



### Improving Sales:

December 2010 closed out the year with a bang. The existing-home monthly sales rate was up once again, making it the fifth such increase (out of six) for the second half of 2010. This brought the total housing inventory level down some 4.2% to 3.56 million homes for sale; representing 8.1 months of supply at the prevailing sales rate. In November there had been 9.5 months supply. However, the December 2010 pace of sales was still some 2.9% below that of December 2009; and the national median existing-home price for all housing types was down 1.0% from its December 2009 level.

The 20-city Standard & Poor's/Case-Shiller home price index has risen 3.3% from its April 2009 low, but still remains well below its July 2006 peak. And, by November the Zillow Home Value Index had fallen 5.1% year-over-year, for a total price decline of some 26% since its peak in June 2006. That's more than the 25.9% decline in the Depression-era years between 1928 and 1933.

Professor Lawrence Yun, National Association of Realtors (NAR) chief economist, said that sales volumes are on an uptrend and "the pattern over the past six months is clearly showing a recovery", which "will likely continue as job growth gains momentum and rising rents encourage more renters into ownership while exceptional affordability conditions remain."

Meanwhile, TransUnion expects the pace of mortgage delinquencies to fall to 4.98% by the end of 2011; down from 6.21% at the end of 2010. This is still well above the normal historical background rate of 1.5% to 2%, but will continue to improve as the economy creates more jobs. Indeed, payrolls began their upward trend last January and delinquency rates began their decline within the following two months.

Meanwhile, Standard & Poor's Rating Services' fourth quarter report for 2010 estimates that the shadow inventory of distressed homes in the United States will take four years to clear, marking an 11% increase over the previous quarter, and a 40% increase from fourth quarter 2009. This increase is almost entirely due to the fact that it has recently been taking the banks so long to place these properties on the market and clear them off their books. [Shadow inventory is defined as distressed properties in which borrowers are 90 days or more delinquent on mortgage payments and where properties have recently fallen into foreclosure or are real estate owned.] The timeframe could be reduced if/when the banks expedite their foreclosures more efficiently.

Distressed homes sales now account for some 33% of our national market and have a severe impact on home valuations. RealtyTrac says that, nationally, foreclosures sold at a 32% discount compared to non-distressed properties in the third quarter of 2010. Lawrence Yun suggests that the discount is closer to 10% to 15%. One way or another, as the economy continues to put people go back to work, delinquency rates will continue to decline, which will ultimately translate into fewer distress sales – those "rotten apples" poisoning market valuations.

Fortunately, New Mexico's seasonally adjusted December 2010 unemployment rate of 8.4% was well below the national rate of 9.4%. That's still up from 8.2% a year ago, but below the recent peak of 8.8% in March 2010. Hopefully, this decline will continue and & begin to caste its magic across our local market.

In the Great Albuquerque Metropolitan Region, the Dec 2010 sales volume was down 6.7% compared to Dec 2009. However, the inventory of homes for sale was also down over 9.4%, so that the overall housing supply at the current pace of sales was down slightly from 9.83 months in Dec 2009 to 9.59 months in Dec 2010. Any decrease is looked upon with favor as a reduction in supply eventually translates into firming prices. Nevertheless, according to Prof. Yun, the historic average of six months' supply is consistent with a national price appreciation of around 4.0%, and seven to eight months' supply would be consistent with no change in median prices. This one market metric, then, would tend to anticipate lower house prices ahead, despite the fact



