



PREMIER Metro Quarterly

The Power of Information

August 2012

Office: (505) 798-6300



**Real Living
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This Issue...

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Are We In A Buyer's or Seller's Market?

QUESTION: What is absorption rate and how can it help me determine if I should sell my home or buy a new home?

ANSWER: Absorption rate is real estate's way of simplifying the concept of the law of supply and demand. Think of a sponge. How long does it take a sponge to soak-up spilled milk? Simply put, in relation to real estate: How long will it take active home buyers to "soak-up" the current number of homes for sale? Absorption rate describes how many homes were sold, compared to the number of homes available for sale. Specifically, it is measured in the number of months it would take to sell all of the homes currently on the market if the number of buyers stayed the same.

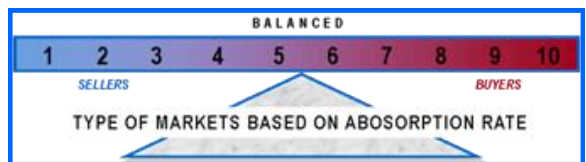
Calculating absorption rate is a fairly simple division equation: How many homes are for sale divided by the number of homes that sold during a given month.

$$\frac{1,000 \text{ homes for sale}}{200 \text{ homes sold/month}} = 5 \text{ Month Absorption Rate}$$

(Indicating a balanced market)

Real estate agents use the absorption rate to define whether a particular market is a seller's market, a buyer's market, or a balanced market. So knowing this rate can be a powerful tool.

- In a **seller's market**, the lower the absorption rate, the more likely it is that a seller can command a greater price for their property. Demand is high, so prices increase. The accepted guideline is an absorption rate of 1-4 months is a seller's market.
- In a **buyer's market**, the higher the absorption rate, the more likely it is that a buyer can command a decreased price for a property. Demand is low, so prices decrease. The accepted guideline is an absorption rate of 8-10 months is a buyer's market.
- In a **balanced market**, neither supply nor demand is in excess. So neither a seller nor a buyer has the edge when negotiating price. Demand and price is in balance. The accepted guideline is between 5 and 7 months is a balanced market.



In the greater Albuquerque area – our current absorption rate is 5.6 months. This makes for great news in the paper when comparing cities or on a national level but to truly understand the value of a home - one should always narrow their focus by comparing apples to apples; area by area or (even better) price by price.

While absorption rate is a subjective factor, when used properly can be an asset for both buyers and sellers. It is a tool to be used for gaining as much information as one can when purchasing or selling real estate - the same as understanding price, presentation, condition of property, economic factors and a neighborhood.

Price Range in Area	Number For Sale in Area	Number Sold in Area	Absorption Rate for Area
\$0 - \$100K	50	15	3.3 months (seller's mkt)
\$101K - \$200K	75	10	7.5 months (balanced mkt)
\$201 - \$300K	100	5	20 months (buyer's mkt)
Etcetera....			

2nd Quarter 2012 - Market Report

Albuquerque

1st QTR 2012 vs. 2nd QTR 2012

R1 - Existing Single-Family Detached

	1 QTR '12	2 QTR '12
Average Sales Price:	\$193,963	\$208,972
Median Sales Price:	\$162,000	\$172,000
Total Sold & Closed:	1,060	1,445
New Listings	2,135	2,674
Av. Days on Market:	81	73

Source: Greater ABQ Assoc. of Realtors®

Rio Rancho

1st QTR 2012 vs. 2nd QTR 2012

R1 - Existing Single-Family Detached

	1 QTR '12	2 QTR '12
Average Sales Price:	\$176,672	\$190,005
Median Sales Price:	\$159,950	\$169,214
Total Sold & Closed:	252	357
New Listings	299	603
Av. Days on Market:	94	86

Source: Greater ABQ Assoc. of Realtors®



Market Analysis - by Jim Pitts, Owner/Broker

Second Quarter Surprise...Surprise...Surprise!

As we reported in the last newsletter, the inventory of homes on the market was declining and that has held true for the second quarter. Unit sales are still on the increase and the only thing we were waiting for was the average price to rebound. Well, for this past quarter, we have had **the first significant increase in average sales price since 2007.**

Are we at the bottom of the market and heading up? It is too early to say; but all of the numbers are pointing to a continued increase in the Albuquerque Metro Market. We still believe that there is shadow inventory from the banks waiting to get on the market with their foreclosures. Now that our inventory is down 20%, our market should absorb this due to the low inventory numbers and a continued increase in unit sales.

