



# In the Loop Realty Newsletter

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*Amerival*

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## ***SO IT BEGINS AGAIN!!***

*BY: Albert M. Cerone, IFAS, FELLOW*

### ***HOUSING PRICES-***

According to the National Association of REALTORS, housing prices will reflect an 18% drop for 2009. They also anticipate that prices will increase in 2010 by 4%. Odd, but in real estate sales, non productive agents would answer the question of what do you have working by their managers with "I'm gonna get a listing sometime this week because I talked to a couple and they sounded pretty sure". *Gonna Gets* rarely ever became *Gots*. It was all just a sad ploy to extend their payment draw another couple of weeks.

Let's hope this 4% increase isn't a *Gonna Get*. Right now the strength of residential real estate sales is based on the continuance of the \$8,000 tax credit. But that amount is only helpful in boosting the lower end housing market. The remainder don't find that

\$8,000 significant enough to make a purchase decision. However, one can't be negative. The true key point of impetus for housing is unemployment. When the numbers begin to drop, the economic recovery for the American public, not the government, banking or Wall Street will become a reality. Thus far, recovery signs are weak and per the operation of one or more major companies. For instance, GM announced in the past 2 weeks that it will likely repay about \$8 billion of bail out money this coming year. The media and government reports this as another signal of economic recovery. First, it's able to do that because of the bail out money and the closing of many plants, huge layoffs and the closing and sale of some of the divisions. Of course they want to pay the debt off, because they can't have the government interfering with its decisions which it can do based on the ownership percentage by the US taxpayers. And, frankly what is \$8 billion to the deficit of \$3+ trillion. It's about .0003%. And????

### ***HEALTHIEST & UN-HEALTHIEST STATES-***

The non-profit United Health Group released a study of the healthiest and unhealthiest states in the U.S. They look at 22 indicators including obesity, smoking, child poverty, etc. So, if you want to prolong life and give your children the best opportunity to live healthy lives, move to (in order of rating)

Vermont, Utah, Massachusetts, Hawaii or New Hampshire. So New England is the best region. Although they have a higher alcohol consumption per capita. *I think I'm moving!*

Now, for the bottom 5 states; Mississippi, Oklahoma, Alabama, Louisiana & S. Carolina. So, it's best to just visit there. By the way, New Jersey is ranked 18th, Connecticut 7th, NY 25th and for all you who think Florida is great once you set aside, the economic disaster, housing debacle and alligators in the backyard and swimming pools, it's rated 36th. And with all this, if any of the places make you happy, then it's worth doing.

### ***TEN THINGS TO NEVER DO AT A MEETING-***

1. Show up late
2. Be Unprepared
3. Monopolize the Conversation
4. Make Your Statements Sound Like Questions
5. Misread Signals
6. Get Intimidated
7. Chew Gum
8. Keep Your Cell Phone On
9. Wander Off Topic
10. Skip It

Some seem very basic or not really issues, but we should not judge the motives of our words or actions by our interpretations, but by those of the most critical.

***CON'T***

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Nicholas Cage????

YUP!!!!

**STIGMATIZED PROPERTIES-** What is a stigmatized property? Simply, a property that was the location of a “not so nice occurrence”, i.e. Roman Polanski’s house in which Sharon Tate and others were slaughtered. The valuation of stigmatized properties is a very difficult task. There is an appraiser in California who specializes in the appraisal of stigmatized properties and I had the good fortune to attend one of his seminars. He offers that there is a curve of property value that reflects the diminution of negative value impact over time. He has much to offer and I believe that his approach has validity but not in all cases.

My only experience with a stigmatized property was in Toms River. The house on the Toms River which was used for filming *The Amityville Horror* and a sequence. Fortunately, my result was proved to be very much on and my opinion that there was no diminution of value

which was correct. Truthfully, the validity of any valuation is dependent on sufficient information from which a supportable opinion and conclusion can reasonably be drawn. (So, I’m hanging around with too many trial attorneys... *supportable* and *reasonably* with the latter the basis for far too many lawsuits). However, still a valid statement.

Now, for Nicholas Cage who apparently is broke and trying to sell houses he owns around the world. Great actor, terrible real estate investor. Maybe it’s because he took his real estate advice from his financial planner who is solely responsible in getting him to invest in “stigmatized houses”. Some how, the advisor convinced Cage to buy all he could get and Cage did it. He did sell a bunch but lost two located in New Orleans to foreclosure. They in turn were bought by a bank for a lot less than what they were appraised (wouldn’t want to be that appraiser).

One of the properties had over 100 murders committed in it which is enough to scare the vast majority of people who may have had an interest. You see, the appraiser missed one of the foremost important facets of valuation.... Highest and Best Use. I doubt a family with 3 kids would want to make it

their home. But for entertainment purposes it may bring even more than it’s appraised value as a residence. Regardless, if there is no other lesson to be learned, don’t ask your financial advisor for real estate advice. I know of a couple of well known attorneys who were easily duped by “pie in the sky” schemes. It goes back to basics, what is the best use for the property considering any and all Functional and External Obsolescence that may exist.