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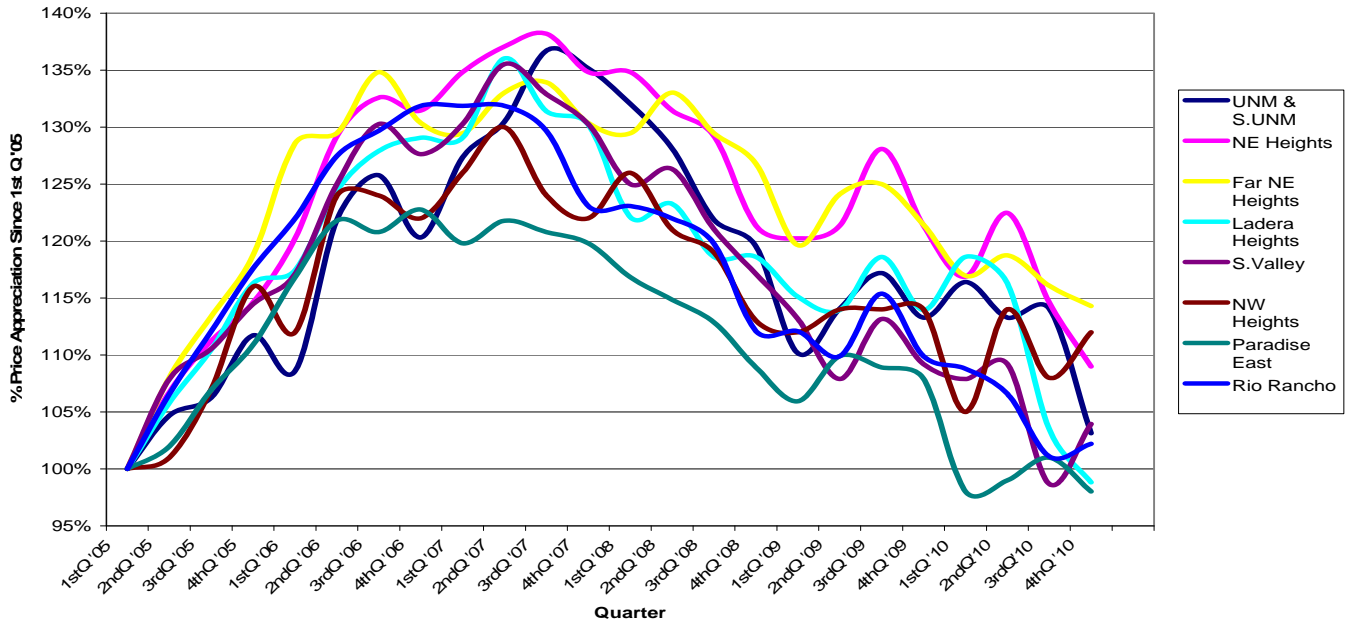
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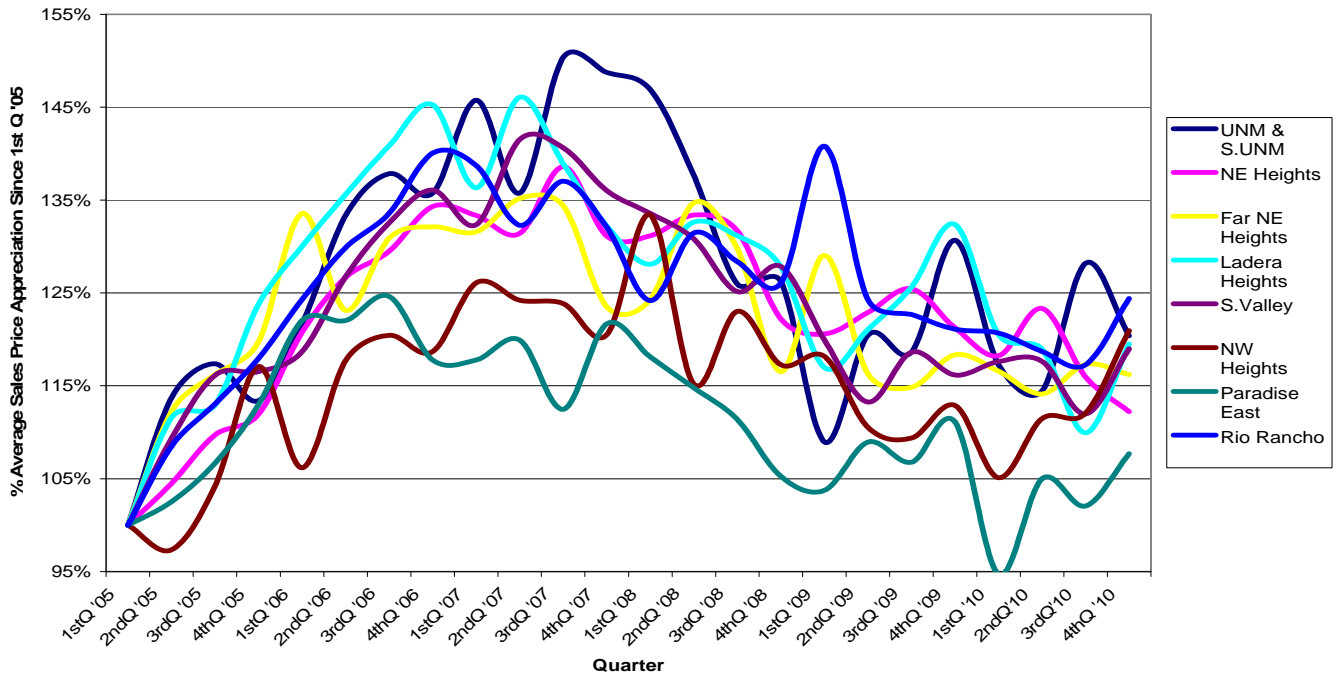
that the median sales price of a detached single family home here in the Albuquerque area actually rose 1.5% from December 2009 through December 2010.

