



LOCH STEP

Real Estate News, Views, and Reviews



March 2012

State of the Market

Volume 2



Don Johnson

On a national level, important economic drivers continue to show improvement, and are having a favorable impact on the local housing market in Cary and Wake County. For starters, experts expect housing starts in 2Q to increase 15.4% in the US over the first quarter 2012. At the same time, vehicle production in 2Q is expected to increase 9.2%, while manufacturing is also experiencing unprecedented improvement. Despite the recovery in housing occurring in the market, it is widely believed we are in the “healing” phase as opposed to a full-blown growth phase. This is due to the potentially large shadow (distressed and foreclosures) inventory of existing homes for sale resulting in the opinion that we are still in a buyers’ market. My real estate “radar” says it is a great time for BOTH buyers and sellers. For buyers, affordability is extremely high due to low interest rates and attractive home prices. For sellers, decreasing inventories will increase the probability of an attractive offer and rising interest rates will “push” buyers into the market. As a rule of thumb, for every 1% increase in mortgage rates, buyers lose 10% in buying power. For more housing updates please visit my You Tube channel or give us a call.

Local Job Market Improving?

- Toyota Motor supplier adding 250 jobs in Durham
- Wal-Mart plans to build new store near Chapel Hill – Add 300 jobs
- Clayton manufacturing plant to reopen after acquisition – 100+ jobs?
- Wake bankruptcy filings drop slightly
- Unemployment in Cary is 7.3%

Housing Statistics*	Wake County February		Lochmere Subdivision February	
	2011	2012	2011	2012
New Listings	1,823	1,631	7	12
Closed Sales	601	794	3	3
Avg Sales Price	\$233,641	\$233,949	\$420,833	\$328,333
% of List Price Received <small>(most recent list price)</small>	92.8%	92.8%	95.2%	96.6%
Days on Market	114	128	139	70
Inv. of Homes for Sale	1,406	5,861	31	33
Months Supply of Inv.	9.5	6.5	10.3	7.3

*All data is provided “AS IS” from the Triangle M.L.S and may not be 100% accurate

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201 Shannon Oaks Drive, Suite 101 Cary, NC 27511

www.DonJohnsonRealty.com (919) 714-1571 Don@DonJohnsonRealty.com



US Economic Recovery is Underway

Negatives

- Iran/ Israel
 - Fiscal cliff in 2013
 - End of Operation Twist
 - Eurozone uncertainty
 - China Hard-Landing uncertainty
- These are some of the biggest challenges the US faces.

Positives

- Low global interest rates
 - Self-feeding expansion
 - Housing recovery
 - Manufacturing renaissance
 - Low dollar
 - Strong corporate balance sheets
 - Global stimulative policy initiatives
 - US vehicle production up in 2Q
- The “positives” are a bit stronger than the “negatives,” ie, positive growth is likely, albeit modest.

Local Business Donates



Jennifer Wentworth (left) and Maria Franco-Poit (right) and Kaitlyn Williams (background) of Life Spa.

Many thanks to Jennifer Wentworth, Mgr. - LifeSpa Operations, and Maria Franco-Poit, Esthetician, for their donations on behalf of Lifetime Fitness Spa to support Randy and Caley Childs' fund raiser event. Jennifer and Maria donated \$200 worth of spa services that were auctioned at Keller Williams Chamber of Commerce event where more than \$9,000 was raised to help with Randy's cancer treatment expenses. To learn more about Randy, Caley and baby Haven's story please visit: <http://3hearts.weebly.com>

Or, for Lifetime Spa Services:

Jennifer Wentworth Phone: (919) 460-8350

MFG. RENAISSANCE IN AMERICA?

Did you know? For each 100 jobs in manufacturing created, 291 jobs are produced elsewhere in the economy compared to 154 jobs created by jobs in the business services and retail trades.

Home Builder Speaks of Improvement

Toll Brothers' (TOL) CEO, Douglas Yearley, made positive remarks during a CNBC interview March 27th. “In 2012 our orders are up significantly and continue to be up significantly. I'm optimistic right now”. TOL said it hasn't dropped prices in over a year while in 25% of the co's communities they have seen a price increase since Jan 1.

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