

Real Estate Digest

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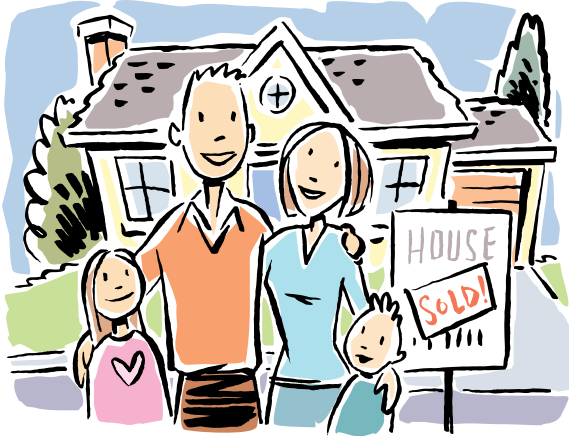
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Goal for 2011: Reach the Coveted Millennial Market

The millennial generation has entered the real estate market in a big way. The average age of first-time homebuyers — a dominant force in the current real estate market — is 30.

But these tech-savvy millennials, born between 1980 and 2000, have different expectations and views when it comes to home buying and differ in how they com-

municate compared to previous generations. For example, younger generations tend to favor texting for its instant response and social networking for building relationships, said Joel Singer, the executive vice president of the California

Association of Realtors.

“The millennials represent a challenge because they are often conflicted when it comes to real estate. Many millennials know someone who has suffered in the current housing downturn. As a result, some millennials may be hesitant to jump into home ownership.”

If you're looking to tap this elusive and lucrative market, start with emphasizing

the value of home ownership. For example, you might stress the desirable low mortgage rates and the drop in housing prices that has made homeownership more affordable. Here are a few more tips for reaching tomorrow's buyers:

Educate: Use your blog or Web presence to share first-hand experiences of buying. Give examples of millennial clients who have gone through the process and overcome obstacles. The stories give young buyers a snapshot of what to expect in various transactions.

Expand your Web presence: More than half of millennial clients found their real estate agent on the Internet, said Singer,

citing buyer research. You can find a wider audience by starting a blog, participating in online forums, and taking advantage of free profile pages on Trulia and other real estate pages.

Improve your mobility: Having remote access to all of your business systems from anywhere helps to meet the instant expectations of younger clients. Set as your goal the ability to send contracts from anywhere on the spot. Take advantage of technology tools and smartphone apps to keep yourself as mobile as possible, such as Log-MeIn.com, which allows you to log onto your computer remotely from another computer or even from your smartphone.

Also, check out the advantage of cloud computing networks, such as [Google Docs](#), [Apple MobileMe](#) and [Dropbox.net](#), which allow you to store, access and share documents online. Applications like [DocuSign](#) and [Zosh](#) allow you to sign contracts on your iPad or iPhone and close a deal from anywhere.

TRENDS

Multifamily Property Market Is on the Mend



Sales of multifamily housing are picking up nationwide, commercial real estate practitioners say. Buyers believe the sector is a sound bet because current prices are below construction costs in many cases and rental business is improving. Plus, there has been little additional development in the past couple of years and some industry analysts believe that some markets will soon face rental shortages.

Financing for apartment buildings is at a 50-year low, with seven- to 10-year mortgages available for as little as four percent interest.

The sector could face some pain, however. Yields are about five

percent while a year ago investors were getting close to six percent, with about a quarter of the transactions involving distressed sellers.

Home Buying Fundamentals Remain Sound



Why is now a great time to buy?

Here are 10 reasons:

- 1** You can get a good deal. Prices are down 30 percent on average. They're at a level that makes sense for many people's income.
- 2** Mortgages are cheap. At 4.3 percent on average for a 30-year fixed-rate mortgage, your costs to own are down by a fifth from two years ago.
- 3** You can save on taxes. When you add up the deductions for mortgage interest and others, the cost of owning can drop below those of renting a comparable place.
- 4** It'll be yours. The one benefit to owning that never changes is that you can paint your walls orange if you want (generally speaking; there might be some community restrictions). How many landlords will let you do that?
- 5** You can get a better home. In some markets, it's simply the case that the nicest places are for-sale homes and condos.
- 6** It offers some inflation protection. Historically, appreciation over time outpaces inflation.
- 7** It's risk capital. If the economy picks up, you stand to benefit from that, even if your goal is just to have a nice place to live.
- 8** It's forced savings. A part of your payment each month goes to equity.
- 9** There is a lot to choose from. There are some four million homes available today, about a year's supply. Now's the time to find something you like and get it.

