

# Real Estate Digest

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## End in Sight? Analysts Have High Hopes for 2011

**O**ptimism arrives in heavy doses in the real estate industry and never more predictably than at the beginning of a new year.

But this time, there really might be reason to cheer, according to analysts. Following the historic downturn, the housing market has clawed its way back to a point of near stability, with the pace of new foreclosures easing, sales moving toward historically normal levels and prices on a national basis gaining modestly, said Lawrence Yun, National Association of Realtors' chief economist.

At the same time, affordability remains strong. "All of the price excesses from the

housing bubble have been squeezed out. In San Diego, for example, buyers today would pay \$1,564 a month in mortgage payments for a house that at the height of the boom would have cost them \$2,833 a month."

The broader economy is also showing positive signs, with businesses enjoying strong profits, sitting on huge cash reserves, and even adding jobs. Consumer confidence and spending is also up. Yun predicts this positive trend will continue through 2011, with existing home sales reaching 5.5 million units, prices rising a modest one percent, and the U.S. gross domestic product increasing by about 2.5 percent.





## Business spending key

“For the positive trend to continue, businesses will have to start spending some of their cash to fuel job growth at a far greater pace than they’re doing now,” Yun said.

Currently, businesses are adding jobs at a pace of about 100,000 a month. That needs to grow to about 400,000 a month for unemployment to start shrinking.

The scenario will be far more negative if businesses continue to sit on their cash. In that case, sales will fall, inventories will rise, the high rate of foreclosures will resume, and the cost to the federal government of bailing out Fannie Mae and Freddie Mac will surge.

## Fed spurs growth

Federal Reserve Governor Thomas Koenig said the Fed’s continued effort to spur the economy, most recently through a \$600 billion bond buying program, is understandable given concerns over the slow pace of growth. But the continued subsidization of the market could unleash inflationary forces.

Yun said he sees possible evidence of inflation building, but it’s not visible now because the housing-cost portion of inflation measurements is holding down prices.

## INDUSTRY

## Bright Future For Bilingual Agents



Sales agents with multi-cultural backgrounds may find themselves in high demand in the coming years as more foreign-born people take up residence in the United States. According to the Census Bureau, 36.7 million (12 percent) of the nation’s population is foreign born and other 33 million (11 percent) are native born

with at least one foreign-born parent.

Among the foreign-born: more than half were born in Latin America, and almost one-third were born in Mexico; nearly one in three entered the country in 2000 or later; and more than half were non-citizens (58 percent).

## Buyer “How-to” Videos Available on YouTube



NAR and the U.S. Department of Housing and Urban Development have released three how-to videos to help prospective homebuyers through the real estate transaction process.

The videos are entitled: Shopping for your Home, Shopping for your Loan, and Closing the Deal. The videos may be [viewed here](#).

## EPA Posts Bed Bug Pesticide Site



Brokers and agents worried about clearing bed bug infestations out of listings can consult an Environmental Protection Agency Web site on how to get rid of the pests.

“This new database will help Americans select a safe, EPA-approved pesticide to help rid their home of bed bugs,” said Steve Owens, assistant administrator for EPA’s Office of Chemical Safety and Pollution Prevention.

“While this tool ensures a safer way of dealing with bed bugs, chemical pesticides are most effective when used properly and in conjunction with practical steps like reducing clutter, covering mat-



tresses, vacuuming and other methods.”

The EPA pesticides database is [available here](#). You'll find tips to prevent infestations [here](#).

## Thief Can Wait for Improved Market Before Selling his Home for Restitution



A man from Bolton, England described as a “career thief” has been ordered to sell his home to pay back the 50,000 pounds (\$80,000) he owes his victims, but has been told he can wait until the market improves.

A magistrate told Dean McEvilly that if he did not repay his victims, he would be sentenced to 18 months in prison.