Below, I supply two graphs: one of the change in the average price per sq.ft. of homes sold in various neighborhoods across town since the first quarter of 2005; the other of the change during that same time period in the simple average sales price (not in square footage terms) of properties sold in those same neighborhoods or regions across town

**Price Per Sq.Ft. Appreciation Since 1st Quarter '05**



**Average Price Appreciation since 1st Quarter '05**

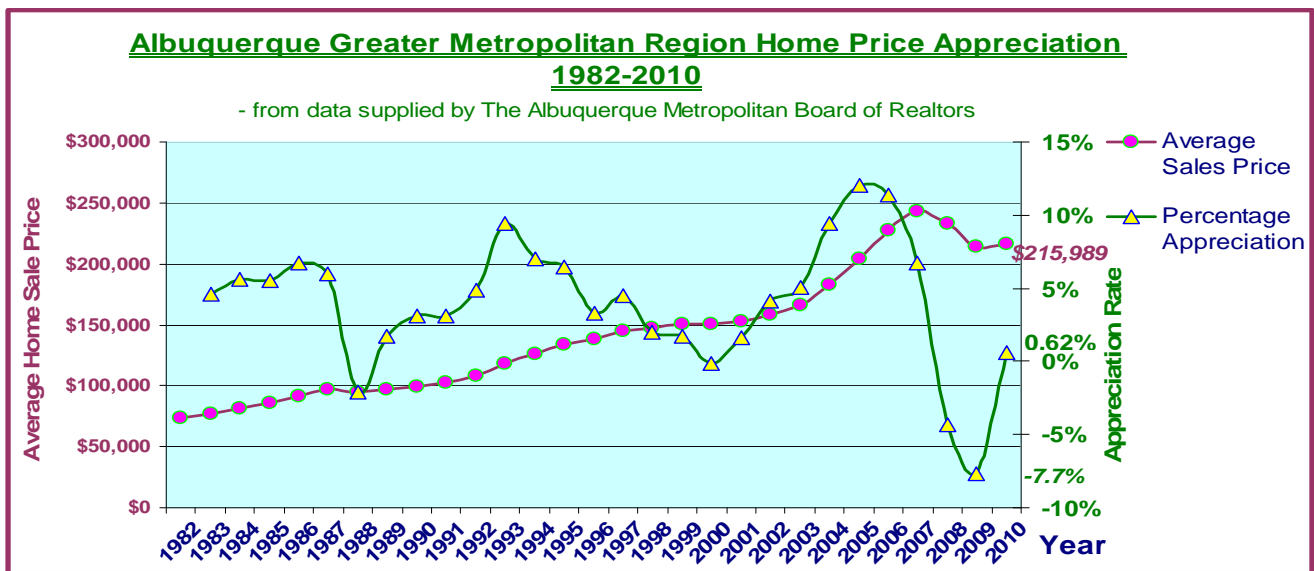


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From these two graphs above you will quickly see that prices across town in terms of the simple average sales price have been firming up over the last year or two a lot more convincingly than prices in terms of price per square foot. What this means is that today's average Buyer has as much to spend on a house as he/she has had over the last couple of years. However, he/she expects his/her home-purchasing dollar to purchase more house than it would have done before. It's still a Buyer's market and Sellers still have the weaker hand. This is hardly surprisingly considering the many houses Buyers have to choose from and the many distress sales undermining market valuations. As an interesting side note and additional metric for the recent weakness of your local market, in 2006 there were approximately 4,100 REALTOR® members of GAAR (the Greater Albuquerque Association of Realtors). As of January 31, 2011, GAAR membership had dwindled to just 2,850. Lastly, here is a chart of the price appreciation/depreciation for the price of an average single-family detached residence in the Greater Albuquerque Metropolitan community since 1982. 2010 showed itself to have been somewhat of a turn-around year: up 0.62%, compared to 2009's poor performance at minus 7.7%:



**“Have you taken your ‘Sunshine Vitamin’ lately?”**

Many people know that vitamin D is essential for healthy teeth and bones and that it is the “sunshine” vitamin, which our bodies will produce when our skin is exposed to sunlight – more sunlight being required by those with darker skin pigmentation.

Back in 1981, R. Edgar Hope-Simpson suggested that the conspicuous seasonality of our winter flu epidemics might be intimately associated with the reduced solar radiation that occurs during the winter - which thus results in less vitamin D being produced by our skin. Vitamin D acts as an immune system modulator, preventing excessive expression of inflammatory cytokines and increasing the 'oxidative burst' potential of macrophages. Perhaps most importantly, it dramatically stimulates the expression of potent anti-microbial peptides, which exist in neutrophils, monocytes, natural killer cells, and in the epithelial cells lining our respiratory tract. Here they play an important role in protecting our lungs from infection.

