

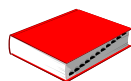
2008 Dates to Note

- July 16, 2008
Georgia Broker Course
[Atlanta Board of Realtors](#)
- July 17, 2008
Trust Account Class
[Atlanta Board of Realtors](#)
- July 24-25, 2008
[Georgia Instructor Training \(GIT\)](#)
- Georgia Institute of Real Estate
- August 21, 2008
Georgia Broker Course
[Valdosta Board](#)
- August 22, 2008
Trust Account Class
[Valdosta Board](#)

[GREC Disciplinary Sanctions](#)

INSIDE THIS ISSUE:

Economic Indicators 1
Outlook Resources 2



Focus on Terminology:

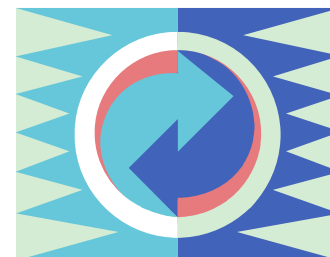
“Subprime”

Georgia Real Estate Commission
Suite 1000
International Tower
229 Peachtree Street NE
Atlanta, GA 30303-1605

Economic Indicators & Signs of the Times

The real estate industry is cyclical. These cycles are historically repetitive. Astute investors watch this phenomenon and position themselves to take advantage of the industry’s cyclical nature. There are various indicators of the economy published from numerous sources that are readily available to help understand these market corrections. It may be helpful to look at a few variables and note trends. They may provide insight into your local market to position for the future. Consider the big picture on a national level. The following is a list of different indicators of the national economy.

- Retail Sales
- Job growth
- Unemployment
- Housing
 - Sales
 - Prices
 - Permits
- Construction Employment
- Consumer Confidence Index



The state and local market often have a more optimistic outlook than the general national economy and this is where a licensee can apply his/her expertise as a real estate professional to look for trends that present opportunities and concentrate his/her efforts toward that focus.

On a positive note, Georgia licensees are in a fortuitous position being located in the central hub of the United States and the population of Georgia Population is expected to continue to increase. In fact Georgia is number 4 of the top 10 states with the largest net gain in population. (See *Census report on page 2 of this newsletter.*) In addition, because the real estate industry *is* cyclical, eventually markets will come back around.

Population Trends

Year:	1995	2000	2005	2010	2015
Georgia....	7,201	7,875	8,413	9,200	9,869 (in thousands)

A dynamic economy is a changing economy; it is not necessarily one that is only experiencing high growth. It can be active and healthy in specific areas and provide the licensee an opportunity to focus on other aspects of real estate. The aging population for example, provides opportunities in senior housing. Other areas to consider are property management, commercial real estate, consulting services or a specialized niche. Taking time to network and consider focusing energies in a related or unrelated sector of the industry could open a new window of opportunity.

Outlook Resources

Georgia Real Estate Commission
Suite 1000
International Tower
229 Peachtree Street NE
Atlanta, GA 30303-1605

[Visit the GREC website to sign up to receive the GREC RENEWS Click Here](#)



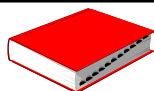
Active real estate agents usually have a realistic pulse on their local market. Do your own analysis. Here are some resources that provide facts and trends in a variety of outlooks and reports. Find new areas of opportunity in your market. Some of these reports may be useful in presenting to a client who is considering investing in a down market or a client waiting to put his/her property on the market. A down market can actually bring opportunities for the market-savvy investor and the licensee seeking opportunities.

[Mortgage Bankers Association](#)
[National Association of Realtors Economic Reports](#)
[May 2008 NAR Economic Report](#)
[NAR Housing & Economic Indicators Summary Report](#)

Table E. Top 10 States with Largest Net Population Gains
1995 to 2025 (In Thousands)

Rank	-----1995 to 2000-----		-----1995 to 2025-----	
	State	Population	State	Population
1	Texas	1,395	California	17,696
2	Florida	1,068	Texas	8,459
3	California	932	Florida	6,544
4	Georgia	674	Georgia	2,699
5	North Carolina	582	Washington	2,377
6	Arizona	580	Arizona	2,195
7	Washington	427	North Carolina	2,154
8	Colorado	422	Virginia	1,848
9	Tennessee	401	New York	1,694
10	Virginia	379	New Jersey	1,613

Source: U.S. Bureau of the Census, PPL-47, table 1.



Focus on Terminology: "Subprime"

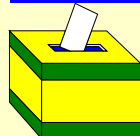
Just the term, "**subprime**" brings connotations of something less than best, and the application to residential loans is widely apparent. Borrowers that do not have the best credit history or ratings, or have a limited credit history, are considered more risky by lenders. Because of the increased risk, the lender charges a higher than "prime" interest rate on the loan. Investors and lenders expect to be compensated more for higher risk investments. One lender may charge a higher interest rate than another lender for the subprime loan as their evaluation of the risk of default is subjective.

The recent several years of low interest rates have encouraged borrowers to buy a more expensive property than they would otherwise consider buying or to encourage renters to buy their first property. **Subprime lending** makes it easier for a borrower with less than good credit to get a loan. "Many borrowers who might qualify for prime loans knowingly select subprime loans for reasons that include:

- A desire to put little or no money down.
- A desire to not have to document income, either to speed up the deal or to defraud the lender." Source:
- A desire to take out a larger loan than the borrower could qualify for under prime terms." [Mortgage Bankers Association](#)

The recent defaults on loans and foreclosures in real estate have been attributed in large part to an increase in **subprime mortgages**. Although obtaining credit to purchase a property may be the primary objective of the borrower, it is important to note that the increased interest rate on a **subprime loan** can amount to tens of thousands of dollars in additional interest payments over the life of the loan.

[Comments or Suggestions Click Here](#)



GREC