

October

U.S. home prices fall again

Down for the eighth consecutive month; index of 10 large U.S. cities shows a price drop of 5% in August, the largest since 1991.

Source: <http://money.cnn.com>

October 30 2007: 9:29 AM EDT

NEW YORK (AP) -- U.S. home prices fell nationwide in August for the eighth consecutive month, according to the S&P/Case-Shiller index released Tuesday.

And things could get worse, said Yale economist Robert Shiller, who helped create the index. "There is really no positive news in today's report," said Shiller, chief economist for MacroMarkets, which collaborated with S&P on the indicator.

Home prices as measured by the index have fallen more every month since the beginning of the year. August is the 21st month of decelerating returns. An index of 10 U.S. cities fell 5 percent in August from a year ago. That was the biggest drop since June 1991. The lowest ever was a decline of 6.3 percent in April 1991. A broader index of 20 cities fell 4.4 percent in August over last year, with 15 of 20 cities reporting that prices fell.

Housing prices have been a key worry for consumers, and the effect of the slowdown alongside the summer's steep decline in credit availability, has many worried that the economy will go into recession.

Many economists expect the Federal Reserve to cut rates again at the end of a two-day meeting that starts Tuesday, after a bigger-than-expected half-point cut last month.

For sale: 2 million empty homes

Number of vacant homes on the market nationwide equivalent to all homes in Detroit; another sign of weak housing market.

By Chris Isidore, CNNMoney.com senior writer

October 26 2007: 12:13 PM EDT

NEW YORK (CNNMoney.com) -- The number of vacant homes for sale rose in the third quarter, according to the latest government reading that casts new harsh light on the weakness of the housing market. The Census Bureau report puts the number of vacant homes for sale at 2.07 million in the period, up about 2 percent from the second quarter, and 7 percent above year ago levels. The number is down 5 percent from the record high reading reached in the first quarter, though.

For purposes of comparison for the current situation, imagine the Detroit metropolitan area, which the Census Bureau estimated had 2.08 million households in its 2000 Census. Now picture virtually every house or condo empty, with a for sale sign in the front yard of every home, from inner-city Detroit to its suburbs, all the way to nearby cities such as Flint and Ann Arbor.

There are always some homes vacant and for sale, even in a booming real estate market. But the combination of overbuilding by home builders in the middle of the decade and problems in mortgage markets this year that made it more difficult for buyers to get the financing they needed to buy a home has swelled the inventory of vacant homes on the market.

Because the mortgage market meltdown has thinned the ranks of potential home buyers some home owners have been forced to move out of homes before they can find a buyer. And those who bought homes or condos as investments during the real estate and building booms of a couple of years ago have found an exceptionally weak market for their property. That in turn has lifted the number of vacant homes for sale by 57 percent in just the last three years. And some see the situation only getting worse.

"It's really striking how high that is compared to historic levels," said Dean Baker, co-founder of the Center for Economic and Policy Research. "It's a lot of homes sitting there vacant. It's very hard to see how we're near a bottom, when you have that much excess supply."

Baker said that the owners trying to sell the vacant homes are going to be very motivated sellers, since it's difficult to carry the cost of a home that isn't having any use. That will drive down home prices and values for all homeowners. And he said that the problem is likely to get far worse as the problems in the mortgage markets could cause problems if foreclosures increase as expected.

There are estimates that about 2.8 million homeowners could see the payments on their subprime mortgages reset higher in the next two years. If they can't afford the new payments or be able to refinance due to the significantly tighter mortgage market, that could cause an additional flood of empty homes onto the market.

"It's very hard to see how this doesn't get worse," Baker said. "It's certainly possible we could see 3 million, maybe 4 million (vacant homes on the market.)"

