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PRACTICAL REPORTS ON TAXES, FINANCING, MARKETS, LAW AND TECHNOLOGY

Retiring Baby Boomers Setting New Trends in Home Design, Ownership

Every eight seconds, another baby boomer turns 60. And as the trend-setters of the generation headed for retirement, they're yearning for their dream homes, according to an article in *The Wall Street Journal*. But their idea of housing utopia doesn't necessarily hinge on spending quality time with the grandkids, according to a study commissioned by publisher Hanley Wood.

More than a third of the baby boomers surveyed said their adult children and their own parents are not a consideration in creating their dream homes. Sixty-three percent said enjoying their home after age 60 is a priority above or equal to spending time with the grandchildren, and just 35 percent said they'd relocate to be closer to family and loved ones.

It's all about 'cozy'

The longing for "home time" is a theme that often appears in their real estate preferences. Boomers are looking for homes that are cozy and comfortable, yet airy and spacious; homes without stairs, but with room for a Stairmaster; living spaces that are energy efficient, but deluxe. They don't want single-age communities; instead they're looking for opportunities to stay active.

The study included 2,000 homeowners between the ages of 50 and 60—and with annual household incomes of \$100,000 or more. The study's authors termed these individuals "Boomfluentials," the oldest, most educated and most affluent members of the generation. This subgroup often sets the trends

that the housing industry will follow, said Frank Anton, chief executive officer of Hanley Wood.

Anton said that, unlike the boomers' parents, many of whom remained in the same homes before and during retirement, only about one in five respondents who participated in the study said they would prefer to stay in their current home. Thirty-five percent said they would prefer to buy a different or new home to get what they want, while 17 percent were ready to design or build a new home to meet their needs and desires. Fifteen percent were cost-conscious remodelers who plan on upgrading their current home; 12 percent said they planned to purchase a second home.

Downsize, not downscale

Although about half of those surveyed said they'd move to downsize from a larger, child-centered home with a huge lawn, they're not exactly willing to downgrade. One in three boomers surveyed believe they have more house than they want or need in the future. But they also want to furnish that smaller space with quality amenities.

"This generation wants upscale living with less complication. They want their homes to be manageable, temperate, affordable, flexible and accessible," said Anton.

MARKETS

South Carolina is #1 Destination for America on the Move



About 43 million people move each year. St. Louis, Mo.-based moving company Mayflower surveyed 5,800 of them to find out why; in order, the top reasons were a new job (33.8%), new retirement location (31.8%), health or personal reasons (22.4%) or a company transfer (12%).

More than half of those studied (54.5%) moved at least once within the last five years. And the most popular destinations, based on the company's 86,000 annual shipments? In order: South Carolina, Washington, D.C., North Carolina, Montana and Kentucky. The losers: North Dakota, New Jersey, Connecticut, New York, Nebraska and Michigan.

Texas Economy Remains Strong



The Texas economy continues to surpass the nation in employment growth rate and job creation, according to the Texas A&M's Real Estate Center's latest "Monthly Review of the Texas Economy."

Research Economist Ali Anari reports that Texas' total nonfarm employment rose 2.3 percent from August 2005 to August 2006, compared with 1.3 percent for the United States. Laredo ranked first in the state in annual employment growth rate during the period, followed by McAllen-Edinburg-Mission, Midland and Brownsville-Harlingen.

Texas' construction industry

ranked first in job creation followed by the natural resources and mining industry, professional and business services industry, and the financial activities industry. Construction recorded 40,900 new jobs, 12,700 in construction of buildings, 3,400 in heavy and civil engineering construction and 24,800 in specialty trade contractors.

"Texas' unemployment rate reflects high employment in the border areas," says Anari, "but it's important to note that overall unemployment has been decreasing over the past two years."

Moreover, Texas has the most undervalued real estate markets in the nation, according to the research firm Global Insights. They are College Station, below fair market value by 22.3 percent; Dallas, 21.2; Fort Worth, 19.3; Houston, 17.3; and McAllen, Texas, 16.4.

The survey looked at 317 markets around the country and found that in 79 of them the median-priced home was significantly higher than fair market value.

Based on a number of factors, including population and income, Global Insights found that the median Naples, Fla., home was overpriced by 101.5 percent; followed by Bend, Ore., 89.3 percent; Salinas, Calif., 79.4 percent; Merced, Calif., 78.4 percent and Madera, Calif., 76.9 percent. Authors of the survey said these markets were due for a correction.