10 Sooner or later the market will clear. The U.S. is expected to grow by another 100 million people in 40 years. They have to live somewhere. Demand will eventually outpace supply.

It's a Good Time to Buy: Survey



Eight out of 10 respondents believe buying a home is a good financial decision, despite ongoing challenges with the economy and housing market. That's according to the 2010 National Housing Pulse Survey, an annual report released by the National Association of Realtors. The survey, which measures how affordable housing issues affect consumers, also

found job security concerns to be the highest in eight years of sampling, with 70 percent of Americans saying that job layoffs and unemployment are a big problem in their area; eight in 10 cite these issues as a barrier to homeownership.

The good news is that Americans are seeing more stability in the real estate market. Nearly seven out of 10 believe that home values have stabilized in their area; the same number expects home sales to remain about the same through the end of the year.

Another survey, released in September by Fannie Mae, shows that 70 percent of Americans believe it is a good time to buy a home, up from 64 percent in January 2010. About 47 percent of those responding believe prices will remain stable for the next year and 31 percent believe prices will increase – but only by about one percent.

About two-thirds of Americans continue to believe that housing is a safe investment.

MARKETS

Ten US Markets Most Likely to Appreciate



Here are real estate markets that have the greatest likelihood of price appreciation because they offer a mix of jobs weighted toward growth industries, according to *Forbes*:

- 1** Raleigh-Cary, N.C.
- 2** McAllen-Edinburg-Mission, Texas
- 3** Austin-Round Rock, Texas
- 4** Nashville-Davidson-Murfreesboro-Franklin, Tenn.
- 5** San Antonio, Texas
- 6** Colorado Springs, Colo.
- 7** Albuquerque, N.M.
- 8** Denver-Aurora-Broomfield, Colo.
- 9** Springfield, Mo.
- 10** Indianapolis-Carmel, Ind.

HUD Wants More Use of Its Good Neighbor Next Door Program



HUD is urging real estate agents to at least introduce their police, fire, teacher and EMT clients to the federal agency's Good Neighbor Next Door program, which allows those workers to purchase homes for half their appraised value.

The GNND program is comprised of homes in "revitalization

districts” that have been insured by FHA and foreclosed on. Transactions must go through real estate agents, but almost no homes have been sold this year through GNND.

To qualify to buy the properties, the city worker must agree to work in the same jurisdiction where the house is and must live there for at least three years.

The homes are purchased for half their appraised value with the other half taken as a silent second mortgage — meaning no interest and no payments. If the personnel live in the home for three years, all the proceeds from an eventual sale are theirs.

LAW

Report: Markets Would Stabilize If Troubled Owners Could Rent



The Center for Economic and Policy Research (CEPR) is renewing its push for a bill that would let homeowners in foreclosure convert their mortgages to rental agreements, allowing them to stay in their homes at reduced cost while other financial solutions are worked out.

The CEPR says giving owners the “right to rent” would immediately reduce the number of homes in foreclosure, taking potentially vacant homes off the market, which in turn would support home prices. Another benefit, the group says, is reduced family strife and fewer blighted neighborhoods.

“Due to the enormous run-up in house prices over the housing bubble years, ownership costs now vastly exceed rental costs in many of the bubble markets and homeowners in these markets have much to gain from having the opportunity to remain in a home as a renter following a foreclosure,” said Dean Baker, co-director of CEPR.

NAR Backs Financial Reform



NAR President Vicki Cox Golder has testified at a conference on financial reform recently that homeownership is in the best interest of the nation and any restructuring of the secondary mortgage market needs to emphasize that policy.

“Realtors support strengthening the soundness of the mortgage market so there are safe, flexible and affordable options to meet borrowers’ needs,” she said. “While fixing the mortgage finance system is critical, it’s just half the challenge. We also need to continue to support policies that advance and sustain homeownership, which helps people build wealth over the long term.”

NAR is recommending reform of FHA and restructuring of Fannie Mae and Freddie Mac into government-chartered, non-shareholder owned authorities to make them subject to tighter regulation.

MORTGAGES

Mortgage Interest Deduction Helps Young the Most



Tax incentives, such as the mortgage interest deduction, help younger households the most, especially those with large mortgages and small amounts of equity, according to the National Association of Home Builders.

The average mortgage interest deduction peaks for taxpayers in the 35 to under-45 age group, followed by those ages 18 to 34, and declines as the taxpayer gets older, the NAHB found.