McEvilly said he needed to sell his home to raise the money, but wouldn't be able to raise enough until the market improved. He said if he went to prison, he would lose the house to the bank for non-payment, which would mean no one would get paid.

### MORTGAGES

## Return of the Jumbo Loan?



Are jumbo mortgage loans back? According to an article in the *Wall Street Journal*, the answer is yes.

Jumbo mortgage lenders originated \$18 billion in loans in the second quarter of 2010, the *Journal* reported. That's a 20 percent increase from the previous quarter (but still below 2007 levels).

Jumbo mortgages are those that are too big to be bought by gov-

ernment-backed agencies such as Fannie Mae and Freddie Mac. Generally, they exceed \$417,000.

Real Estate Center Chief Economist Dr. Mark Dotzour described the return of the jumbo loan as “truly good news.”

“The fact that the spread between conventional loans and jumbos has narrowed to very low levels means that borrowing costs for higher priced homes is declining,” Dotzour said. “This will encourage home sales in the higher price ranges...”

According to Inside Mortgage Finance, J.P. Morgan Chase & Co.'s Chase Home Lending unit increased its jumbo mortgage volume by 146.2 percent in the first six months of 2010 over the same period in 2009. Wells Fargo & Co. increased its volume by 47.5 percent, and PHH Corp. of Mount Laurel, N.J., increased by 64.6 percent.

## Consumers Union, Consumer Federation Oppose Transfer Fees



The consumer protection organizations Consumers Union and Consumer Federation of America (CFA) have announced their opposition to private property transfer fees, joining the National Association of Realtors, American Land Title Association and other housing groups.

“These fees are nothing more than a predatory technique that tries to turn a consumer's property into an ATM for the developer,” said Barry Zigas, director of housing policy at CFA.

“We have consumer groups, property rights groups, and veteran groups all saying the same thing: These fees are bad for consumers and bad for communities. I can't think of a single consumer who



would choose to have one of these fees on their homes.”

The private transfer fees, typically one percent the sales price, remain attached to homes every time it is resold, usually for the next 99 years. The money goes to the developer and investors.

## TECHNOLOGY

### Mobile Device Use Soars



Consumers spend a lot of time per day online, averaging 4 hours and 13 minutes per day. However, even at four-plus hours, online usage was down 17 percent from the prior year. Where are consumers spending their digital minutes?

Mobile devices were named as fourth most popular media channel, with consumers spending an average of one hour and 18 minutes per day with their handheld devices — up 39 percent over the prior year. This rise can be attributed to increased talk time, texting and, most importantly, mobile Internet connectivity, which according to the Yankee Group increased 36 percent.

As mobile devices have become more and more sophisticated and networks more powerful, consumers simply do not need to rely on and/or be chained to PCs the way they once were. Analysts at CTIA reported that wireless data grew 160 percent last year and that companies will spend \$126 billion on IT and wireless upgrades this year. Couple this with new phones that allow for video conferencing and what you get is a transformation of cell phones into pocket-sized PCs.

## TRENDS

### Mixed Signals from Buyers



In the face of rising doubts that homeownership is a pillar of family wealth building, NAR has released a survey indicating 80 percent of consumers still believe that buying a house is a good financial decision. However, another survey by [FindLaw.com](#) reports that two-thirds of Americans believe the current economic situation is making them less likely to buy a house, and only eight percent said the current economy is making them more likely to buy.

The sunny NAR survey found that 68 percent of those polled believe now is a good time to buy a home. The survey also found about a quarter of renters are thinking more about buying a home than they were a year ago, and 63 percent said owning a home is a priority in their future. About 79 percent of respondents still consider having enough money for the down payment and closing costs to be among the biggest obstacles to buying a home. Another 73 percent lacked confidence in their ability to be approved for a loan.

The FindLaw survey said people with annual incomes of less than \$50,000 were significantly more likely to say they are less inclined to buy a house than people with higher incomes.