*Genome Research*, recently published a scientific report from researchers at Oxford University, England, who had determined that there are numerous cell sites where the vitamin can bind to DNA & thus change the cell's gene expression; sites especially in regions that have been linked to common autoimmune diseases, including Type 1 diabetes, multiple sclerosis and Crohn's disease, and also in regions linked to colorectal cancer and leukemia.



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Various mechanisms by which vitamin D reduces the risk of cancer have been documented. These include enhancing calcium absorption (in the case of colorectal cancer) [Lamprecht and Lipkin, 2003], inducing cell differentiation, increasing cancer cell apoptosis or death, reducing metastasis and proliferation, and reducing angiogenesis (new blood vessel formation) [van den Bemd and Chang, 2002].

A study by Dr. William Grant, Ph.D., internationally recognized research scientist and vitamin D expert, found that about 30 percent of cancer deaths -- which amounts to 2 million worldwide and 200,000 in the United States -- could be prevented each year with higher levels of vitamin D obtained by taking some 2,000-4,000 I.U. per day. (At least 10,000 I.U. would be produced by the body on a daily basis if it were exposed to natural sunlight).

Studies reported in the *British Journal of Cancer* and the *BJU International* indicate that vitamin D supplements may slow the progress of prostate cancer and that men with the most vitamin D suffer from six times fewer fatalities from prostate cancer than men with lower levels. Jonathan Waxman and colleagues of Imperial College London noted that many prostate cancer cells contain vitamin D receptors, and that vitamin D can inhibit the growth of some of these cells, hence leading to reduced levels of prostate specific antigen (PSA - an indicator of disease severity).

A recent review of research involving vitamin D & cancer concluded that vitamin D was linked to lower levels of non-Hodgkin lymphoma and cancers of the colon, kidney, ovaries and breasts. And it has been well documented that vitamin D is directly responsible for turning on tumor suppressor genes that block breast cancer development. Epidemiologist Cedric Garland, DrPH (professor of family and preventive medicine at the UC San Diego School of Medicine) has recently presented data showing that vitamin D can reduce breast cancer risk rates by more than 77%, and that low vitamin D levels compromise the integrity of calcium-based cellular tissue cohesion, which thus allows cancer cells to spread more readily.