Experts said the deduction benefits the young the most because it

peaks soon after the taxpayer moves from renting to homeownership, and declines over time as homeowners pay down existing mortgage debt and increase homeowner equity.

Voters: Don't Mess With the MID



Americans overwhelmingly oppose any action by Congress to tamper with the mortgage interest deduction, according to a nationwide survey commissioned by the National Association of Home Builders.

Nearly 80 percent of respondents said they support retaining federal tax incentives to promote homeownership.

Even when told that getting rid of the mortgage interest deduction would help ease the federal budget deficit, 72 percent of respondents in the NAHB survey opposed any proposal to abolish the home mortgage interest deduction. This cut across partisan lines and homeowner status; 76 percent of Republicans, 75 percent of independents, and 64 percent of Democrats oppose eliminating the deduction. Meanwhile, 75 percent of homeowners and 55 percent of renters also oppose doing away with the home mortgage interest deduction.

Survey: Walking Away from Mortgage is Wrong



A survey by the Pew Research Center finds that 36 percent of Americans believe “walking away” from a mortgage is acceptable under some circumstances, but 59 percent believe it is wrong. The strong showing among those who believe it is wrong crossed all racial boundaries, with 61 percent of whites, 56 percent of blacks and 58 percent of Hispanics believing homeowners should work out their loans.

INDUSTRY

Webby Awards Still Open



Real estate brokers and agents who are especially proud of their Web sites still have time to submit them for consideration in this year's Webby Awards.

The International Academy of Digital Arts and Sciences is accepting nominations for the award through Dec. 17.

“The real estate industry is doing some of the most creative work on the Internet today,” said David-Michel Davies, executive director of the Webby Awards. “The Webby Awards is an exciting opportunity for real estate leaders to be recognized alongside Internet luminaries.”

For more information, see: www.WebbyAwards.com. Winners will be named at a ceremony in June 2011.

Regulator Group Takes Over Educator Organization



The Real Estate Educators Association (REEA) and the Association of Real Estate License Law Officials (ARELLO) have announced that ARELLO has taken over management of the educators' organization.

REEA President Philip Schoewe said, “By having ARELLO manage REEA we are strengthening our relationship with real estate regulators and will better fulfill our mission to provide resources and opportunities for those involved in real estate education.”

Magazine Poll Finds Agent Income Down



Chicago Agent Magazine has released a poll showing that agent incomes have fallen from a pre-recession high of \$91,000 to about \$50,000 in 2009, and that more agents are working out of their broker's office.

The magazine's wide-ranging poll, headlined "The Truth about Agents," found that 34 percent of sales associates go into the office every day and only 13 percent work exclusively from their homes.

The poll also found that 72 percent spend more than two hours online every day, with 60 percent on [Facebook](#) and 56 percent using [LinkedIn](#).

Only 19 percent said they attend networking events, while 81 percent said they preferred to attend events that include information valuable to their business, such as speeches by prominent industry members, mortgage presentations, motivational speeches or seminars on economic conditions.

AGENTS' CORNER

Turn Facebook into a Brand-Building Tool



[Facebook](#) can be a powerful way to build your brand and business credibility and power high-quality lead generation. Here are five ways to make Facebook a brand-building tool for your business:

1 Create a business page: You have your own profile page, but don't forget to create one for your business. Your business page is

where you can share information about what is happening in the real estate market, what open houses are coming up, market data for your area and so much more.

When creating your business page, you'll want to invite as many people as possible to "Like" the page. Once you have 25 friends, go to [www.facebook.com/username](#) to create your own domain name; it will help you with your advertising and branding. Give your Facebook page the name of your team or your website address so it's easy for people to remember.

- 2 Carry your brand to your page:** Once you know you have the domain name, create your own welcome page on Facebook where you'll have the look and feel of a "mini-website." On this page, include calls to action and engagement points that allow visitors to link to your website. This will power your lead generation efforts and additional traffic to your flagship website.
- 3 Create a town page:** Imagine having a town page that you have created and people in the town use it for learning about upcoming events, local news and more. This allows you to facilitate and bring this information to your market.
- 4 Add a "share" feature and a Facebook link on your website:** This will allow people to easily find you online and connect with you. Also, by adding the share feature, it gives people the option to share your link with other friends, family members and business colleagues.
- 5 Add your Facebook domain name to any and all print marketing you do:** Drive people to your page by adding your Facebook link to your farming postcards, business cards, e-mail stationary and more. The more you advertise your Facebook location, the easier it will be to have people find you.

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