

Christine Estes



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**"Positive thinking will let you do everything better than negative thinking will."**

– Zig Ziglar

Dear Friend,

January 2009

As you have no doubt noticed, nearly everyone has an opinion about the state of the real estate market. The most vocal opinions are being expressed on television, on the Internet, in print media and on the radio. The problem is, many of these opinions are just that, opinions, and they tell only one side of the story.

For example, lower home prices, amazing interest rates, and large inventories make this an ideal market for first-time homebuyers, people looking to move up to a larger home and real estate investors. 2008 isn't going to set a record like the years since 1999 have, but it is projected to close out as a year of almost 5 million existing home sales.

In my first mailing of the new year, I have looked at the state of the real estate market. Of course, the data when we went to print has already been updated, but you'll get the idea... And we are introducing a new section on my web site called "Articles of Interest." You'll find some fascinating retrospectives, such as Time Magazine headlines over the past several decades. And you'll find the latest national market statistics that I've been able to find. I also have built an Affordability Factor chart for you, so that you can see the extra buying power (~10%) you get when interest rates go down a point. And a visual representation of just what I mean when I say the math works in your favor to upsize in this market...

Just a couple of key statistics from my coach last week that I think also tell an important story. 30% of the homes in this country are owned free and clear. Of the other 70%, 97.12% are *not* in foreclosure. There are 2.88% of the 70% who are in foreclosure, and 3.5% who are behind on payments. Of course everyone is tremendously affected by the current climate, but I know I appreciated the perspective.

Another amazing statistic that we were given is that 57% of all foreclosures never had a conversation with their bank to try to get some relief. Please don't let anyone in your life let themselves slide into losing their home without doing something about it. If you know of anyone in this kind of distress (or heading toward it), please encourage them to call me. I will get on the phone with them and we will try to get their bank's attention together. The calls don't always work, but there's always a chance.

Back to the flyer (yes! I have a lot to tell you this month). On the reverse side, I have included tips on selling your home faster, the best ways to invest in your home\* and a look at historic home values to prove that your home is the best long-term investment. Another trend document on the Articles of Interest site is comparing the rate of change between median home prices and median income – finally, income is ahead again!

\*As a reminder, appreciation values presume upgrades and updates. If you're thinking about refinancing to reinvest some of your equity in your home, do take the time to find out whether it is the right answer for you. There are some good opportunities right now, and I always have excellent lenders to refer to you.

So what do the local numbers look like? As I think we all expected, Q4 was down over Q4 last year across the board. The Seattle Times reported on January 6<sup>th</sup> that the median price in King County ticked up over \$400K in December, the first time since September. Interestingly enough, condos held steady year-over-year. (As a reminder, the median is the middle number in a sequence of numbers.) The real question is what will I be reporting to you in April, after we've closed out the first quarter. We'll see what the lower interest rates and (hopefully!) serious sellers will mean to the first quarter of the new year

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I do have a few other items for you. We will have *local* average sale price data for King County by city and by some areas, e.g., West Seattle, Ballard/GreenLake, and North Seattle as we get into February. (This will be annual data, truly minimizing the skew.) If you would like to see how the numbers have changed for a particular area specifically over the past few years, we can get that to you. Just let me or Bob know. (We can do something similar for Snohomish and Pierce, so do ask if you're curious.)

A key component of all of my mailings this year will be a random sampling of the vendors that I refer. I don't add anyone to my database unless they've been referred by someone I trust. And we follow up on our referrals to make sure that the vendor is still delivering the kind of service that they initially were. This service is for you; please take advantage of it! If you don't see what you need this month, just call or email and we'll get you the resource that you need. If you get terrific service from someone and you're not sure if we have them in the database, please call or email me about them too. This is a dynamic database that we maintain so that you have the best possible information when you need it.

Best possible information isn't always just about the market or keeping our homes running well. A client shared this information about strokes and I wanted to be sure to get it out to all of you.

There are key signals to determine when someone is having a STROKE. Remember the first three letters: S \*ask the individual to Smile, T \*ask them to Talk and speak a simple sentence coherently, and R \*ask them to Raise both arms. And there's a new addition – ask them to stick out their tongue. If it's crooked (if it goes to one side or the other), that is another indication of a stroke. If any one of these indicators is there, call 911 immediately. A neurologist has been quoted as saying that if he can get to a stroke victim within three hours, he can totally reverse the effects of a stroke. We can all help!

Last, but certainly not least, we had a great group at Megan McGeowin's Harmonizing with Spirit class last Saturday. And we'll schedule another soon because we already have a waiting list. Thank you, Megan, for helping us dig deep into our intentions for the new year! Coming up next week on the 22<sup>nd</sup>, Hans Illingworth of Cobalt Mortgage will be on hand to answer whatever burning questions you may have about your buying power and options in this market. And on January 29<sup>th</sup>, be sure that anyone with a high school student starting to talk about college joins Julie Manhan of College Navigation. Bring a friend; send a friend. Everyone is welcome.