In 1985 Dr. Cedric Garland showed that there is a significant inverse correlation between serum Vitamin D3 levels and colorectal cancer rates. A meta-analysis published in the *American Journal of Preventive Medicine* in 2007 and more recent research results published in the *American Journal of Epidemiology* echoing those of a European study published in the *British Medical Journal*, all indicate that higher blood levels of vitamin D are associated with a lower risk of colon cancer. Pooled analysis suggests that increased blood levels of vitamin D may reduce the risk of colorectal cancer by as much as 40 percent.

Higher levels of vitamin D intake are also recommended during pregnancy. Low blood levels are related to high blood pressure. This condition in pregnancy, known as early-onset severe preeclampsia, contributes to about 15 percent of preterm births in the U.S. each year. Mothers taking 4,000 IUs of vitamin D during pregnancy had their risk of premature birth reduced by half. There were also fewer babies who were born "small for dates". The women also had 25% fewer infections, particularly of the vagina, gums and respiratory system (such as colds and flu). Babies given the highest amounts of vitamin D after birth also had fewer colds and less eczema. A 2009 study confirmed a strong, positive correlation between health & the newborns' and mother's vitamin D levels. Over 87 percent of all newborns and over 67 percent of all mothers had vitamin D levels lower than 20 ng/ml, which is a severe deficiency state. An Indian study published in 2004 also reported that vitamin D deficiency in infants significantly raised their odds ratio for having severe a URI. And in another study researchers found that 86% of children with asthma had low vitamin D levels in their blood, compared to just 19% of non-asthmatics. A 2009 analysis of the Third National Health and Nutrition Examination Survey also found that a positive correlation between lower vitamin D levels and increased risk of URI, which was even



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stronger in individuals with asthma and chronic obstructive pulmonary disease. Since a newborn's vitamin D status is strongly correlated with its mother's, researchers recommend that all expectant mothers optimize their vitamin D levels during pregnancy - especially in the winter months - to safeguard their baby's health.

A 2009 report in the journal *Pediatric Research* stated that infants and children appear more susceptible to viral rather than bacterial infections when deficient in vitamin D. A recent systematic review of all vitamin D randomized controlled trials found that vitamin D studies provided strong support against influenza and upper respiratory tract viral infections. Based on the available evidence, vitamin D supplementation is now recommended as a valuable preventative measure for pediatric health.

Dr Graeme Zosky, from the Telethon Institute for Child Health Research in Australia, also demonstrated that vitamin d deficiency in newborn mice results in impaired lung tissue development (lower lung volume combined with increased airway resistance and reduced lung function). This confirms human epidemiological studies demonstrating an association between low maternal vitamin D status and offspring wheezing; decreased serum vitamin D and asthma severity; and chronic obstructive pulmonary disease (COPD) severity and low levels of serum vitamin D.

It is also found that vitamin D may protect asthmatics from an allergic response linked to common mold. Dr. Jay Kolls, lead researcher from Louisiana State University Health Sciences Center found that adding vitamin D not only substantially reduced the production of the protein driving an allergic response, but also increased production of the proteins that promote tolerance.

Over the last few years it has been progressively documented that vitamin D is responsible for the production of an antibacterial peptide called cathelicidin, which is vital in defense against respiratory and Urinary Tract Infections; offering local and site-specific protection (according to researchers from the Karolinska Institutet and Karolinska University Hospital in Stockholm.). Vitamin D supplementation can enhance cathelicidin production. This is also an immune system signaling molecule vital to numerous immune responses above and beyond those levied against viral infections.

Vitamin D also helps immune system dendritic cell develop the tolerance they require if they are to maintain a TNFa (an inflammatory cytokine) reserve for defense against possible viral infections: Vitamin D helps to modulate and reduce excessive TNFa expression in situations of chronic underlying stress and inflammation. This allows for a reserve pool of TNFa to be maintained so that it can be activated when needed in defense against invading pathogens. TNFa-blocking drugs, commonly used for arthritis and other autoimmune problems, tend to strip the body of its TNFa defensive reserves, so that it has little to call upon in the face of viral attack.