**HOME SALES UP—PRICES DOWN-** I receive daily updates on homes sales around the United States and some other countries. As time is always of the essence, I am fortunate to be able to speed read a bit and quickly discern the pertinent vs non-pertinent. Over the past few weeks, I’ve noticed that the key to housing activity is the movement and where it is occurring. First, housing in Malaysia and the Philippines, etc may not seem important, but this housing problem and economic strife we are encountering is global. Regardless of all the hype about how badly off we are and that we are not competing globally, etc., we are still the benchmark and our economy is the backbone of much of the world, either through need and dependence or supply and income.

Overall, the results in “many towns, USA” is much like those locales throughout the world. There is a marked upswing of housing sales but at lower prices. This indicates that the working public which feels confident of their continued employment are anxious to get on with it...and buy housing once again. There is also the belief that if they move now it will benefit them via reduced purchase prices and carrying charges, than if they wait for the upturn to allow greater confidence in the US economy. Well, the former may be working out. Hopefully, there will be enough housing sales throughout the US to bring people back to work because that is the cycle. This is the basic rule that keeps escaping the media and many of us. If we feel good, we do good. If we work, we spend. If we spend we create a healthy economic position for all of us. It’s going to happen and I believe it has started. Hopefully, moving in the right direction, we may see that recovery in the 2nd quarter of 2010. I wish I could promise that, but based on my readings and intuitive professional sense, I think it will happen. Keep your fingers crossed.

## ***HOW MUCH HOUSE YOU CAN BUY BETWEEN \$1,000,000 TO \$1,500,000 IN THE US***



***Telluride, CO***  
***4 BR, 3 Bth, 3 Car Gar.***  
***3,823 SF on 3.33 Acres***  
***Taxes: \$1,495***  
***Price: \$1,495,000***



***Port Washington, NY***  
***4 BR, 3.5 Bth, 2 Car Gar.***  
***3,000 SF on 90' x 122' Lot***  
***Price: \$1,185,000***



***Carlsbad, CA (San Diego County)***  
***4 BR, 3.5 Bth, 3 Car Gar***  
***3,100 SF on 8,000 SF Lot***  
***Taxes: 1.25% of purchase***  
***Price: \$1,165,000***



***Arapahoe, NC***  
***3 BR, 4 Bth, 3 Car Gar.***  
***3,890 SF on 1.18 Acres***  
***Taxes: \$3,792***  
***Price: \$1,035,000***



***Boerne, Tx***  
***3 BR, 3.5 Bth, 3 Car Gar.***  
***4,643 SF on 2 Acres***  
***Taxes: \$9,716***  
***Price: \$1,099,000***



***Seattle, Wa***  
***3 BR, 2.5 Bth, 3 Car Gar.***  
***3,950 SF on 11,000 SF Lot***  
***Taxes: Not Assessed***  
***Price: \$1,197,000***



***Ooletewah, Tn***  
***4 BR, 4.5 Bth, 3 Car. Gar.***  
***8,000 SF on 8 Acres***  
***Taxes: \$1,007***  
***Price: \$1,250,000***



***Doylestown, Pa***  
***6 BR, 5 Bth, 3 Car Gar.***  
***7,489 SF on 2.33 Acres***  
***Taxes: \$15,142***  
***Price: \$1,358,000***



***Middletown, NJ***  
***5 BR, 3.5.5 Bth,***  
***4,905 SF on 1.57 Acres***  
***Taxes: \$16,333***  
***Price: \$1,274,000***

***This is strictly a random pick. Interesting that the majority of the houses have 4 BR's but 3 BR's are only one behind. The family unit is no longer needing that 4 BR let only the 5 or 6 BR home, unless one is considered for a live-in assistant, au pair if you wish.***

***With the exception of property taxes along with other state income schemes, NJ provides a great deal of livability.***

To:

*All our good friends and wonderful acquaintances, the holiday season is upon us. Thanksgiving is the beginning of the celebratory traditions of national, religious and personal times.*

*Thanksgiving without the traditional turkey is only over-shadowed by not being surrounded by our loved ones on this special day. Many of us who served our country were deprived of a festive Thanksgiving with our loved ones at least once; but, because our country recognized the beauty of this day, we were provided with the typical foods associated with it. Although, still not the Thanksgiving we wanted, it provided a brief feeling of that which this special day always gave us and for which it stands.*

*Let us take a moment, now, and say a special prayer for all those serving our country who shall not be united with their loved ones this Thanksgiving; and, in our prayer let's pray for their safe return.*

*For all of you, thank you for your input to help us make this newsletter a success and for allowing us to share our thoughts and professional understandings with you.*

***HAPPY THANKSGIVING!!***

***Amerival***

***Realty Consultants and Appraisers***

