

Lorna Taylor
Broker, DRE #123456



5000 Sierra Dr. #100
San Raphael, CA 91234

Cell: 555-123-3456
Lorna@TaylorRE.com
TaylorRE.com

Privacy is yours...

In this Magnificent San Raphael Luxury Home

Tucked at the edge of rolling hills, this private 4+ bedroom, 4 bath home is turnkey and model-perfect. The custom kitchen with granite counters and Wolf stainless steel appliances opens out to the accommodating great room with soothing views to the pool, spa, and entertainment area. Hardwood floors throughout, travertine in all bathrooms, wired for surround sound... the list of gracious amenities is endless. Call me for a private showing.



Listed at
\$2,500,000.

Lorna
555-123-3456



© Copyright 2011. Every effort has been made to verify the information herein, but it cannot be guaranteed, nor should it be used as a substitute for professional advice. For further specifics, or to answer any questions, feel free to call. If your Property is listed with another broker, this is not intended as a solicitation. Printed on recycled paper made in the USA and harvested from sustainably managed forests.



Acting in Today's California Marketplace

With today's serious problems in the realms of politics (especially in Libya) and natural disasters (in Japan), there is a natural tendency to hide one's head and wait for some idea of our economy's future direction rather than take action today. For one thing, what kind of action can we contemplate when we don't know what our world's condition will look like tomorrow? Nonetheless, a close look tells us that it may be time to act... now.

Straw Into Gold

It's not obvious, but there is plentiful good news. It would be gratifying to be able to say that the overall market is making strong forward moves, but it's slow. And yet—even that is good news, as we'll see.

The difficulty of recognizing the good news works in our favor. Without obvious signs that the economy and real estate market are gaining real traction, buyers of homes remain wary, waiting on the sidelines for signs within the real estate sector that tell us we can be assured the market is improving.

How does this view benefit us if we are considering buying a home? If more buyers were looking for a home to

Continued on page 2

Are Prices Still Falling, Though?

If you line up all the selling prices for last month in order, smallest to largest, and then remove two of the higher-priced homes (unsold) and sell two of the lower-priced homes, the resulting median price for home sales is lower.

None of the prices may have actually changed. It's just a matter of which homes may have been removed from the market and which end of the row of prices the sales occurred in.

Decline in Median Price Levels

If just one lower-priced home sells in a month and no higher-priced homes

Continued on page 3



Lorna Taylor
Cell: 555-123-3456
Lorna@TaylorRE.com
TaylorRE.com

Acting in Today's California Marketplace... (Cont)

purchase, sellers would very likely push their prices upward a bit, and they'd be less inclined to negotiate in the buyer's favor. We remain—for the moment—in a Buyer's market in most areas of California, in which sellers are very much inclined to settle negotiations in the buyer's favor.

A Recent Forecast

Near the end of March, Beacon Economics of Los Angeles, one of the top economic consulting firms in our state, declared that we can expect a "steady but prolonged recovery.... The labor markets will continue to improve, but we will have to deal with double-digit unemployment for the remainder of 2011 and 2012."

This should give us a good idea of what the eventual indicators will look like. Not only will employment data begin to turn around; it will start looking much stronger once again. It will probably be obvious to most potential homebuyers that the economy is improving in a sustainable fashion. Interest rates will rise, more buyers will enter the market, and it will become, step by step, more expensive to buy a home in California.

Reasons for Confidence

Perhaps most important to potential homebuyers, though, is the fact

that their buying decision need not—perhaps should not—turn on obvious signs of recovery. Granted, there are a lot of wild cards out there and any one of them could slow the recovery further, but one can be very nearly certain that recovery will walk on stronger legs at some point in the relatively foreseeable future.



"I know home-based businesses are less formal...but **pajamas?!**"

Meanwhile, if you are the lucky homeowner who has already bought precisely the home you and your household wanted, and purchased it at a bargain rate, and used financing bearing an

interest rate that is unlikely to be beaten in the foreseeable future...you can wait through the ups and downs of the coming months for the real estate recovery to become fully evident.

No Likely Gain in Waiting

Waiting to buy is unlikely to pay you any dividends. Interest rates are unlikely to fall. Indeed, recent rises among rates suggested that we can expect them to keep climbing once the fears and uncertainties brought on by Libya, Japan and other difficult-to-foresee problems have eased. Now, therefore, is the time to search the market for your first (or next) home.

Let's talk about today's real estate opportunities...soon!

Are Prices Still Falling, Though?... (Cont)

sell, then the median price declines. The logic here is that we're computing the generalized value of a home in a large area, not the price of a specific home. We realize this isn't the most accurate figure for a local selling price, but it can actually be a good deal more **accurate** than the average price will be. For example, the sale of an extremely expensive home could take the average sales price for the month in an area significantly higher, but it most likely wouldn't move the median price that much.

Where Should We Turn?

Where does one go if one wants to know what's really happening in the marketplace? Most economists rely heavily on Standard & Poor's Case-Shiller Index, which seeks to compare similar properties, but the index suffers to a degree from a problem evident in computing average or median prices. Specifically, once prices begin to decline (or rise) it takes a long while for the index itself to turn around.

Home prices seemed to fall dramatically in Stockton, for example, as the real

estate market crashed. Most of the sales back then were at the lower end of the market. With few higher-priced sales, the average and median prices continued to decline and arguably the indices overemphasized the declines, making it appear that higher-priced home prices were falling more than they were. Prices of suburban homes, meantime—as distinct from metropolitan real estate prices—weren't covered well by Case-Shiller, which didn't catch or explain the rapid recovery of foreclosure property prices.

Price Trends Uncertain

Median prices—as well as average and Case-Shiller-derived prices—continue to fall because of a kind of mathematical inertia. Further declines, so long as they are relatively small, should be taken with a grain of salt. It's time instead to focus on the excellent prices and financing that are available and how they can work specifically for you, and leave the statistical background noise to the statisticians.

The Curiosity File [With thanks to *Harper's Index*]

- What percentage of Americans aged 57 to 65 owned an iPod or MP3 Player in 2010? 26%.
- Who is the oldest judge still trying cases and what is his age? Wesley E. Brown (Wichita, Kansas), age 103.
- What percentage of U.S. consumers aged 65 and older had a mobile phone in 2009? 61%.
- How large will the American population of those 65 and older be by 2050? 89,000,000.
- How many American children lived with both a grandmother and a grandfather in 2008? 2,600,000.