A new study ("Sun, vitamin D, and cardiovascular disease") reviews data demonstrating the importance of vitamin D for cardiovascular health. Vitamin D improves blood flow, helps reduce triglycerides, and helps reduce the pro-inflammatory signal TNFa – all of which are very important to cardiovascular health. Low vitamin D levels more than double the risk for a fatal cardiovascular event.

Lead researcher, Carlos Bernal-Mizrachi, MD, notes that vitamin D inhibits the uptake of cholesterol by macrophages. These cells voraciously "eat" cholesterol carried by LDL (Low Density Lipoprotein). When the cells get clogged with cholesterol they become what scientists call "foam cells", which are one of the earliest markers for atherosclerosis.

In those suffering from disease such as diabetes and metabolic syndrome there is already a greater underlying level of macrophage activation. When this is combined with low vitamin D levels the macrophages become super-loaded with cholesterol; so stiffening blood vessels and blocking blood flow.





Another study, conducted at the University Medical Center, Groningen, in the Netherlands, also suggests that low levels of vitamin D are associated with activation of the Renin Angiotensin System (RAS – a pivotal regulatory system in heart failure) and an altered cytokine profile.

Vitamin D concentration was assessed in plasma samples from 548 heart failure patients. According to the researchers, patients with lower concentrations had a higher risk of death or re-hospitalization compared to patients with higher concentrations.

According to a recent review from the UK, middle aged and elderly people with high blood levels of vitamin D may have a 33 per cent lower risk of developing heart disease, compared to those with the lowest vitamin D levels. In addition there was a 55 per cent reduction in the risk of type 2 diabetes, and a 51 per cent reduction in the risk of metabolic syndrome

Another study (published in *Diabetes Care*, 2009) showed that insufficient vitamin D may increase the risk of metabolic syndrome by about 40 percent.

Metabolic syndrome (MetS) is a condition characterized by central obesity, hypertension, and disturbed glucose and insulin metabolism. The syndrome has been linked to increased risks of both type-2 diabetes and cardiovascular disease (CVD); and vitamin D deficiency has previously been linked to impaired insulin secretion in animals and humans, and insulin resistance in healthy, glucose-tolerant subjects.

In a Longitudinal Aging Study at Amsterdam VU University Medical Center, Marelise Eekhoff, MD, PhD & co-researchers found that people with blood levels of vitamin D3 lower than 50 nanomoles per liter were likelier to have the metabolic syndrome than those whose vitamin D levels exceeded 50.

A new study from Australia indicates that consuming high levels of vitamin D and calcium (500 milligrams of calcium and 8.7 micrograms of vitamin D) for breakfast may significantly increase fat oxidation rates and energy burning during the course of the day (compared to a breakfast containing just 250 milligrams of calcium and 0.3 micrograms of vitamin D). The researchers also reported that over the following 24 hours 320kcal fewer calories were consumed by those starting the day with the high calcium and vitamin D breakfast. The increased thermogenesis (calorie burning) plus the reduced calorie intake inevitably translates into a net weight loss. This alone bodes well for those whose metabolic syndrome, diabetes, or cardiovascular disorder is associated with excess body weight.

Another study conducted by researchers from the Center on Aging and Mobility at the University of Zurich, Switzerland, and published in the *British Medical Journal* has shown that seniors taking a large daily dose of vitamin D may be significantly less likely to suffer from falls. At doses below 700 IU per day, there was no reduction in the risk of falls. Above this level, however, the risk of falls was reduced by as much as 25%.

It can be seen then that from conception to “transition” Vitamin D3 plays a vital role in human health. Since we humans now spend much of our time indoors, unexposed to the sun, it might indeed be reasonable to ask “Have you taken your sunshine vitamin lately?”

*I do hope this newsletter has been helpful to you.*

*Please, do let me know whenever any of your friends or loved ones expect to be active in our local real estate market. I would love to help & provide the kind of service you can feel proud of!*

*Blessings to you! - Michael*



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