Nobody knows where this market is heading. All we can do is keep you informed with the market numbers; report how the market is reacting; trends that we are seeing; and changes that are around the bend.

If you need detailed information about your property, feel free to contact your us for a detailed analysis on any of your properties.



Navigating the Mortgage Maze

Qualifying for a mortgage as we know it has forever changed. Gone are the days of collecting a few basic documents from a buyer and heading to closing. So now stands the question as to, how do we overcome the new changes and challenges in lending? How do we streamline the process to help all parties involved in a purchase transaction get to the closing table with a smile still intact? There are a few basic steps that will improve every transaction:

- ~Communication
- ~Home buyer education
- ~Credit approvals

Peoples Bank is here to help conquer all three. We promise open communication between buyers and Realtors. We offer weekly status updates on all transactions. If a buyer is well informed from the very beginning of what items will be needed and educated on the terms of their loan, a transaction will move smoothly. Peoples Bank is also aware that 30 day closings are not as easy to meet at they use to be, so we are able to submit loans pending the appraisal and inspections to help streamline the process. Not only do we have our processing staff in the office, but we also have an underwriter and closing department here as well. It is amazing what can be done when you can walk down the hall and ask for assistance. We are here and committed to offer you and your clients outstanding service!



Peoples

Banking Unusual



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COUNTER TOPS

All you want to know about

Some folks swoon over granite. Others would never hear of anything less than marble. Choices abound when it comes to replacing or choosing your counter tops.

But have you ever wondered what the difference between all of your choices really are? Here is a quick list of the feature of each option.



Marble: Heat-tolerant and preferred by bakers because it stays cool to the touch.

Granite: Extremely durable and resistant to scratches, stains, heat, mold, and mildew. This surface is currently the most popular.

Soapstone: Stains can be scrubbed off and ages to a beautiful patina.

Wood: Can handle high heat and is easy to repair. It is waterproof when sealed.

Corian: This product is seamless, easy to repair and resistant to mold and mildew.

UNIVERSITY OF NEW MEXICO 2012 LOBO FOOTBALL SCHEDULE

*Conference Game #Homecoming All times Mountain
Schedule is subject to change and was accurate at the time of printing.

Saturday 09/01		Southern Jaguars University Stadium	3:00 PM
Saturday 09/08		at Texas Longhorns Austin, TX	TBA
Saturday 09/15		at Texas Tech Red Raiders Lubbock, TX	TBA
Saturday 09/22		at NM State Aggies Las Cruces, NM	6:00 PM ESPN3
Saturday 09/29		Boise State Broncos * University Stadium	4:00 PM
Saturday 10/06		Texas State Bobcats # University Stadium	4:00 PM
Saturday 10/13		at Hawaii Warriors * Honolulu, HI	10:00 PM
Saturday 10/20		at Air Force Falcons * Colorado Springs, CO	5:00 PM
Saturday 10/27		Fresno State Bulldogs * University Stadium	1:30 PM
Saturday 11/03		at UNLV Rebels * Las Vegas, NV	2:00 PM
Saturday 11/10		Wyoming Cowboys * University Stadium	1:30 PM
Saturday 11/17		Nevada Wolf Pack * University Stadium	1:30 PM
Saturday 11/24		at Colorado State Rams Ft. Collins, CO	5:00 PM



