

Real Estate Digest

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Summer of Love? Experts and Agents Find Reason to Be Optimistic

Optimists are starting to emerge, and with good cause; signs of a thaw portend a much needed warming in a market that has been icy for nearly two years now.

In the recently released Real Estate Roundtable's Sentiment Survey, real estate experts contacted by the National Association of Realtors think market conditions are improving despite the credit crunch. Nearly 60 percent of the survey's 120 respondents expect market conditions to improve within the remainder of this year and 68 percent predict conditions will improve in the next year.

Measured on a scale of 1-100, the index evaluates surveys from recent quarters and calculates an overall average. Currently the index rests at 41,

up from 38 last quarter and 33 six months ago.

The National Association of Home Builders meanwhile reports that its members are gaining confidence in the national economy and the housing market as well. The NAHB said its member confidence index rose to a reading of 14 in April, up from a reading of just nine the month before. A reading of 50 would indicate builders felt the housing market was in balance, with as many seeing improvement as were seeing deterioration.

"This is a very encouraging sign that we are at or near the bottom of the current housing depression," said NAHB Chief Economist David Crowe.

If you're looking for hard evidence, trek on over to the bellwether state of California,

where the California Association of Realtors reports a dramatic decrease in the number of homes on the market there, saying supply is down to five months' inventory at the current sales pace. A year ago, the inventory of unsold properties in California was 12.2 months. The median price of an existing, single-family detached home in California during March was \$253,040, up 2.2 percent compared with February's \$247,590 median price.

And more good news. NAR's Pending Home Sales Index increased 3.2 percent to 84.6 percent in April, compared to 82.0 in March. The index is now 1.1 percent higher than March 2008 when it was 83.7.

As a result of depressed housing prices, the trade asso-

ciation said affordability remains near record highs. The current index suggests a median-income family, earning \$61,100, could afford a home costing \$291,600 with a 20 percent down payment. Good reason to be optimistic.

MARKETS

Builders Urge Buyers to Snag Expiring Tax Credit

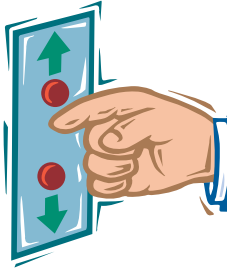


The National Association of Home Builders is urging first-time buyers to make their purchase of new

construction immediately to assure they qualify for the government's \$8,000 tax credit. To qualify for the credit, the buyer of a newly constructed home must have moved into the property by the Dec. 1, 2009, deadline. First-time buyers of existing homes need only have the house under contract. The builders recommend that buyers desiring new construction begin the process immediately so they can occupy their homes on time.



Home Prices: California, Florida Gain the Most, Lose the Most

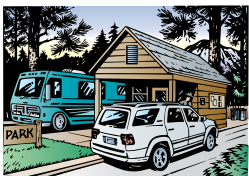


What goes up must come down. A demographic research company reports counties in California and Florida led the nation in home price increases from 2000 to 2007,

and also led in home price decreases from 2007 to 2009. The Nielsen Claritas company said from 2000 to 2007, average home prices in San Bernardino County in California increased \$124,854 to \$387,000, while in Riverside County, also in California, average prices went from \$134,998 to \$406,300.

The 2007-2009 data showed those same counties had some of the steepest price declines, with San Bernardino dropping to \$266,639 and Riverside to \$282,870. Overall, California had 12 counties listed among those whose average values dropped the most. Florida had five counties on the list.

Younger Retirees Buying Homes at Bargain Prices



Coldwell Banker reports a survey of its sales associates suggests there may be an uptick in vacation and retirement home sales this year. Half of the agents polled said they were seeing younger retirees (ages 60 and under) looking to purchase homes in their markets. About 43 percent said they anticipated a tightening market for retiree homes at least through next year.

“Over the past couple of years, home prices have declined significantly in the majority of markets with traditional appeal to retirees. Younger retirees are taking advantage of these desirable prices and turning the economic downturn into an opportunity,” said Coldwell Banker CEO Jim Gillespie.

