

Real Estate Digest

800 Westchester Ave,
Suite S-340
Rye Brook, New York 10573
Tel: (914) 381-6700
Fax: (914) 381-3131



The Judicial Title Insurance Agency LLC

YOUR TITLE EXPERTS

Richard Giliotti
President & Chief Operating Officer

114 West 47th Street, 19th Floor
New York, NY 10036
800-281-TITLE (8485)
Tel: (212) 432-3272
Fax: 800-FAX-9396



August • 2011

Volume 37 • Number 8

Real Estate Pros Are Expanding Their Offerings to Get Ahead. Are You?

The housing market's continuing funk has real estate agents and brokers employing a grab bag of creative strategies designed to jumpstart their careers.

For instance, renting out a property has become the end-run around the market's chokehold on mobility. More homeowners are turning to real estate agents to keep an eye on their homes, not sell them. Home-owners typically rent out their homes so they can buy or rent somewhere else. This has created a new line of property management work for the real estate industry.

Stage Hand

Today, clearing clutter and redecorating in neutral hues and designs are key to finding potential buyers. Home-staging services are also increasing as more real estate pros devote more time to sprucing up for-sale properties to improve their chances of getting sold.

Some real estate pros are getting training in staging to offer the service as an added perk to their clients or to learn how to work with stagers as part of their real estate team to get properties sold.

"The use of home staging has doubled in the last year and so has the number of people getting trained to become professional home



stagers," says Barb Schwartz, founder of the International Association of Home Staging Professionals in Brentwood, Calif. She says membership has doubled in the past two years.

Colleen Cardone recently snared a buyer for her Roswell, Ga. home four months after it went on the market. She feels the free home staging service offered by the broker, the Katz Crew in Alpharetta, Ga., gave her the edge.

"Staging has made the house better and



more appealing to potential buyers,” she said. Her house is under contract.

Getting technical

Consumers and real estate professionals alike are embracing all sorts of technology, from the Web to mortgages. Virtual home tours are de rigueur. A twist on barcodes called QR lets people check out a home on a cell phone or other mobile device. Real estate agents are specializing in creating listings that pop.

With stricter mortgage requirements in place, little-known federal and local programs are emerging as rich uncles for would-be home buyers, and not just for those with low income or first-time home buyers. Specializing in these programs is helping realtors reach an often-overlooked buyer demographic.

“It’s like trying to find buried treasure,” said Rob Chrane, president and founder of Workforce Resources, a 3-year-old Atlanta company that connects people with hard-to-find financial resources.

TECHNOLOGY

Which Social Network Is Rated Most Important?



Nearly 60 percent of survey respondents say that it is important to have a LinkedIn account—more than any other social network, according to “S-Net (The Impact of Social Media),” a report from ROI Research Inc. of nearly 3,000 active social networkers.

And those surveyed say they use Linked-In a lot, too. Among individuals with an active LinkedIn account, half of those surveyed say they visit the site at least weekly, and 20 percent visit the site at least daily.

“Factors including LinkedIn’s recent IPO announcement, the uptick in national unemployment, and signs of a slowed market certainly contribute to LinkedIn’s attractiveness among social networkers,” says Daina Middleton, CEO of Performics, which released the survey results.

The survey also found:

- * Social networkers listen to what their peers have to say about brands and businesses they like—or don’t. Sixty percent say they are at least somewhat likely to take action when a friend posts something about a product/service, company or brand. Slightly more than half agree that others can influence business decisions made by companies and brands by sharing their opinions on social networking sites.
- * Fifty-three percent frequently or occasionally use social networking sites to give feedback about a brand or business.
- * The public is divided on using social networks to give and get advice about other companies. Fifty percent of respondents say they use social networks to give advice and another 50 percent say they use it to get advice about services and companies.

Seven Tips for LinkedIn Success



How can you profit from LinkedIn?

- 1 Get recommended. Ask colleagues, clients, managers and employees to endorse your work. According to LinkedIn, users with recommendations are three times as likely to get inquiries through LinkedIn searches.
- 2 Participate in groups. Join an industry-specific networking group (such as the NAR or your state association’s group) or start a real



estate group of your own. Participate in discussions, ask questions and reach out to other people in the industry.

- 3 Try applications. There are several applications that offer add-on features to optimize your profile, such as one that allows you to sync your WordPress blog posts with your LinkedIn profile. A real estate-specific app called Rofo lets LinkedIn users feature property listings and news on their profile.
- 4 Ask questions. Post open questions to LinkedIn members or demonstrate your industry expertise by answering questions posted by other LinkedIn professionals. Gain “expert” status when your answer is chosen as best by the asker.
- 5 Market your events. With LinkedIn connections, market your training, client appreciation, and networking events via LinkedIn’s events system.
- 6 Consider purchasing ads. Direct Ads on LinkedIn delivers targeted advertising, starting at \$25, through which you can point other users to your Web page or LinkedIn page.
- 7 Read the news. LinkedIn Today, the newest component of LinkedIn, is a customized mini newspaper that pulls relevant news stories and industry topics from feeds populated by your connections and groups.

