



# Realty & Valuation Newsletter

**AMERIVAL**

January 1, 2011

## REALTY EXPECTATIONS FOR 2011

By

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**HAPPY NEW YEAR!!-** All of us at Amerival wish all our readers a very happy, safe, healthy and prosperous 2011. My mother use to say, "as you get older time seems to go faster." I'm starting to believe her. But we all know that *time is time* in the psychological wizardry of Bill Clinton's, "it depends on what is, is". Having written this newsletter upwards of 6 years as of last October, it seems that so much has changed but not at all. Thanks Bill, I finally get it!

In the past 6 years we experienced one of the most exciting and steamrolling real estate real estate times; and, one of the worst if not the worst real estate downfalls in the history of the United States. To quote another sage individual, my wife's grandfather, "This country is going to hell in a hand basket." That quote was made 50 years ago. Maybe the United States is at the end of its "top of the heap" reign. After all, Rome was even more powerful and controlling in the world than the United States and it collapsed. Let's look at the difference between the Romans and Americans. We are by far better educated and we have some power in our hands which the Romans did not. We have the power to throw out the politicians that aren't performing to our liking. The Romans didn't out of fear of repercussions. You can't really compare the Romans to us at all. The Roman culture was totally different to ours. We didn't hire mercenaries to fight our wars, our brave men and women sacrificed and did it themselves. We own property and have the freedoms the Romans never knew existed. So, the United States will not collapse, albeit it will undergo serious changes, but in our world they will be for the better. Last November is proof that the American public can be heard and it will continue to be heard. All politicians had better listen closely and do what *we the people* want.

**NEW HOMES vs. RE-SALES-** Nearly throughout the US builders are finding it tough going. They can't buy vacant land and build competitively to the pricing brought about by foreclosure sales. Yes, it is still imperative that foreclosures be sold. It's ashamed that the government hasn't found a way to keep struggling families in their homes which would reduce the bank owned properties and give an overall good feeling to the American public. Builders are seeking properties near employment centers but the acquisition costs are often too high for them to maintain a sale price acceptable to the appropriate market. Builders will continue to struggle for at least another 2 years. Therefore, it is best for buyers to seek re-sales and foreclosed properties.

**TYPE HOUSING-** Green and energy efficiency are far down the list of wants of the American housing market. Affordability and location are what is important. New housing is of smaller GLA. And this is mirrored in the re-sale market with buyers seeking smaller more affordable properties. The McMansions are of the past, at least for now. Egos are being withheld. People now are concerned about preparing for any future downturns. Homeownership is now a conservative decision. Not many people believe negative effects to the environment are something which they will live long enough to see, so why pay higher costs now. The general attitude for energy efficiency is putting on a sweater during the day and using an extra cover for the bed; than paying exorbitant costs to insure minor savings.

Courtesy of

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**WHAT'S NEW FOR AMERIVAL-** Peter J. Vidi is a successful real estate person in the Washington, DC area. Pete has worked with Amerival for 10 years on special projects and cases. Pete Vidi owns and operates a real estate appraisal business, a commercial and high end residential brokerage operation and a title company. In the past 2 years Pete has been retained as a mold expert with regard to real property valuation and now is being retained as a title expert for court cases. He is an exceptional court savvy expert.

Most of Pete's work in these fields has been restricted to Northern Virginia, Washington DC and Maryland. We are pleased to announce that Pete Vidi is expanding his area of involvement to Delaware, New Jersey and Eastern Pennsylvania. Geographical competency, if of issue, is provided via other members of Amerival. Should you have need of an expert with a successful track record, call Amerival. This adds to the repertoire of professional capability of our firm, Amerival.

**MORTGAGE RATES-** Yes, apparently mortgage rates are on the rise. What does this mean to the housing market. Not much at all. Why? Because the real issue isn't the rates which if all was *really* well with the economy there would be little effect. The real issue is the credit standards being set. It is expected that the feds and banks will be increasing the criteria to determine credit worthiness. Right! So, raising interest rates a fraction has no impact whatsoever on the housing market. Until the feds realize that looking at every prospective homeowner as a credit thief, will not bring the housing market out of its deep pit.

It appears that the feds with a new Congress and a more tamed president may begin to solve the employment problem which is the #1 problem for a sluggish housing market. Create jobs, not giveaways, and the American public will feel safe in selling their homes and investing in a new one.

**ARMS COMING DUE-** One of the reasons we shouldn't be too positive about the housing market is the large number of ARMs coming due this year and in 2012. The 3, 5 & 7 year ARMs are coming due. The inability of those homeowners to measure up to the credit worthiness the feds are demanding may just dump more houses into the foreclosure inventory. Simply, the more foreclosures the slower the recovery of the housing market. The latest argument among the so called pundits is which is more important, housing or employment. Wake up guys, they go hand-in-hand. Get jobs and people will be comfortable in seeking new housing. But with this is a serious look in the government subsidizing credit worthiness. It is doubtful it will, so the recovery is at least 3 years away. As some have said, "you have to let this all run its course". It will and sanity will return for the American public.

**ON THE LIGHTER SIDE-** Sarcasm was the manner in which people painted others with a foul brush. This was before 4 letter words.

An exchange between Churchill & Lady Astor: She said, "If you were my husband, I'd give you poison." He replied, "If you were my wife, I'd drink it."

A member of parliament to Disraeli: "Sir, you will either die on the gallows or of some unspeakable disease." Disraeli responds: "That depends, Sir, whether I embrace your policies or your mistress."

Churchill: "He has all the virtues I dislike and none of the vices I admire."

George Bernard Shaw to Churchill: "I am enclosing two tickets to the first night of my new play; bring a friend...if you have one." Churchill in response: "Cannot possibly attend first night, will attend second...if there is one."

Paul Keating once said of an unnamed person: "Her is simply a shiver looking for a spine to run up."

***WISHING YOU A HAPPY AND HEALTHY 2011***