



From the desk of
William C. Ring, President

Real Estate Newsletter

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A government big
enough to give you
everything you want,
is big enough to take
away everything you
have.
Thomas Jefferson
1743 - 1826

Are We Nearing The Bottom?..

This last month U.S. housing starts fell to near 1950 levels. They have declined 16 of the last 17 months.

According to the NAHB's October measure builder, confidence has fallen to an all-time low.

While single family starts have plunged, multifamily starts have jumped by 7.5% to 273k, 9.6% above their year ago level.

Patrick Newport, U.S. economist at Global Insight, says the September index doesn't reflect the month's financial turmoil which we will see in October's numbers. However, in the longer term, he expects housing to bottom out "within the next six months", but first the financial markets will need to recover.

Sirren Hajj of Calyon, is less optimistic saying "we do not expect to see stabilization in housing until well in 2009. Housing starts will remain weak in coming months, given the continued presence of an inventory overhang of new homes for sale, tighter mortgage lending standards and further home price declines."

Speaking to the Citizens' Housing and Planning Association last week, Federal Reserve Bank of Boston President Eric Rosengren said that the housing market has to bottom out before it get better and after some time, markets will return to normal and growth in 2009 could be "closer to potential".

Peter Kretzmer of Bank of America, recently said "there is evidence that housing prices have begun to stabilize (or fall less rapidly) and recent large declines in energy costs improve both the inflation and consumer spending outlooks for late this year.

This past Friday, Steven Wood, economist with Insight Economics, said "the silver lining is that with housing starts now off more than 64% from their peak, housing construction is pretty close to a bottom".

As housing starts bottom out, existing home sale inventories will diminish; supply and demand will again build home values. If these opinions are correct, the single family housing market will begin recovery in 2009.

The kingpin for housing is an ample supply of consumer-friendly-financing. The excesses of recent years have settled a chill over the lending (credit) markets and the measures taken by Washington have yet to be implemented, let alone shown any tangible effects. First, the financial and business sectors have to stabilize, followed by consumer confidence. Only then will we see housing regain its foundation.

Please contact me anytime regarding your real estate needs or questions; commercial or residential. And, remember that the highest compliment I, or anyone, can receive is the referral of my name to your family, friends and business associates. Thank you for your trust.

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