



# *Realty & Valuation Newsletter*

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## *AND, HOW WAS YOUR WEEK??*

*BY*

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## *AMERIVAL*

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**LARGEST RESIDENTIAL HOMEBUYER IN THE U. S.-** So, we think that the American public is responding well to the housing market. Do we, now? Here's a shocking statistic. China is the largest purchaser of residential real estate in the United States. In the past 12 months they have purchased over \$12 billion of residential Real Estate. Their target market is California, Oregon and Washington [I wonder if that is Washington State or Washington D. C.?] Hopefully it's D. C. as they don't make wine but they do give you a huge headache without a great taste!

Although the actual stats are elusive it appears that Japan is the largest foreign landowner of U. S. property and Great Britain is second. China is the largest debt holder for the U. S. with about \$1.6 trillion. My "old country", Italy has about \$2+ billion of our debt and the list goes on. Totaled its about \$5.6 trillion of our debt. I presume that is part of our \$7.5 trillion indebtedness. I dread to find out it's on top of that. And the government has the brass to say many of our homeowners are "underwater" and shake a finger at them.

**HOUSING RECOVERY-** Well, where is the housing recovery. Are we having it or has it been discontinued for lack of interest. What did Fannie Mae and Freddie Mac do now to turn off the faucets? What has the federal government done to end the recovery? Frankly, likely not a damned thing that one can single out and explain. Consider the global effect. As somewhat indicated we, the United States, no longer singularly controls our finances, safety or futures. We are at the mercy of every country in the world. The ones we fear, the ones we pay to, the ones we owe and the ones that there is no true equality of balance of trade. Everything comes with a price. Unfortunately, you and I do not have the right to say this is what we'll do to fix this. Ask many of the residents of several states whose public vote to fix something is found unconstitutional by the Supreme Court. Nine people can alter anything we want to do as Americans. And the checks and balances provided by the three branches of our government, Executive, Judicial and Legislative are becoming a joke. The Executive can mandate laws and happenings without congressional approval. The Judicial can decide on the rights of the

People with the bang of a gavel after a majority agree. Wow, 5 people control our lives. But wait, the congress can override what they say or a mandate from a president. Except, we can't get congress to agree on what day it is let alone what is best for "we the people". So, with this type of indecision the future of the United States is questionable. With this amount of confusion and the proliferation of bad news from all levels of media, is it a wonder that the public is gun shy. Making huge financial decisions in this economic and political climate is frightening and the public is holding back. The recovery is still viable if it starts to see good news across their TV screens. Homeownership is down to 64.8% of people in that possible group. It's the lowest in 19 years.

*Courtesy of*

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**FACTORS THAT INFLUENCE A HOUSE'S RESALE VALUE-** An article in the U.S News addressed this issue. Various professionals from real estate sales and valuation were consulted. Of course the first factor which has been publicized ad nauseam is "Location, Location, Location". Well, folks, it's a no brainer. The first consideration for "any" home purchase is, "where is this?". So, yes, we all agree that a home must be in a locale which satisfies the needs and then the wants of the future owners.

Another factor is the GLA (Gross Living Area) of the dwelling and the layout. There is an old saying, "Bigness is not necessarily goodness." [told you it was old]. But 50 years later it still makes sense. Going back to the initiation of the McMansions filled with the youngsters from Wall Street. They needed to show off wealth, oh, and their egos and this was expressed in these dwellings. Yup, a great place for foreclosures as it turned out. History will repeat itself, those tied up in Wall Street now will be following in the footsteps of the overzealous McMansion buyers. Just watch the stock market and the economy and employment fiasco. But, I digress. The buyers back then sought the larger houses for the reasons I've established. Since many were younger and inexperienced in real estate, they didn't consider the floor plan or layout. The appraisers have likely been in a number of these houses. Lots of GLA and floor plans that were dizzying, literally. Every development with these houses had "LUXURY" as the first word on their signs and in advertising. Developers knew that sheer size was not the answer, so they needed more rooms, hence, private segmented living rooms and media rooms which by true definition did not qualify, were literally strewn on the first levels. Not much concern for bedrooms. Many had 4 bedrooms and some five (5). It was explained that it could be used for an office. Well, if you ever had an office which really serves as an office on the same level as the bedrooms, you know it doesn't work. These are factors that now in the sale of these type houses prove to have lesser value.

Age and Condition are another factor affecting value. Age is a factor as a house from the 1970's doesn't offer the livability sought by the present buying market. Thus, these houses sell for less because they will be serving a different market, maybe new homebuyers or those who were underwater and sold short. These properties at least afford these families a home of their own. A house which was quality built in the early 20th century and has been updated or can be updated and has that "old world charm", will sell for more on a per square foot basis than the 1970's house. It's at least an expression of appreciation for antiquities and charm. Real estate people need to recognize these factors when working with prospects and appraisers need to pay heed when selecting comparables.