TRENDS

Boomers Preferring Not to Age in Place Slightly Up



While most 55-year-old and over Americans prefer to age in place, a growing number are willing to move to age-restricted communities, according to a study by the Home Builders association and the MetLife Mature Market Institute.

The joint survey found in 2001 that 2.2 percent of Baby Boomers believed they'd like to move to a community created for their needs. This year, that number is three percent.

While the percentages are small, the NAHB said that three percent represented 1.2 million households and the trend is likely to increase.

New Trend: Open House Clusters



What's better than an open house? How about 25 of them in a single neighborhood? The Davis Lake neighborhood in north Charlotte, N.C. held an open house event recently — featuring 25 homes.

The community hoped that having several houses open on the same day would increase the chances of homes selling and give prospective buyers an easier time to see more of the community and connect with it.

“Rather than running people off the market with all the doom and gloom, it's much better to promote ourselves and talk about all the good things that are happening and all the opportunities that are out there,” said resident Rick Hawks.

“It's a great opportunity for someone who is in the market to come to the neighborhood and get a feel for it, walk through a bunch of houses and compare them to each

other and really get a sense of the neighborhood,” said agent Betsy Driest.

One in Four Listings Have Seen Price Reductions



Twenty-seven percent of all homes currently listed have cut their prices at least once since coming on the market, according to a survey by the online real estate listing site, Trulia.

In New York City, where the average listing price was \$2,090,851, the average price reduction was \$295,194 or about 14 percent off the original price.

In Los Angeles, the average price was \$1,012,041, and average reduction was \$143,307, or 13 percent. In Phoenix, the average price was \$367,308, with an average reduction of \$43,829, or 12 percent. Other cities with double-digit price reductions were San Francisco, 13 percent; Las Vegas, 16 percent; Miami, 15 percent; and Atlanta, 11 percent.

Corporate Relocations Decline



One of the nation's largest movers reports it has seen a substantial decline in the number of corporate relocations in past years and attributes the decrease to the recession.

An Atlas Van Lines survey of corporations found that one in four firms was moving fewer employees than in 2007. About 27 percent said the number of employees they moved in 2008 increased, compared to 36 percent in 2007, and 39 percent in 2006.

Twenty-five percent reported a decrease in the number of employee relocations in 2008, compared with 14 percent in 2007 and 12 percent in 2006. About 52 percent predicted they would decrease the number of employees they move in 2009 and 48 percent anticipated relocation budgets would be cut.



INDUSTRY

NAR Offers Health Insurance Program to Members



In response to sobering health coverage statistics, the National Association of Realtors has announced it is now offering guaranteed-issue health insurance through its new Realtor Benefits partner program.

NAR estimates that one of every four members has no health insurance coverage at all, with most others covered by insurance through spouses. The trade association said only 17 percent of real estate firms offer health care coverage for their independent contractors, who represent the largest segment of real estate agents.

The Realtor Core Health Insurance program is available to NAR members under age 65 and is available in most states. For information, go to: www.RealtorsCoreHealthInsurance.com.

Man Sells House He Doesn't Own



A Santa Cruz, Calif. man has been arrested and charged with "house theft" for selling a property he didn't own. Authorities said the buyers had purchased a vacation home but when they arrived to spend time there, someone else was living in the house.

An investigation by the district attorney's office found the home had been owned by a Nevada company that sold it to the buyers. The occupant, however, allegedly set up a company in California with the same name as the Nevada company and created a title for the property. At one time the alleged thief apparently had legally owned the house. He was released on \$25,000 bond.

Would You Like a Divorce With That House?



The Geimsa real estate company in Huelva, Spain, has come up with a novel incentive for homebuyers: They'll pay for their divorce.

The company believes many couples would like to get divorced and move to separate residences, but believe that between the housing slump and the price of divorce, they can't afford it.