Trulia Adds Crime Maps to Site



The real estate data company Trulia has announced the addition of crime maps to its Web site that will allow homebuyers to determine crime rates in areas where they are considering buying.

Trulia said it had partnered with CrimeReports.com to produce the maps. Users can view crime rates in specific areas, toggle between neighborhoods, and directly compare crime statistics in different regions.

TRENDS

Housing Shortage Is Likely Coming, Report Says



Within the next decade, 16 million new housing units will be needed to meet population growth and shifting demands, according to Harvard University’s Joint Center for Housing Studies in its latest annual “State of the Nation’s Housing” report.

That means household growth, which has dropped drastically in recent years, will need to greatly reverse its trend to meet the forecasted spike in demand. From 2007-2010, household growth averaged about 500,000 per year—less than half the 1.2 million annual pace averaged prior from 2000-2007.

To absorb the current rate of foreclosed and distressed homes plaguing most markets, a more normal rate of household formation is critical, according to the report. However, household growth has stalled partially due to young adults delaying home ownership and a slowing of immigration rates.

As such, in recent years, builders have drastically cut production of new homes.

“With inventories of new homes at historic lows, a turnaround in demand could quickly result in tighter markets,” the report notes. “Over the longer term, the number of younger households is set to rise sharply, supporting growth in the population that fuels growth in both new renters and first-time buyers. The path of the economy and evolution of the mortgage market will determine when and if this increased demand materializes.”

The report predicts a need for greater housing units for several reasons. For example, the report projects demand for 1 million new



homes a year to meet population growth in the coming decade.

The report also predicts a surge in smaller homes, estimating that 3.8 million baby boomers will be looking to downsize their homes within the next decade.

In addition, immigration growth, the need to replace existing homes, and demand for second homes will contribute to rising demand, the report notes. Therefore, researchers conclude at least 16 million new housing units will be needed over the next decade.

Economist Dismisses Notion Of Long-Term Housing Slide



Despite recent statistics showing a slowdown in home sales and depressed prices, and a report by Case-Shiller suggesting the market is headed for a double-dip, an economist at Barclay's Capital says things are nowhere near that grim.

Ajay Rajadhyaksha says much of the current decline is attributable to the mix of homes being sold, which currently is lopsided in favor of forced, low-cost distressed sales.

He says, however, as the number of foreclosures decline and the number of "voluntary" listings increase, prices and sales will resume their upward movement.

"For investors who look to the home price indices for clues to the macro-economy, we recommend focusing on the index of voluntary sales, since non-distressed borrowers will increasingly determine the true health of the housing market," says Rajadhyaksha.

"This index has held up reasonably well and suggests that prices are stabilizing. In sum, there are many reasons to worry about the U.S. macroeconomic picture, but the recent drop in U.S. home prices should not be one of them."

MARKETS

Seven Highest-Performing Major Housing Markets



Home prices in the last quarter in several real estate markets are starting to show signs of improvement as the industry demonstrates more signs of stabilizing, according to Clear Capital's latest monthly Home Data Index Market Report.

Real estate owned (REO) saturation rates have improved in the majority of the country's largest markets. However, many areas are still battling year-over-year price declines. Clear Capital's index reports that quarter-over-quarter home price declines were 2.3 percent in the latest quarter, which is less than half compared to the previous month.

"The latest market report results through May suggest that home prices are starting to ease back from the heavy declines seen over the winter," says Alex Villacorta, director of research and analytics at Clear Capital. "We are still far away from the strong demand needed to fully turn things around for the housing market. However, it is clear from the initial spring sales data that prices are softening, suggesting stabilization in the market."

The High Performers

Seven of the top 15 markets posted quarter-over-quarter property price gains in the most recent monthly report, compared to the previous month's, according to Clear Capital. Here are the seven highest-performing major real estate markets, according to the report.



- 1** Washington, D.C.-Arlington, Va.-Alexandria, Va.
Quarter-to-quarter home price change: 4.5 percent
Year-to-year price changes (May 2010-May 2011): 4.9 percent
REO saturation: 17.5 percent
- 2** St. Louis, Mo.
Quarter-to-quarter home price change: 2.2 percent
Year-to-year price changes: -11.4 percent REO saturation: 35.3 percent
- 3** Pittsburgh, Pa.
Quarter-to-quarter home price change: 1.6 percent
Year-to-year price changes: 0.3 percent
REO saturation: 10.9 percent
- 4** New York, N.Y.-Long Island, N.Y.-No. New Jersey, N.J.
Quarter-to-quarter home price change: 1.5 percent
Year-to-year price changes: 1.4 percent
REO saturation: 9.6 percent
- 5** Virginia Beach, Va.-Norfolk, Va.-Newport News, Va.
Quarter-to-quarter home price change: 1.4 percent
Year-to-year price changes: -13.2 percent REO saturation: 22.4 percent
- 6** Miami-Ft. Lauderdale-Miami Beach, Fla.
Quarter-to-quarter home price change: 0.6 percent
Year-to-year price changes: -5.2 percent
REO saturation: 39.6 percent
- 7** San Jose-Sunnyvale-Santa Clara, Calif.
Quarter-to-quarter home price change: 0.5 percent
Year-to-year price changes: -5 percent
REO saturation: 25 percent

