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Hard to believe it but here we are, and still with the cloud of uncertainty in our economic environment. I hear from all over the United States, and while the sales prices in our market are off by, an average 20%; in other areas it is closer to 50%, bringing the prices down to about Year 2000 level. That includes some of the bigger cities in the East and second home markets in the West.

As many of you know I have a second home in Sun Valley, Idaho and I have been assisting clients this summer find some great deals in this market. You can purchase a three-bedroom condo close to Sun Valley or Ketchum for around \$350,000-\$400,000. That means you could have a second home and an investment property that could actually pencil out, and would make sense if you had a real interest in the area. Like Marin, Sun Valley offers a lifestyle component in conjunction with a financial component that makes it an attractive consideration. Sun Valley is an area that appears to be at the bottom, but because there is good infrastructure and tax base, the area will rebound. If you have interest in knowing more about any of these opportunities, please let me know.

On another note, we are finally seeing the balance shift again to home ownership being a better housing option than renting. There are many reasons for this, but one is the discounted price of homes now, the low interest rates, and government incentives. Couple that with the fact that a lot of people have been forced out of their homes and are renting, therefore driving the housing availability down. The housing cost-to-income ratio has dropped 25% this year, which means we are at a level of historically higher 'home affordability'. Of course, there are financial and psychological impediments to this theory, as is the case with most predictions for the market and economy! Most buyers need more money down and sterling financials; and while most buyers view home ownership as a 'home', the investment components a big factor too. It is hard to forget the accelerated 14% annual appreciation that we witnessed for a number of years. With the flattening of appreciation many buyers are just not excited to jump into the market.

Undoubtedly, we are back to the common sense approach of being in your home for at least five years to make any capital expenses worth it. As I mentioned in an earlier newsletter, we have a whole new generation of households being created now, and population trends will restore vitality to the housing market. All expectations need to be managed with prudence and patience. Most economists and forecasters say we will remain in somewhat of a real estate slump until 2013. Sounds like a long way out but there is definitely a 'hangover' of distressed properties and with all the new government workouts on short sales and foreclosures still to come, we won't be back to business as usual for a while. Or maybe business as usual with just morph.

In the meantime, to add a little value to your home, create more outside living area by adding a deck or patio. A 2008 Cost vs. Value Report stated that installing a deck/patio provides up to 82% return on investment. You don't have to go crazy, do something within your budget that suits your style. Brick, tile, gravel and indigenous plants will do the trick nicely. Native plants not only accent your home but will attract birds, butterflies and require little maintenance.

See you later this Fall,