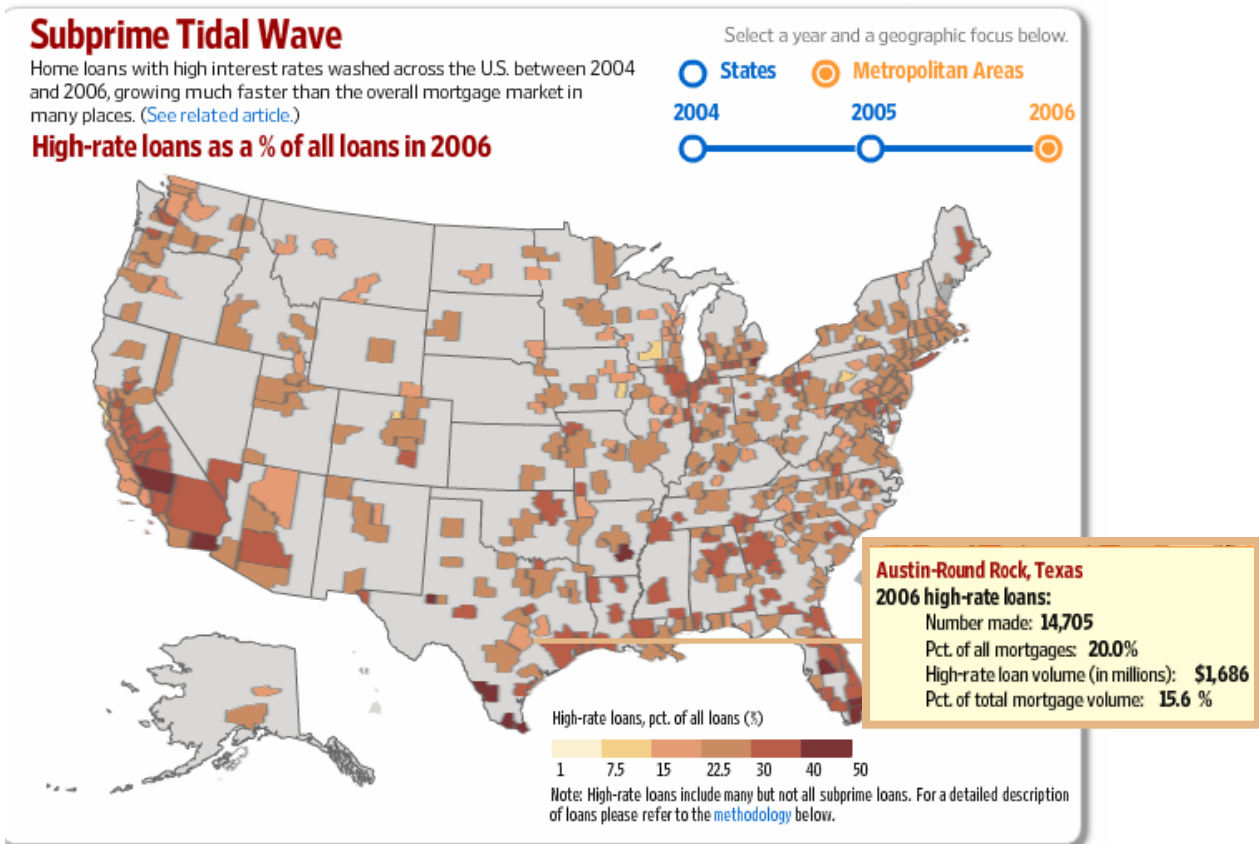
Friday's report is just the latest in a series of readings showing weakness in the nation's real estate market. Wednesday the National Association of Realtors reported that the pace of sales of existing single family homes fell to the lowest level since 1998 in September. Its reading for the sales rate for all existing homes, including condos and other multi-family units, was the lowest since it started tracking those sales in 1999.

Thursday a separate Census Bureau report showed the pace of new home sales fell to an 11-year low in August, as it revised lower its earlier estimate for sales that month and for July. The September sales pace of new homes was a touch higher than August, but some experts questioned that estimate given the report of a jump in sales in the West.

The rising delinquency and default rates that caused a meltdown in the mortgage market led Countrywide Financial (Charts, Fortune 500), the nation's leading mortgage lender, to report a \$1.2 billion net loss Friday that was far larger than forecasts. And the glut of new homes available for sale has hammered the results of the nation's leading builders.

On Wednesday, Pulte Homes (Charts, Fortune 500) reported a much bigger than expected loss in the most recent quarter. Ryland Homes (Charts, Fortune 500) also reported a loss, while rival Centex disclosed that it had cut prices on some homes by 15 to 20 percent in order to try to maintain sales, as well as cutting staff by more than 40 percent. The day before Centex (Charts, Fortune 500) had reported a large second quarter loss.

In addition, leading home builder D.R. Horton (Charts, Fortune 500) reported last week that its fiscal fourth-quarter orders fell 39 percent, while the value of those orders plunged 48 percent. Credit rating agency Moody's downgraded the debt of Pulte, Centex and Lennar (Charts, Fortune 500), the nation's No. 1 builder in terms of revenue, into junk bond status earlier this month.



Source: *The Wall Street Journal*
 10/11/2007

For full article and other interactive maps visit <http://online.wsj.com/article/SB119205925519455321.html>

Capital One launches medical real estate loan program

Austin Business Journal

Monday, October 8, 2007 - 2:49 PM CDT

Capital One has a new program to help doctors and dentists in Texas and Louisiana expand and rebuild practices.

The pilot program, called the Medical Real Estate Loan program, will give loans to doctors and dentists who want to purchase, build or renovate existing real estate in order to start or expand their private practice. The loans can also be used to upgrade equipment and/or refinance existing loans.

The program offers 100 percent financing on 15-year loans. Typically, doctors and dentists are restricted to 80 percent financing over 15 years.

Mortgage apps down despite rate drop

Volume declines nearly 3 percent in previous week despite recent decline in interest rates; 30-year fixed rate hits 6.32 percent.

WASHINGTON (AP)

October 3 2007: 7:39 AM EDT

Mortgage application volume declined 2.7 percent for the week ending Sept. 28, despite a drop in

interest rates, according to the industry trade group Mortgage Bankers Association's weekly application survey.

The MBA's application index fell to 636.7 from 654.2 the previous week.

Refinance volume fell 3.8 percent during the week, while purchase volume dropped 1.8 percent. Refinance volume accounted for 46 percent of applications during the week ending Sept. 28, down from 46.4 percent the previous week.

The average interest rate for traditional, 30-year fixed-rate mortgages fell to 6.32 percent from 6.38 percent the prior week.