Negative Events is one that is more recognizable today with super storms, landslides, hurricanes, crime rates, tornadoes, sink holes, etc. Real estate sales people should know what has happened to a property before listing it and should make prospective buyers aware. A smart real estate person will obtain all the tests done on a property and permits, etc. to show prospects and put their minds at ease. Also, if the sales person brings it to the attention of the prospects it gives a very positive impression of that sales person who is up front. If prospects find out from someone else it appears as if the sales person was hiding the event and repair work. So, stay up front with your presentation. For appraisers, also state in your appraisals any events and repaired damages that the property underwent. It puts you up front and question as to your integrity is safe.

**ON THE LIGHTER SIDE-** Would you believe someone did a study on what the best deal is in buying a pizza based on the size? Well, yes! 74,476 prices were gathered from 3,678 pizza joints across the country. Here's the math. A pizza is a circle, and the area of a circle increases with the square of the radius. (Get your HP 12C). Therefore, a 16 inch pizza roughly has the same area as 1.3—14-in pizzas or 4 - 8- in pizzas.

Therefore, based on average prices.

16-in @ \$16.59

To Equal amount of pizza here's the costs-

1.3 14-in pizzas = \$18.94

4 8-in pizzas = \$33.00

Thus, to get the same amount of pizza of a 16-in pizza you have to spend an extra \$2.35 on 14 inch pizzas or an extra \$16.41 on 8-in pizzas. *More bang for your buck w/ the 16 inch pizza.*

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# What has America become?

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Editor,

Has America become the land of the special interest and home of the double standard?

Lets see: if we lie to the Congress, it's a felony and if the congress lies to us its just politics; if we dislike a black person, we're racist and if a black dislikes whites, it's their 1st Amendment right; the government spends millions to rehabilitate criminals and they do almost nothing for the victims; in public schools you can teach that homosexuality is OK, but you better not use the word God in the process; you can kill an unborn child, but its wrong to execute a mass murderer; we don't burn books in America, we now rewrite them; we got rid of the communist and socialist threat by renaming them progressives; we are unable

to close our border with Mexico, but have no problem protecting the 38th parallel in Korea; if you protest against Président Obama's policies you're a terrorist, but if you burned an American flag or George Bush in effigy it was your 1st Amendment right.

You can have pornography on TV or the internet, but you better not put a nativity scene in a public park during Christmas; we have eliminated all criminals in America, they are now called sick people; we can use a human fetus for medical research, but it's wrong to use an animal.

We take money from those who work hard for it and give it to those who don't want to work; we all support the Constitution, but only when it supports our political ideology; we still have freedom of

speech, but only if we are being politically correct; parenting has been replaced with Ritalin and video games; the land of opportunity is now the land of hand outs; the similarity between Hurricane Katrina and the gulf oil spill is that neither president did anything to help.

And how do we handle a major crisis today? The government appoints a committee to determine who's at fault, then threatens them, passes a law, raises our taxes; tells us the problem is solved so they can get back to their reelection campaign.

What has happened to the land of the free and home of the brave?

– Ken Huber  
Tawas City

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**LADIES & GENTLEMEN:** The letter to the editor above is from a gentlemen from Michigan. I've included it *not* as an indication of my political position or to foster any of the statements of opinion contained therein. I found it interesting. I believe what it does reflect is the frustration so many Americans have with the governmental involvement in all our lives. The dichotomies in the article are real; and, one can readily recognize why the frustration exists.

Over the years I've been asked why I've had the success I've enjoyed as an expert in jury trials. My answer has always been because, "I deal with all issues logically". I believe that people make decisions on "what makes sense" to them. It's not the law that's important; and, as often said, the law is not necessarily just, hence the benefit of a jury trial. All one needs to do is make sense to the jury. Common sense always prevails.

The gentleman who wrote the article above is trying to "make sense" of what is happening because what we hear and see is so often nonsensical. The law provides entities, cities and schools the right to do away with anything Christmas, Hanukkah or other religious holidays. Towns have the right to ban Christmas tress or menorahs. "In God We Trust" is on our money and the word, God is etched all over Washington D.C., but children no longer can say a prayer in school. Common sense says, this is stupid. It's a lot of things but not for discussion here. It's easy to understand the quandary the gentleman who wrote the article is emotionally and mentally struggling.

None of this confusion existed when many of us were kids. As my brother says, "It was simpler then". And, times were. Some how we've let the tail wag the dog. The idiom was obviously bizarre but more so it's reality in our lives today.