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HOT Properties

Currently listed by Real Living Premier, REALTORS®



Fannie Mae

\$145,500

4 Bed, 2.5 Bath, in Rio Rancho



Fannie Mae

\$149,000

3 Bed, 2 Bath, in Rio Rancho



HUD Owned

\$68,000

4 Bed, 2 Bath, in Conchas Dam



HUD Owned

\$34,500

3 Bed, 1 Bath, in Roswell



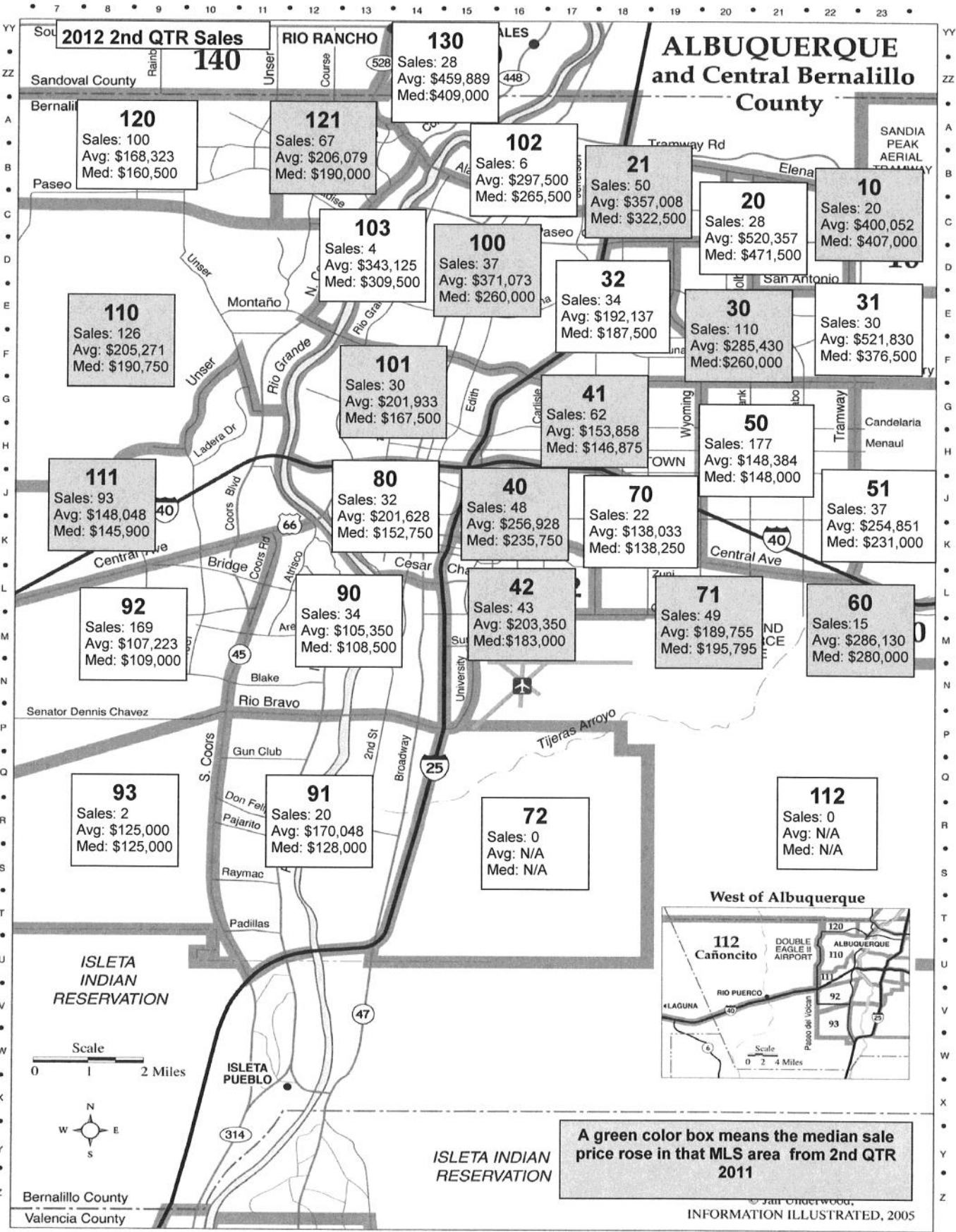
Chocolate Trés Leches Cake

- 1 pkg. (2-layer size) white cake mix
- 4 squares BAKER'S Semi-Sweet Chocolate, *divided*
- 1 can (14 oz.) sweetened condensed milk
- 1 can (12 oz.) evaporated milk
- 1/2 cup BREAKSTONE'S or KNUDSEN Sour Cream
- 1 cup thawed COOL WHIP Whipped Topping

PREPARE cake batter and bake in 13x9-inch pan as directed on package. Cool cake in pan 10 min. Pierce cake with large fork at 1/2-inch intervals.