"A divorce is very expensive," said company spokesman Vanesa Contioso. "So we are offering new clients the free use of our lawyers to handle the process."

Under-35 Hispanics Engage With Hispanic Newspapers



As newspapers across the United States shrink or fold, an interesting phenomenon is occurring.

A recent study by Alloy Access found that of the 1,030 respondents in the top five states measured for Hispanic population, 82 percent read Hispanic publications and reported sharing their copy with at least one other person.

In addition, 26 percent of readers share their paper with at least four others.

Though Facebook, Twitter, YouTube, Hulu and MySpace are all common hubs for today's mobile and digitally connected youth, young Hispanic consumers look to their Hispanic newspaper as an important source for news, entertainment and product information.

Also, 63 percent of Hispanic newspaper readers report looking at the advertisements at least frequently, with 24 percent stating they always pay attention to ads. Overall:

- ✱ 39 percent report sharing advertising information with a friend
- ✱ 34 percent have gone to an advertiser's Web site after reading an ad
- ✱ 20 percent of respondents have attended an event, such as a festival or job fair, in response to an advertisement
- ✱ 25 percent of the 25-34-year-old segment state they are most likely to have called or visited a retail store in response to an ad.

"Hispanic print is alive and stronger than ever, circulation continues to increase and print is the trusted source of news and information for the growing Hispanic population," said Clara Padilla Andrews, president of the National Association of Hispanic Publications.

Realtor Membership Slightly Up in April



Membership in the National Association of Realtors, which has generally declined since mid-2007, turned slightly higher in April. According to NAR, April membership was 1,121,279 compared to 1,112,947 members in March. In April 2008, the trade association's membership was 1,244,872.

Realtor membership historically goes up in late spring and summer. Membership peaked at 1,370,758 in October 2007. A total of 36 states reported membership gains in the last month, led by California with a 3.36 percent increase. The largest decline in membership in April was in New Hampshire, down 8.16 percent.

MORTGAGES

A Third of Mortgaged Homes Are Upside Down



Research by the Seattle-based listing company Zillow.com indicates that 33 percent of U.S. homeowners with mortgages are currently

underwater. The company reports that about 21 percent of all homeowners — those with and without mortgages — are upside down on home values, but when those without loans are backed out of the equation, the percentage goes to roughly one-third.

The company says average U.S. home values have fallen 14.2 percent in the past year to an average value of \$182,378. Zillow said the five-year annualized appreciation of homes is now at zero. The 10-year annualized appreciation is 4.7 percent.

AGENTS' CORNER

Get Those Voicemails Returned Right Away



Have you ever gotten a referral, left a message with that individual, and then never heard back again? Or better yet, have you ever left two or three voicemails for a key contact who could really help your business — and is someone you know

through a mutual friend — and still not gotten a return call?

Here are two simple scripts, suggested by real estate coach and author Brian Hilliard, to dramatically improve your return phone call rate.

Script 1: “Hi Jim, this is Brian Hilliard, and you don’t know me, but we know each other through a mutual friend. Give me a call when you get a chance at 555.1212. Thanks.”

This script works well is because it’s short, straight to the point, and elicits a level of curiosity that is simply too compelling for most people to pass up, according to Hilliard. In a nutshell, it taps into every person’s desire to want to be known by someone they don’t know, without feeling stalked in the process.

Script 2. “Hi Jim, this is Brian Hilliard and I’ve got a quick question for you. If you could give me a call at 555.1212 that would be great.”

The effective term is “quick question” and is perfect for clients or prospects with whom you’ve already talked, but who might be a little tough to get on the phone, since now they know you won’t talk their ear off. It’s also great for following up with

a referral partner (the person who gave you the referral in the first place), and you need to talk to them really quickly about that referral or maybe something else completely unrelated.

The real estate market is still in the doldrums compared to where it used to be. If you’re relying on word of mouth business to pull you through, then you absolutely need people to call you back in a timely manner. And with these two techniques, you can go a long way toward making that happen.



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