Real Life

ECONOMY



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We Can Do Better Than 12% Mobility

Harry Reid, John Boehner, Herman Cain, Elizabeth Warren, Marco Rubio, Gary Locke. They're public figures of different political stripes but with something in common: Each started out in relatively humble circumstances. All worked or had a parent who worked in some kind of janitorial occupation, and all strived for something more.

One of the great things about America is that individuals who work hard can often improve their prospects. Those who do have often needed to relocate in the process. Historically, one-fifth of the population has moved each year. But in the past 25 years, the mobility rate has steadily declined. Last year only 12 percent of the population moved, a troubling economic indicator.

Our lawmakers and policymakers in Washington should remove unnecessary barriers to economic expansion. One such barrier is the proposed bank capital standards, which are creating uncertainty among lenders and making it difficult for entrepreneurs to get funds to start businesses and buy and lease commercial real estate. Another is something most real estate practitioners can relate to: the difficulty even creditworthy households have obtaining mortgage financing, thanks in part to proposed residential mortgage rules that are casting a pall on lending. Buying a home within one's means and steadily paying down the mortgage is a familiar path to accumulating wealth in America.

To be sure, the pendulum swung too far the wrong way when prices were high and loans were easy for anyone to obtain. Underwriting standards should be tighter when prices are high and more accessible when prices are low. Instead, mortgage loans have become impossible for many qualified buyers to obtain because of overly restrictive underwriting standards.

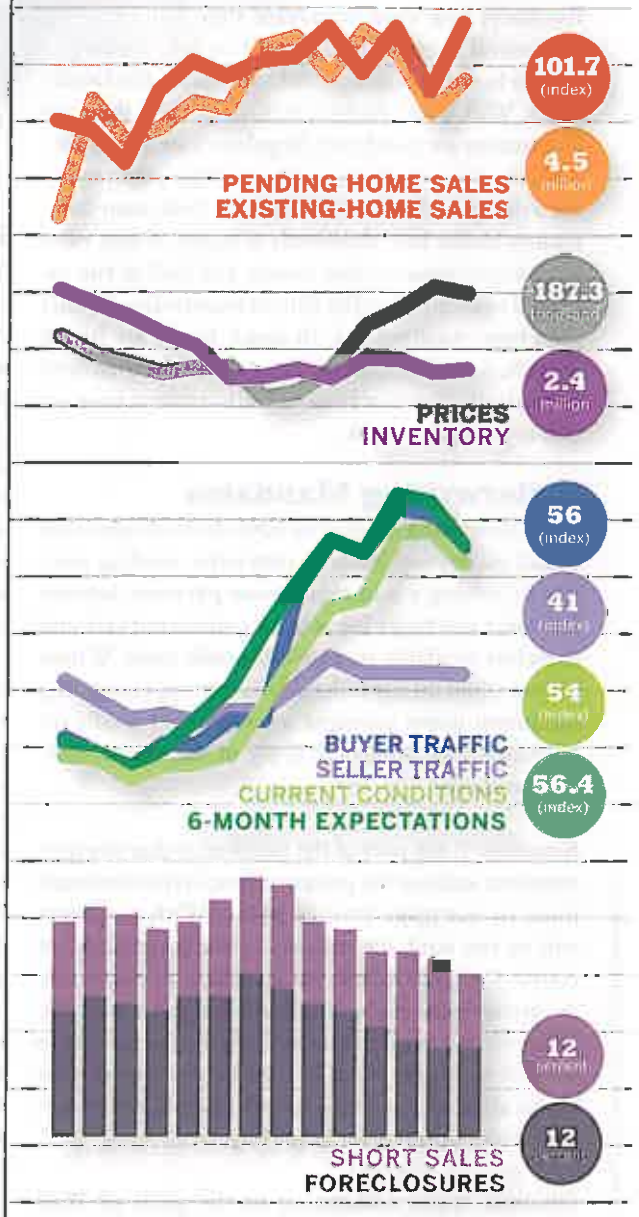
Will the present state of affairs mean fewer people will ascend the economic ladder? It might, unless we convince regulators to apply capital and lending rules that honor the important roles of free enterprise and private property ownership. ■

INSIDE VIEW

Learn what the latest economic indicators mean for the real estate industry. **http://economistsoutlook.blogs.realtor.org**

Market Conditions

Key market data at the midpoint of 2012 suggest a solid second half of the year. Existing-home and pending home sales were up more than 2 percent; home prices were up more than 9 percent on a year-over-year basis, to $187,300; and inventories were down, pointing to possible continued price growth. Distressed sales were down as a share of the market, too. *All trend lines are July 2011 to July 2012.*



Existing-home sales is a seasonally adjusted annual rate, which is the actual rate of sales for the month, multiplied by 12 and adjusted for seasonal sales differences. **Pending home sales** is an index that measures housing contract activity. An index of 100 is equal to the level of activity during 2001, the benchmark year. **Inventory** measures the number of existing homes on the market at the end of the month. **Buyer and seller traffic, current conditions, six-month expectations, short sales and foreclosures** (shown as a percentage of total sales) derive from a monthly REALTOR® Confidence Index. Results are based on 3,409 responses to 6,000 surveys sent to large and small real estate offices. The survey asks practitioners to indicate whether conditions are strong (100 points), moderate (50), or weak (0). *Some data may be revised from previous issues.*