In the Loop Realty Newsletter

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A POSITIVE TWIST ON THE ECONOMY!!

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ANOTHER ECONOMIST!!- Over the past several years I've provided seminars for various appraisal groups. At each conference or convention I also attend the other offerings provided in the program. Every year there is an economist spouting old news, standard present economic conditions and pie in the sky forecasts.

This year there was yet another economist….but this one was terrific. Of the nearly 300 people all wanted him to stay and keep talking. The gentleman is Joel L. Naroff, PhD.

He is the chief economist for Commerce Bancorp and has been a guest on Fox News and CNN as well as writing for a variety of newspapers. He provided a more upbeat understanding of the economy and a clear unadulterated cognizance of how we got where we are. If anyone would like to engage Mr. Naroff for a speaking engagement, please contact me. I shall arrange the contact for you. Right now we need upbeat and a clearer understanding of the real facts of today.

BECOME THE FEDS- Frankly, I believe we should all be insulted. McCain said that he doesn't condone the bail out of those property owners who are in over their heads. He said that they were smart enough to know they were making bad decisions. Well, Senator, that's a great position from a long time senator who has helped heap pork after pork in thousands of bills which have brought us to the brink of financial disaster. You and your cohorts continue to spend and spend money the Feds haven't printed yet; and, then through taxes and other increases and then decreases in services, etc. look to the American people to pay for your financial debacle. How do you excuse the Congress for creating extravagant programs that it is fully aware there are no funds to pay for them???? You can't, can you?? This definition of Congress is very true, *"Congress is the place where the inept practice retirement."*

Any how, we should do what the Feds do. Cut services and fire people. Not really, they do the opposite, with an open checkbook in the name of the American public they just write one bum check after the other. No, don't do that. Do the following:

1– Cut back on expenses. For instance, if men get a hair cut every 4 weeks, move it to every 6 weeks. If cuts are $20 you save $70 / yr. If you have boys at home that savings gets even larger. The same for women with nail care. Extend the time between nail salon appointments.

Cut your lawn every other week and let the lawn maintenance company alternate.

Wash your own car every other time and save $20+ and get some good exercise in the fresh air.

Cut you dining out down. Have a picnic with hamburgers and hot dogs every other week instead of steak night once a week.

I think you get the point.

It all may seem petty, but if you sit down with your family and figure how to cut back, *Not Exclude*, there will be dramatic savings over the year.

Oh, Don't forget. If you have younger family members, have them cut the lawn, do yard work, clean the garage, wash the car. Pay them so they learn the value of a dollar; and, you save dramatically on costs and you keep the spent money in the family.

By simply cutting back your winter thermostats by 2—3 degrees you'll save heating fuel and money. In the Summer move the thermostat up 2-3 degrees.

2- On a larger scale, when you can, send additional principal payments to your mortgage company. This will save a ton of interest and lessen your debt service period. ***CON'T***

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3– Become a do- it-yourselfer or con a relative or friend to help with remodeling jobs around the house.

WHICH WAY DID THEY GO???- The real estate market that is. 2007 to 2008 saw one of the most dramatic down turns in real estate values since 1982. That is in most places except New York City. Ironically, commercial property went down a couple percent. But the apartment and loft market escalated by about double digits. The average range for loft apartments in NYC are between $1.6—$1.72 million per unit. To us suburbanites they would nearly qualify as hovels. But that's why New Yorkers are a breed unto themselves.

To me it's non-sensible to rehash how the real estate market came to what it is. It's done. It's here and we can't change the past. But we can change the future.

First, stop selling. Don't look to bail out of your home. Your problem of falling value or price (really) is everyone's problem in the same economic position as you. So, cut corners like we suggested prior in this newsletter. By cutting back and not eliminating costs we keep the economy moving as we are not closing businesses down and putting people out of work, we are just altering their income as possibly yours has been limited or taxed by rising costs.

Your home is still your castle and it will bring you back profit. As my father always said to me in Italian, "Pazienza, my boy, pazienza!" which means, *patience*. Another cliché' "all good things come to those who wait.". And your house value will go up….as soon as it's done going down. But don't despair because your house value is moving in concert with other house values throughout your area. So, the net effect of a declining property value is "zero". Thus, no loss, only a loss of a memory of value. Remember the April 1st Newsletter…. *The New Normal*? It's not important what was, only what is should be your focus and the "new normal".

WHO SHOULD BUY REAL ESTATE? For sure dual income families but that's shortsighted. The two parties should have similar earning positions because only one income should allow for the continued cost of owning should one lose her / his job. Of course the credit should be good. Families should not move if at all possible. With the uncertainty of the job market for many, children shouldn't be moved for the sake of moving, and, then maybe again wrenched from new friends because of economic strife. Stability in children's lives is critical not to say that's not true for us adults also. Also, renters with good incomes and credit scores should attempt a purchase now. It's a great time to own an affordable dwelling which will provide an investment scenario after several years. Yes, some say this home price declination could last for several more years. Stability in '09; growth in '10. The housing market is tied to infinitely more than just US housing. It has created international chaos. Because of demands placed on international markets for affordable goods over the past decade, China now has a middle class. Their success has reached those Chinese farm workers now wanting to earn what manufacturing workers do. Manufacturing workers now want more money so they can afford the nice--ties enjoyed by Americans. It is anticipated that the cost of goods from mainland China for 2009 shall be at prices increased between 20—30 %. Get ready, the Chinese' success is going to cost the American consumer more money also. Look around your home now and you'll be shocked of all the items you possess that are from China. It is suggested that if you need some upgrading or new items, get them this year because it will definitely cost you more next year.

REMODELING- A question we often face from our clients is "should I update my kitchen", "bath" etc. Short and to the point. Virtually, no modernization will return 100% of cost in sale price. At best the typical range is 70—75%. Ironically, the updating projects which give the biggest return are the small ones. For instance, change all the interior lighting and it will return nearly $ for $. Install a microwave with built in vent over your stove top does very well on resale. You can update your appliances and make them match. You'll get about 60—70 % of value back. For your bath, change the faucets, update your flooring and change the electric fixtures. Add a couple of outlets for convenience. Mount a wall phone with speaker capability in the bathrooms. They'll also give you virtually $ for $. Just remember, that whatever you choose to do, less is more and more is less….in dollar return.

ON THE LIGHTER SIDE-

Did you know the 1st couple to be shown in bed together on prime time TV was Fred & Wilma Flintstone?