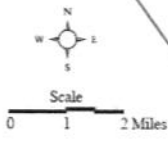
MELT 3 chocolate squares; set aside. Blend milks and sour cream in blender until smooth. Add melted Chocolate; blend well. Slowly pour over cake, re-piercing cake as needed until milk mixture is absorbed. Refrigerate 1 hour.

MAKE curls or shavings from remaining chocolate square. Frost cake with COOL WHIP; top with chocolate curls. Refrigerate leftovers. *Makes about 16 servings*

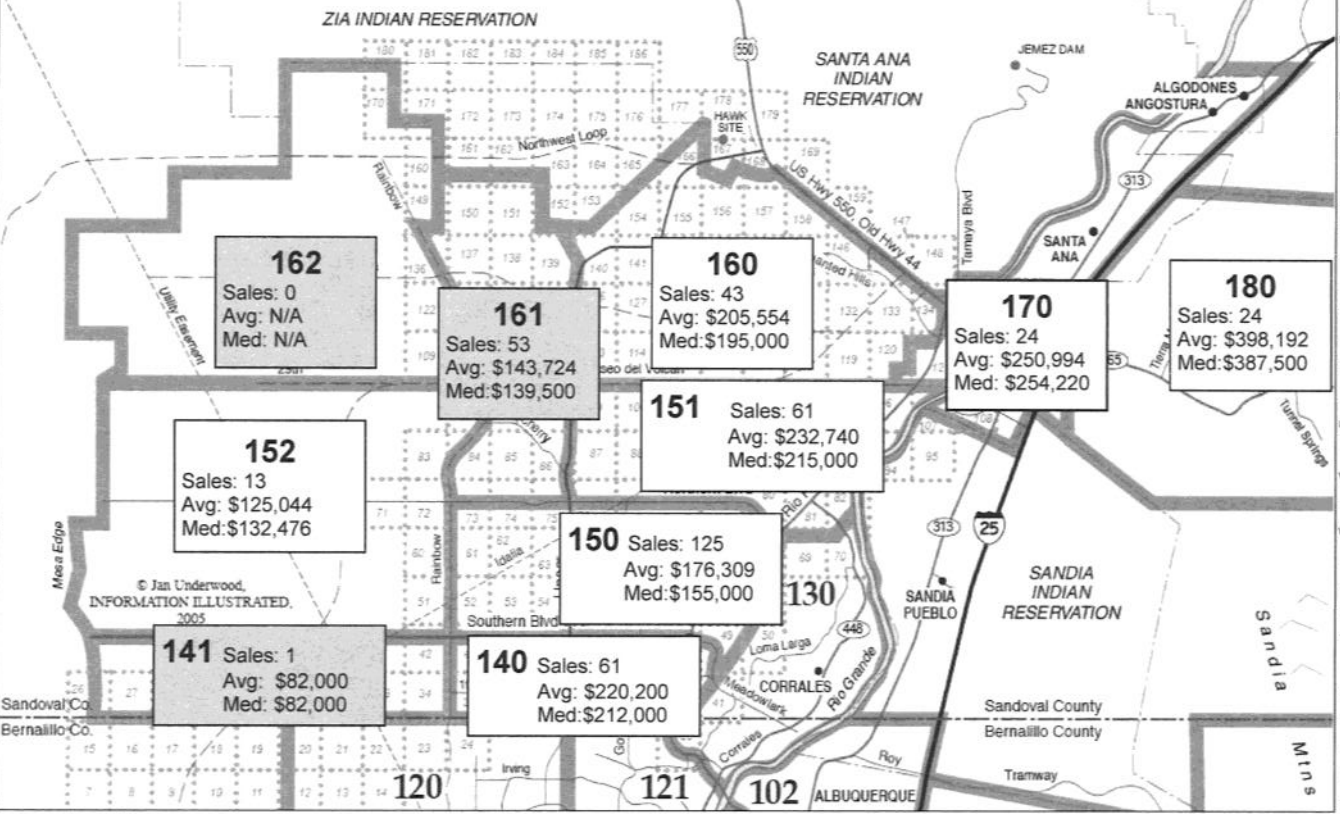


RIO RANCHO and Southern Sandoval County

Legend
 - - - - - Old Zone Atlas Grid
 - - - - - Rio Rancho Zone Atlas



2012 2nd QTR Sales



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