



Realty & Valuation Newsletter

NOVEMBER 15, 2014

Issue # 189

HAPPY THANKSGIVING 2014!!

BY

Albert M. Cerone, IFAS, FELLOW, CTA

AMERIVAL

Director:

Albert M. Cerone

Regional Associates:

Dan Warthen, Jr.

Jay Jurasek

Dave Kaytes

Peter R. Vidi

Louis A. Bonato

James Hanson

Of Counsel-

Michael K. W. Nolan, Esq.

CASH IS KING!- There are some interesting statistics with regard to cash sales for real estate. In January of 2011 46% of all United States home sales were cash transactions. At the end of July this year that percentage dropped to 33.8% with 2.4% being less than August of 2013. The importance is what drives these percentages. Firstly, this is for the United States not individual states. New Jersey is neither near the top or bottom of percentage rankings with regard to cash sales. However, it is most likely that our state is much nearer the lower end as to cash sales. A good reason is the escape by many New Jerseyans because of the heavy laden of property tax. More importantly, it speaks volumes as to the lack of need to remain in New Jersey. Jobs are scarce and the pay is lessening. I'm sure many of you are being urged by family and friends to move to other states to avoid the costs we have to live in New Jersey. No, I'm not down on our state. I like it here. My reasons for staying are my family and friends are still here and I like what I do; and, New Jersey provides me the best opportunity to continue doing what I love.

Let's explore some of the states as to their status and we will recognize why they are attractive and have greater number of cash sales. You may have guessed that Florida is the state with the highest percentage of cash sale home transactions. Based on the enormous foreclosure stock that has been in Florida and available land for development, people from the Northeast sell here and go with bags filled with cash and make "cash deals". Alabama is next in line with 48.9% and it too is getting its share of Northerners and from Chicago, Dallas and Atlanta. Next is West Virginia with a percentage of 45 tapping the same markets. Then, comes New York and Delaware. At the bottom of the list is Washington D.C. with 19%. This is likely do to the fact that many residents are associated to the political dominance in power at the time in D.C. These people have residences, likely primary, in other states. When out of power in that ever changing D.C. landscape, it is not where you want your money tied up. Thus, the mortgage is a great write-off and if they are recognized by the real estate agents as "out of work" they have limited their cash loss. The surprising state is New York but

understandable. New York City is still the capital of the world. The need to be there is obvious. People who are successful in the corporate and financial worlds need to be where "it's happening". These people have the financial wherewithal to pay whatever price is necessary to satisfy their needs or maybe just "wants". Good for them, they've likely earned it and deserve it. Delaware has a lower tax rate for property and is a pleasant state. It also is near New Jersey, Philadelphia and Washing D.C. This provides a great location to have access to that which they had become accustomed. In the final analysis it is the needs and wants of the market in each of the areas in which are not being satisfied. Proximity is the key. Hence the success of New York and Delaware.

Courtesy of

Amerival

Tel. 732-286-3000

FAX 732-612-1400

Email & Web

myappraiser.amerival@ymail.com

http://www.amerival.net

TOP LENDERS- J.D. Power released its survey of customer satisfaction by mortgage lenders. Quicken Loans is in first place which is rather amazing as it's a telephone contact mortgage lender. More surprisingly is this is its fifth year at first place. Go Quicken! More shocking, however, is the second place lender, Bank of America, but not too surprising as this year it switched to a purchase market. Also, Quicken was rated No. 1 as to customer service. BoA ain't no where near that. Most of the results of the survey find BoA very unfriendly and not helpful when it came to refinance situations. What the survey disclosed is that customer service is very important in the success of a lender. Keeping the customer informed was critical in the opinion of the survey respondents.

Maybe the lack of customer service is the primary reason Wells Fargo fell this year to No. 8. At the bottom of the list of 12 major lenders is PNC running neck and neck with Flagstar Bank.

DIFFICULT SELLING A HOME IN WINTER- For years it was thought that the selling season for residential housing was at the end of Winter and very beginning of Spring. That 's likely still true but motivation, troubled economic times, etc. are making Winter selling a must rather than a planned decision. The question arises as how do you make your dwelling appealing when the grass isn't green and there are no flowers to brighten the curb appeal. A great means of drawing attention to the exterior is lighting. Accentuate the more attractive parts, such as the brick or stone area. These areas give the impression of strength and endurance of the house. Focus your lighting on the entry area but make sure the corners are obvious because that gives the impression of greater width. If there are larger window areas have them lit on the interior or place plant or tree in front of it and illuminated. Also, have security lighting which gives potential purchasers a feeling of safety. If your garden has plants, shrubs, etc. and you highlight them with lighting in the Spring and Summer, keep them highlighted in the Winter. It will make prospects envision that which they can look forward. And, best of all is keep photos of your house and yard in a photo book on the coffee table. You may want to have a small portfolio prepared for those who truly seem interested. That's why car dealers give out beautiful color photos and descriptors of their cars.

If you have a fireplace, put it on. If you have special interior lighting make sure it is lit. Candles whether real or not should be on. Fragrances should be used also, but don't have a different one in each room as the various aromas will become olfactory horror. Yes, music does soothe the savage beast. Pick some piano or guitar music but nothing with words. Your prospective purchasers should only be hearing about your home. Send the kids to a neighbors and TV's should be off. Good Luck with that Winter sale.

FANNIE & FREDDIE, TO MERGE OR NOT TO MERGE- Congress is considering merging the two financial giants. It's likely a goo idea. Fannie Mae was the first and put in place by Roosevelt's New Deal. It operated for years without its copy, Freddie Mac. Both of these agencies are Government Supported Entities (GSEs). James Hagerly, a journalist may have said it best. "the twins grew to dominate the market, "not because of any plan but through political expedience, neglect and drift." The belief by many Washington insiders is it will be much cheaper and more expedient to have just the one entity. It does make sense because there is a duplication of basic administrative and operational needs which is typically a driving force in corporate mergers.

Fannie and Freddie, already have in place a new jointly owned corporate entity to own and operate a platform which is designed and is ready to be put into place. So, get politics out of the way and get on with it.

QUOTABLE QUOTES-

Perhaps the best thing about the future is it comes one day at a time. —Author Unknown

The trouble with our times is the future is not what it used to be. —Paul Valery

If we open a quarrel between the past and the present, we shall find that we have lost the future.

—Winston Churchill

Never yet have we seen a fellow who could keep himself and his business liquid at the same time.-- Unknown

Why battle your way to the top and bottle your way to the bottom?—Unknown