are in a recession. The 2008 Presidential candidates claim we're in economic trouble. Recent bold moves by the President, the Congress and the Federal Reserve are aimed at halting further economic decline.

In an emergency session on Tuesday, January 22nd, the Federal Reserve cut the prime rate three-quarters of a point. A week later on Wednesday, January 30th, they dropped the rate another astonishing half point. The Fed's key rate now resides at 3 percent and there are signals that they are prepared to go lower if the economy continues to worsen while the nations' growth has all but stumbled to a virtual halt.

With the economy in crisis, President Bush proposed a \$145 billion tax relief program aimed at preventing a recession that is already here. In the meantime the war in Iraq is estimated to cost \$1.2 Trillion Dollars. According to Sen. Hillary Clinton "It did take a Clinton to clean (up) after the first Bush, and I think it might take a second one to clean up after the second Bush". McCain who is "pro-growth, less spending" has "...confidence in the economic future of this country."

There are several early indicators that might suggest we are beyond the bottom of the real estate market and starting to climb out. First, inquiries are up – calls and e-mails. Second, showings are up. Homes that sat dormant at the end of 2007 are getting action. Third, attendance at open houses is up. And fourth, Sellers are starting to see offers,



some low-ball but others negotiable. The market may be responding.

Despite activity by buyers, sales lag. In Anne Arundel County in January there were 237 units sold, down 31.5% from 346 in December, down 46.9% from last year. Sales in Annapolis in January were 33, down 42.1% from 57 in December, down 58.8% from 80 last year. Across Anne Arundel County the Average Sold Price was \$421,514 in January, up 1.4% from \$415,771 in

December, up 2.2% from last year. Across Annapolis the Average Sold Price was \$617,390 in January, up 4.4% from \$591,643 in December, up 24.0% from last year.

In Conclusion

If you are thinking about buying or selling a home or know someone who is, for a confidential, private, professional consultation without any obligation to discuss today's real estate market, please contact Stephen Howell at 410-923-3217.