I hope you had a great 2008, and I look forward to serving you in 2009!

Sincerely,



### **Spotlight Vendors for January:**

Sarah Henry - Gaspar's Construction - 206-324-8199 - sarah@gaspars.com  
Design & Construction

Dan McNeely - North Creek Roofing - 425-822-6921 - dan@northcreekroofing.com  
Roofing installation & repair, gutter & roof cleaning

Marc Setter - Pacific Mechanical NW - 425-485-2811  
Heating/Air Conditioning installation

Dan Dagliesh - PayLess Pumping & Septic Services - 360-794-5611  
Septic pumping & inspection


Brian Ahrens - Ahrens Company Appraisal Services - 206-290-3241 - brian@ahrensco.com  
Appraisals

*Always determined to send good information your way...if you know of someone who would appreciate the level of service I provide, please call me with their name and business number, and I'll be happy to follow up and take great care of them.*



REAL ESTATE 2009

# Run a marathon not a sprint.



If you've picked up a newspaper, flicked on a TV or tuned into talk radio recently, you have experienced your fair share of opinions and predictions about the real estate market, but here are the facts.

## The State of the Market: There Is a Silver Lining.

### AFFORDABILITY IS HIGH

The Housing Affordability Index measures the ability of a typical American family to qualify for a mortgage based on the median-price for an existing single-family home. A score of 100 indicates that a typical family would have the exact amount required based on a 20 percent down payment and monthly payments of no more than 25 percent of their household income.

Currently, the index is at 135.2, which means the average American family not only can afford to purchase a home, but also will have excess money for living expenses. Another upside, highly desirable real estate markets such as California, Arizona and Florida are becoming more affordable.

### SELECTION IS VAST

With more homes on the market, homebuyers can be more selective than in previous years. During the recent market boom, limited availability and high prices resulted in many people making offers on homes due to fear of being left out of the market. However, in this buyer's market, house hunters can afford to take their time and make a choice they are fully comfortable with.

### THE UPSWING CONTINUES

Continuing the trend of increased existing home sales, 2009 is expected to produce an additional 6.6 percent increase in home sales. 2009 will be among one of the strongest transaction years in history with an estimated 5.74 million transactions. This year is also projected to boost new home sales to more than 600,000 transactions.

Existing home sales prices are also expected to increase by 3.7 percent in 2009, with new home sales increasing by 4 percent.

Source: National Association of Realtors®

## International buyers infuse the U.S. market.

Some real estate agents are reporting that 25 percent of their transactions are coming from foreign buyers, up from previous estimates of 10 percent. Many of these wealthy

“With these prices, you can't say no!” international buyers are looking in coastal markets like New York City, San Diego and Miami. Foreign buyers not only infuse money into our economy, they strengthen and stabilize home prices.





# Invest in Your Home

In many markets around the country, the price to remodel your home has gone down, according to the U.S. Remodeling Permit Activity Report released by Remodelormove.com. Decreased remodeling costs have created a favorable opportunity for homeowners to invest in their most valuable asset: their home.

## 5 WAYS TO SPEED UP YOUR SALE

- 1) Trust your agent to set the right price. A correctly priced home will always draw attention from buyers.
- 2) Get your house market-ready before you begin showing it so your family can get used to keeping your home clean and beautiful.
- 3) The more frequently your home is shown, the faster you will find a seller. Keep your home clean and staged so you can be ready to show your home on short notice.
- 4) Decide in advance what price and conditions you will find satisfactory.
- 5) Don't refuse to lower your asking price. Consult with your agent to keep your home priced realistically.

**You can't go wrong with a minor kitchen remodel.** Since *Remodeling* magazine first introduced the minor kitchen remodel category in 2004, it has consistently remained among the highest return on investment (ROI) projects. Last year, the minor kitchen remodel had the highest ROI of any interior project.



**Look outside.** Five of the six highest-value remodels were exterior projects. A wood deck addition, midrange vinyl siding replacement, midrange wood window replacement and upscale vinyl replacement all featured an ROI more than 80 percent. In fact, an upscale siding replacement using fiber cement materials was the highest-value remodel last year at 88.1 percent.

**Consider living space additions.** A remodel that increases living space is generally a good investment. When repurposing a room, the general rule of thumb is that unused or storage areas should be converted to livable space, such as a bedroom or bathroom. Repurposing a bedroom is typically a bad idea; home office additions offer a low value return.

## Your Home is the Best Long-term Investment

Home values made a historic jump in the past decade, and a home remains the best long-term investment opportunity. On average, homeowners reside in a home for six years. Historically, a home will appreciate over the span of six years, which is too long to be affected by market spikes.