### More Singles Buying Homes



The Census Bureau reports the average household size declined to 2.59 in 2010, from 2.62 people in 2000, at least partially because the number of one-person households increased during the same time period, from 25 percent in 2000 to 27 percent in 2010.



The report noted the median age of a first marriage increased to 28.2 for men and 26.1 for women in 2010, from 26.8 and 25.1 in 2000. The Bureau also said the percentage of households headed by a married couple with children under 18 living with them declined to 21 percent in 2010, down from 24 percent in 2000.

Household formation in the United States is now at its lowest rate since 1947, a contributing factor to the slide of the housing market.

According to the bureau, between March 2009 and March 2010 the number of households rose by just 357,000. In the previous 12 months, the number increased only 398,000, the third-smallest increase on record since World War II.

Between 2002 and 2007, new household formations averaged 1.3 million a year. Economist Mark Zandy of Moody's said if the economy were better, as many as 1.25 million new households would form per year. He said fears about employment and uncertainty in housing prices have helped suppress household formation.

## AGENTS' CORNER

### Writing Better Craigslist Ads



There are lots of places to spend your time and money when it comes to marketing, and one place that is worth your while is creating online classified ads for [Craigslist.com](http://Craigslist.com).

There is a big difference, however, between an ad that represents the information and one that captures contact information and leads, according to real estate coach Sean Callahan.

"When you write an online classified ad, it is important to make sure that you include more than just the listing information in the ad itself," Callahan said.

For example, you may want to add a "Search All Homes" link, "Sign Up for Auto Email Listings" link and a "CMA request" link in addition to the listing.

"Remember that getting traffic to a website or an online classified is only half the battle — the more important component is converting traffic into leads. You can capture many more leads from your online classified ads if you get these links in your ads," said Callahan.

The title lines and headlines are important places to add keywords you want to rank under. "Real estate for sale" and "homes for sale" are two of the best keywords, but "condos for sale" and "town homes for sale" are also good, depending on the type of property you are selling.

"In addition to setting up the ad title and headline with keywords it also helps if you can add a paragraph of text about the community at the bottom of the ad," suggests Callahan.

The description needs only be a paragraph or two but it helps by adding some additional content for the area the home is selling in and sets you up as a consultant, not just a seller.

"By getting online classifieds to rank in Google," said Callahan, "you can really start generating some good free traffic without doing pay-per-click."

### Maximize Your Success with Social Media



For real estate agents, social media's emerging presence is a dramatic game-changer that can have a big impact on their bottom line. Here are a few tips on capitalizing on the trend:

**1 Think Strategically.** What are you hoping to accomplish with social media? Do you want to connect with prospects, develop conversations, build your brand, build your mailing list or generate revenue? Perhaps you want to do all of these things.



Which is the most important for your company and how will you manage your efforts?

**2 Build the Human Connection.** At the other end of every social media conversation are people just like you. They have specific concerns, hopes and dreams that affect their daily lives. Listen to what they are saying, be empathetic and build bonds. Examples of this include acknowledging personal details such as birthdays or providing warm introductions to likeminded friends and colleagues.

**3 Track and Measure.** It is important to monitor the progress of your social media marketing efforts. You can most quickly improve what you measure. If your goal is to measure traffic, sales or search engine optimization (SEO) ranking, here are some other free tools:

- \* [Google.com/analytics](http://Google.com/analytics) and [Feedburner.com](http://Feedburner.com) are essential, free tools to help analyze your company's website or blog traffic, subscriber count, keyword optimization, as well as additional trends.
- \* [Bit.ly](http://Bit.ly) allows you to shorten your links and track the click-throughs.
- \* [Statsaholic.com](http://Statsaholic.com) compares rankings and other information on up to three websites at a time.
- \* [Xinureturns.com](http://Xinureturns.com) is great for adding a URL and receiving a load of useful statistics ranging from search engine optimization (SEO) to social bookmarking and more.

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## Judicial Title



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