



What Does 2011 Have in Store for the Arizona Market?

Although the past few years have been difficult, 2010 finally provided stabilization which is a key to our economic and real estate recovery in Arizona! I've been reading various market forecasts for 2011 and thought it would be beneficial to share some of the highlights I've gathered.

Economic Outlook:

- Overall, the economy has stabilized from the tumultuous lows of the last few years.
- *Global* economy is still a concern; however the US economy appears positioned for continued growth and strengthening.
- The Federal Reserve's Quantitative Easing 2 as well as the recently passed Tax Package will help the boost.

Stock Market:

- Strong finish to 2010 (fueled by QE2 & the tax package) and the stage is set for another good year.
- Expectations are the S&P will grow by another 7% to 10%.
- Sectors looking good for 2011: energy stocks, global high tech, and steel producers.

Employment:

- The 2011 outlook for those struggling to find/keep work is brighter than it has been.
- Why? Corporate earnings are up. While fear and uncertainty about the economy has prevented companies from hiring, confidence is growing as the positive economic reports show a steady climb out of the recession.
- Keep in mind the job market is a work in progress and will take some time to make significant gains.

Housing Market:

- Ultimately, the housing market recovery will depend on getting people back to work and confident in their future employment endeavors.
- On a national level housing prices began to stabilize in 2010 and home sales were encouraging. We're optimistic about 2011, but know there are potential headwinds:
 - At the beginning of 2011 some areas could see further declines, particularly depending on the health of the job market in a specific area. Home prices should slowly begin to firm up toward the end of the year.
 - Lender moratoriums on foreclosures have ended. Expect 1st Quarter foreclosures to accelerate, but stabilization into the 2nd Quarter and throughout the rest of the year.
 - Demand is building as potential homebuyers wait on the sidelines to purchase a home. Waiting may prove costly as Arizona market values are expected to stabilize this year and home loan rates move higher.

Interest Rates:

- Although interest rates are near historic lows, we've seen a significant trend higher since early November. Along with this upward trend we've experienced considerable volatility in the mortgage bond markets. Most believe those unbelievably low home loan interest rates of 2010 are long gone.
- Realistically, with the economy improving, home loan rates will gradually increase over time. This won't happen in a straight line, a year of volatility is pretty much guaranteed.
- By the end of the year rates are expected to be in the 5.0% - 5.5% range. That will make 2011 the third best year in history for interest rates ~ right behind 2009 & 2010.

It would be great to be a fortune teller and see the future for my clients... unfortunately, I can't see the future. However, I am committed to staying current with the ever changing Arizona mortgage industry. I believe knowledge is power and my goal in 2011 is to continue to provide valuable information and education to my client's and business partners.

Feel free to contact me anytime with questions you may have or to discuss what is on your mind.

I heard in Minnesota it was going to be -22 degrees today! I almost feel guilty embarking on our 70 degree Arizona weekend. ☺

~ Kelly

Quote of the Week: The only difference between successful people and unsuccessful people is extraordinary determination. ~ Mary Kay Ash

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