



# Realty & Valuation Newsletter

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**AND YOU THINK WITCHES ARE SCARY!!!**

BY

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**DON'T BELIEVE EVERYTHING YOU HEAR OR READ-** Ladies and Gentlemen, this is not a political message; it's an inalienable rights message. I don't know about you but I'm tired of the TV ads for political candidates and the deluge of forest destroying mailers consuming my recyclable can. After all, I need room for my empty wine bottles. I'm also tired of listening to self-serving pundits pound their fists and out-scream their adversaries on a myriad of channels proffering political payback scams. The other day I heard something like this, 'If we could only get rid of all the airheads, it would be a better world.' Yes, it would and then the halls of Congress would be empty. Close your eyes and just dream how good that would feel.

What I do want to say here is regardless of your political party affiliations, you should vote. We need to have a say at least for whom we shall be relying upon to speak for us. We ain't got the best form of government but it's a helluva lot better than the rest.

**HOW RELIABLE ARE GOVERNMENT DATA?-** Now, this is shocking. A recent Department of Commerce poll indicated that new home sales were up but modestly at 0.2% . Yup, that's 2 -10ths of 1 percent. However, what wasn't published is that statistic has a margin of error of 15.7 percentage points. That means up or down 15.7% which equates to over a 30% spread of error. It makes one wonder why they even bother to put these figures out. As proof of the chaotic reporting each and every month, there is a revision of the numbers. For instance new home sales for August were reported at 504,000 units and then were adjusted downward in September to 466,000 units which is a drop of about 7.5%. Now, let's complicate it further. June and July numbers were revised downward. The 15.3% gain had a 16.3% margin of error; so, take your pick, were sales up 31.6% or down 1%.

And, the point is by way of an old adage. Figures lie and liars figure; and, so goes Washington D.C. A wise man once told me, believe nothing of what you hear or read and half of what you see. It becomes clearer every day. Hey, that medicine will cure you.... if it doesn't kill you first.

**ABOUT NEW HOME SALES-** Clearly, sales are down with the likelihood of tight credit requirements still in place. A close second for reasons is the new home buying public has little or no confidence in the economy and yes, the same for the present administration and the congress. The politically charged really should pay attention to the live numbers the public are demonstrating by either their actions or inactions in various economic sections of the economy. I think many of the voting public are tired of the TIRED political speeches which they now recognized as "empty" promises. What we need are governmental office aspirants saying, 'this is our problem and I'll deal with it each day and move the decisions of approach based on yesterday's happenings', because that's the truth.

*Courtesy of*

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**WILL FORECLOSURES AND REO'S INCREASE-** On October 28th The Federal Open Market Committee ended bond purchases. This was its third time of quantitative easing. It was interesting to see that the Dow Jones industrial average prior to the Fed's announcement was down about 20 points. Upon the announcement, it dropped to nearly 70 points down. This indicates that we need to watch the Dow in the days and weeks ahead; and, keep a close eye on the housing market. It is rather thought that the recovering housing market will not continue that recovery rate next year.

It appears as if the timing of the announcement was predicated on the impact it would have on the election this coming week. That being the case it makes one wonder whether or not virtually everything with regard to decisions concerning housing are not manipulated. It's a frightening thought but reasonably one can make.

Freddie Mac announced on Friday that the housing recovery is slow and uncertain at this point. Does this say that there are indications from other market measurements that there is growth but it is not across-the-board. Growth at this point in the estimation of Freddie Mac is a non-measurable movement either for better or worse. The regional markets least hit by the housing bubble burst are led by Washington D.C., North Dakota and Wyoming. Overall it's recognized that about 13 states are recognized as stable according to their report. That doesn't speak well for the United States and obviously not for the Northeast which currently is one of the worst hit.

According to the Multi-Indicator Market Index, aka MiMi, the most improved states are Michigan, Nevada, Illinois, Florida and California. This is with regard to a month over month measurement. The consideration for improvement is predicated on homeowners making timely mortgage payments which is obviously a plus. However what it does not consider is the effort and resource to those families that are necessary to maintain their mortgage payments. In other words our credit card use is up and increases a families debt, so the mortgage is paid. The problem with most of these references to improvement versus non-improvement is it doesn't consider the actual family activity, only the fact of one particular data set and in this scenario of late payments.

**NEW HOME SALES VS SEMI-DETACHED-** New home sales dropped by 2.3% in September which alone doesn't lend credence to the other headlines saying residential housing is up dramatically. And it doesn't. It's not misleading, it's just not the *whole* story. Readers, it's unfortunate but most people never get past the lead line or headline of a story or article. Other headlines read as, *New Home Sales Soar*. Well, 'soar' is maybe an exaggeration but there is basis which is semi-detached housing and multi-unit housing are increasing with apartments and semi-detached up by 11% for the month and up 8.7% for the September quarter. But, single unit housing is not up; it's flat. Don't get caught up in the "ups and downs" because it's the result (at least until there's a correction next month). Step back and look at the market which drives the numeric movement. Semi-detached and apartments and condo projects represent housing most likened to circling the wagons against the attack. Yes, apartments, condos and semi-detached housing are less expensive than single unit detached housing. Apartment, condo and semi-detached housing create what is known as "cluster living". It's a fallback to the late 1800's and early 1900's when the urban city areas were filled to the brim with people who couldn't afford the mansions of the rich. We don't have that type of class breakdown today but it is a semblance of that scenario. This type of housing indicates a level of fear of many of the people from the various income classes today. Safety in numbers sound familiar? What about, 'it's comfortable here', and it likely is, because these people are all in the same boat, sharing the same fears and apprehensions of what the future may bring. Understand, for many it is very difficult to accept the plight of today so they need the comfort of having people around them undergoing the same stress because then they feel as if they are doing 'just fine'.

### **QUOTABLE QUOTES-**

Fear is static that prevents me from hearing my intuition. —Hugh Prather

All the passions seek whatever nourishes them: fear loves the idea of danger. —Joseph Joubert

Flattery rarely hurts a man unless he inhales. —Anonymous

At the end of the day flattery and censure never know which has done the most harm. Henry S. Haskins

What would life be if we had no courage to attempt anything. Vincent Van Gogh