















































prospects are much better. Another sector that had been hammered badly but is now showing job additions is the professional business service sector (e.g., accounting, management consulting, and law offices) which added about 50,000 payrolls in December. That could signal some good news for commercial real estate: these job gains will require office space, so this could be the very first sign of potential improvement and business opportunities for commercial REALTORS®.

Another bright spot: 2010, fortunately happens to be the year of the Census and the counting of people. Consequently, the government will hire about one million people this year to collect and process the data. Yes, these jobs will be mostly temporary. But nonetheless it will provide jobs and income support until the private sector begins to add jobs on a permanent basis. Currently, the private sector is on the sidelines with a wait-and-see approach. But with overall production continuing to gain respectably, the private sector will eventually need to boost payroll. As the home buyer tax credit expires in June, private sector job creation will be key to a sustainable housing market recovery. My best guess is about 100,000 net job gains per month in the second half of the year.








Assuming the job market does turn around then, home sales for the year will be about 10 percent higher in 2010 compared to 2009. With inventory being absorbed, home values will likely squeak out a gain for the year as a whole. That is important in terms of boosting consumer confidence about home buying.

Home values are also important for boosting income for REALTORS®. Residential brokerage commission fell in 2009 by 6.2 percent to \$40.6 billion according to Real Trends. That figure is roughly in line with NAR's estimated 8 percent decline in average commission income based on 5 percent higher unit sales but 13 percent decline in home values in 2009. While it's true that REALTORS® were much busier than normal in 2009 - both in terms of having more customers as well as having to spend longer on home sales transactions (particularly in regards to short-sales) - lower home values led to overall reduction in income on

Based on our home sales and home price projections for 2010, I think we can expect about a 12 to 19 percent rise in overall commission income in 2010. The forecast is never "on the money" (no pun intended) and the actual figure could be measurably higher or lower. Still, I'm comfortable in saying that following four years of a housing market recession, aggregate income is more likely to be up because of the tax credit in the first half of the year and the job creation in the second half.

However, any rise in the aggregate commission income for REALTORS® as a whole may not be reflected in the income for individual REALTORS® if many more people enter the profession. (Remember, this happened during the housing boom years.) Those contemplating entering the profession need to be aware of the business challenges in the early years of a real estate career. The average income of REALTORS® with less than two years of experience is well below \$20,000 per year before expenses. In addition, referrals and personal relationships have been the dominant factors in drawing new clients. Over 80 percent of recent home buyers and home sellers recommend (or will likely recommend) their specific REALTOR® to colleagues, friends, and family members. As with any dynamic entrepreneurial business, there will be some start-ups who will do very well, but the initial edge in real estate business will be with veterans who have served their clients well in the past.

This table reflects data available through January 8th 2010.

Monthly Indicator	Recent Statistics	Likely Direction Over the Next Six Months	Forecast
<p><b>Existing Home Sales</b> rose 7.4% in November to a seasonally adjusted annual rate of 6.54 million units. November resales were more than 44% higher than a year ago and at their highest level since February of 2007. The healthy sales activity helped draw down existing-home inventory to 3.52 million units – a 6.5 month supply at the current sales pace. The national median home price for an existing home was \$172,600.</p>	Nov 09 6,540 Oct 09 6,090 Nov 08 4,540		Second surge coming in spring
<p><b>New Home Sales</b> declined 11.3% in November to a seasonally adjusted annual rate of 335,000 units. November's sales pace was 9.0% off that recorded in November 2008. While the actual number of new homes available for sale decreased to 235,000, inventory rose to a 7.9 month supply at the current sales pace.</p>	Nov 09 355 Oct 09 400 Nov 08 390		The worst is past
<p><b>Housing Starts</b> posted a seasonally adjusted annual rate of 574,000 in November – a 8.9% increase from October's level, but 12.4% off the rate a year ago. Single-family starts rose 2.1%. Housing permits – generally a reliable indicator of future starts – climbed 6.0% from the previous month.</p>	Nov 09 574 Oct 09 527 Nov 08 655		Construction loans are difficult to come by but more new homes will be built in 2010
<p><b>Housing Affordability</b> remains at a fairly high level. NAR's latest Housing Affordability Index (HAI) posted a reading of 167.7 in November, just marginally off October's index of 167.8 but well above the 144.3 index reading in November of 2008. Continuing low home prices and mortgage rates are keeping the index historically high.</p>	Nov 09 167.7 Oct 09 167.8 Nov 08 144.3		Soft income growth from high unemployment rates
<p><b>Mortgage Rates</b> increased slightly, as the average 30-year fixed rate rose from 4.88% in November to 4.93% in December. As the economy further strengthens, the Federal Reserve is likely to raise its overnight target rate, and this will push up short-term interest rates such as those for adjustable-rate mortgages. However, no Fed action is anticipated until the second half of 2010.</p>	Dec 09 4.93% Nov 09 4.88% Dec 08 5.29%		Will no longer remain at rock bottom levels
<p><b>Employment</b> Despite encouraging signs in other sectors of the economy the job market continues to be a worry. In December, 85,000 jobs were lost, much worse than most analysts expected. November's revised employment figure actually showed a gain of 4,000 – the first job creation figure in nearly two years. That good news was tempered by an upwardly revised job loss number in October. The unemployment rate was unchanged at 10%, most likely due to people who have stopped looking for work.</p>	Dec 09 -85 Nov 09 +4 12-month total: -4,164		Net job gains possibly from spring and definitely by summer
<p><b>Economic Growth</b> The U.S. economy grew at a 2.2% rate in the third quarter of 2009. This is the third and final estimate of GDP growth based on more complete data. For comparison, second quarter 2009 real GDP growth was -0.7%. The positive GDP growth figure reflects increases in personal consumption expenditures, exports, and federal government spending, as well as contributions from private inventory and residential fixed investment.</p>	2009:III +2.2% 2009:II -0.7% 2008:III -0.5%		Not a robust postrecession growth, but still an expansion

Notes: All rate are seasonally adjusted. New home sales, existing home sales, and housing starts are shown in thousands. Employment growth is shown as month-to-month change in thousands. Inflation is shown as the month-to-month change in the Consumer Price Index. Sources: NAR, Bureau of the Census, Bureau of Labor Statistics, Freddie Mac, and the Mortgage Bankers Association