LAW

Lenders Cannot Discriminate On Basis of Pregnancy



HUD has announced a precedent-setting agreement with Cornerstone Mortgage Company that resolves Fair Housing complaints that it denied or curtailed mortgages to families in which women were pregnant.

Under terms of the agreement, Cornerstone will pay \$15,000 to Dr. Elizabeth Budde, who said she was turned down for a mortgage even though she said she would return to work after giving birth. The company also has agreed to set up a \$750,000 fund to compensate other women who were victims of discrimination.

As the settlement was announced, HUD said it would initiate similar lawsuits against Mortgage Guaranty Insurance Corp. (MGIC) and other lenders.

“Pregnancy is not a basis to deny or delay a loan—it’s that simple,” said HUD Assistant Secretary John Trasviña.

New Policy Framework to Strengthen Cybersecurity



The U.S. Department of Commerce recently released a report that proposes voluntary codes of conduct to strengthen the cybersecurity of companies that rely on the Internet to do business, such as real estate professionals, but are not part of the critical infrastructure sector.

The report, *Cybersecurity, Innovation and the Internet Economy*, focuses on the “Internet and Information Innovation Sector” (I3S). These businesses range from small and medium enterprises and bricks-and-mortar firms with online services, to social networking sites and Internet-only business, to cloud computing firms that are increasingly subject to cyber attacks.

The report, developed by the Department’s Internet Policy Task Force, makes a number of specific recommendations for reducing I3S vulnerabilities:

- ✱ Establish nationally recognized but voluntary codes of conduct to minimize cybersecurity vulnerabilities.
- ✱ Develop incentives to combat cybersecurity threats, such as identifying incentives that could include reducing “cyberinsurance” premiums for companies that adopt best practices and openly share details about cyberattacks for the benefit of other businesses.
- ✱ Improve public understanding of cybersecurity vulnerabilities through education and research.
- ✱ Enhance international collaboration on cybersecurity best practices to support expanded global markets for U.S. products.

This report follows a series of recent Internet security policy recommendations made by the Obama administration.

Earlier this year, the Obama administration released the National Strategy for Trusted Identities in Cyberspace, which seeks to better protect consumers from fraud and identity theft. Last month, the administration proposed legislation to require companies providing critical infrastructure services, such as the financial and energy sectors, to implement stronger cybersecurity practices.

AGENTS’ CORNER

Strategy Session: Four Mobile Marketing Retention Methods



While customer retention and mobile marketing may not yet be synonymous, there may be a way to bring the concepts closer together.

Dave Lawson, director of mobile engagement for Akron, Ohio-based direct digital marketing company Knotice, says marketers who keep customers engaged are most likely to retain them in their mobile marketing programs. Here are a few ways he recom-

mends to accomplish that:

- 1** Create “a clear ‘win’ for the customer in the initial interaction value exchange. Popular and effective examples of this are sweepstakes and contests, giveaways, promotions and coupons, exclusive content, and exclusive access to privileges or services.”
- 2** In the call to action, communicate “clearly how to join, what will happen immediately, and what they can expect in the future.”
- 3** Ensure “the tone and voice of the communication is on brand, but authentic for the audience. ... The most successful programs aren’t about pushing the brand; they are focused on relevantly communicating with their customers.”
- 4** Communicate immediately and respectfully while providing added value. “Program entry will likely be a spontaneous act, and if the consumers don’t get a message for a month, they will likely be a bit put off when you send your first message. Engage them right away with follow-up messaging, but don’t overdo it. Always add value with every message.”

Judicial Title



YOUR TITLE EXPERTS

800 Westchester Ave,
Suite S-340
Rye Brook, New York 10573



The information presented and conclusions stated in this newsletter are based solely upon our best judgement and analysis of information sources. It is not guaranteed information and is not necessarily a complete statement of all available data. Web site citations are current at time of publication but subject to change. This material may not be quoted or reproduced in any form, including copy machines or any electronic storage or transmission medium, in whole or in part, without permission from the publisher. A special edition of Real Estate Digest is available for real estate agents specializing in commercial property or high-end residential, and for mortgage brokers. Please call 866-762-7879 to order your personalized copies today.