Wall Street Believes In Rental Market, College Towns Top List



The National Association of Home Builders is noting that Wall Street apparently believes the rental market is about to surge and, therefore, is pushing up stock prices of builders involved in multifamily construction.

"I think the confidence in the market reflects the strong fundamentals for the rental side of the multifamily industry right now," said Leonard Wood, chairman of NAHB's Multifamily Leadership Board. "In

many markets across the country, the supply of new rental units has not kept up with demand and that is pushing up occupancy rates, rents and profits."

NAHB's Multifamily Stock Index tracks the total returns (including capital gains and dividends) of 24 publicly traded firms principally involved in the ownership and management of apartments. During the month of August, the MFSI reached 3,328, its highest reading of all time, and almost 30 percent higher than it was a year ago.

Meanwhile, The National Multi Housing Council reports rental properties in college towns appear to be somewhat better investments than other rental units, but it largely depends on what college and what type of unit.

Overall, NMHC said rents grew by seven percent last year, compared to 6.5 percent for non-collegiate rental units. Units with three or more bedrooms tended to have the highest median growth rates from year to year, ranging from 9 to 13 percent.

The University of Wisconsin-Madison, California-Irvine, and Georgia Southern markets all reported the top rent increases, while median rents fell at Clemson and Virginia Tech. California school rentals tended to cost more than other schools around the country, led by San Jose State and Stanford.

TRENDS

NAR Says Home Prices Are Likely to Decline



No surprises here, new numbers from the National Association of Realtors indicate America's slow housing market has turned into a decline, with prices likely to fall over the first half of 2007.

After record years, NAR economist David Lereah said there now is an "inventory and price imbalance."

"This year sales are slowing, homes are plentiful and sellers are negotiating. Under these conditions,

we'll probably see prices dip temporarily below year-ago levels as the market works through a buildup in housing inventory," Lereah said. "People who purchased last year with the intent of flipping are likely to get burned."

The national median existing-home price for all housing types is expected to grow 2.8 percent this year to \$225,900, with the median new-home price rising only 0.2 percent to \$241,400.

NAR is forecasting a drop in home sales of around eight percent in 2006, followed by another 2 percent decline in 2007. The trade association said, however, that "a significant shift in interest rates or a change in the economy would change this forecast."

About Half of U.S. Businesses Are Operated From Home



The U.S. Census Bureau just-released Survey of Business Owners shows that almost half of all the nation's busi-

nesses are operated from home. For 70 percent of these owners, the home business is their primary source of income; six in 10 use their own money or family assets to finance the start-up. Nearly two-thirds of those who launch a home business have some college education, and 60 percent are at least 45 years old.

Young People Stepping Up to Home Ownership



The percentage of first-time homebuyers under age 25 has increased from 11 percent in 2001 to 14 percent in 2005, according to an article in *Realtor Magazine*. The magazine said married couples now represent about 61 percent of the home-buying market and that single women now make up 21 percent of buyers.

Creative Home Selling 101



A For-Sale-By-Owner seller in a neighborhood of multimillion-dollar homes in Belleair Beach, Fla., has drawn the wrath of the city for painting a huge red sign on his roof that says "4 sale."

The home owner put the sign, in 12-foot letters, on his house in an effort to attract boaters who cruise the Intracoastal Waterway. He said he has talked to a few potential buyers for the \$1.6 million house, but most comment has come from neighbors – and the city. The city said the sign violated local sign ordinances and had to be removed, or he could face fines of \$250 per day.

Meanwhile, central Florida resident Karol Gajda, who has been unable to sell his home in a down market, decided to sell advertising on his garage door—hoping to make enough money to pay the mortgage while he moves back to Michigan. He took bids on eBay to sell two-door garage door space for one year. Bidding started at \$.99, but the auction ended with no takers.

Dubai Agents Charging for Showing Rental Properties



Some renegade real estate agents working the soaring rental market in

Dubai have begun charging desperate clients for each apartment they show.

Sources report fees from 300 dirhams (\$81) to 600 dirhams are being collected. In some cases, consumers complain they are being shown several clearly unacceptable properties before being allowed to view better quality rentals. Although major real estate firms are not charging the fees and consider them illegitimate, independent agents say there is nothing in the law that specifically prohibits them from collecting the money and that many consumers are willing to pay if they can secure a decent place to live.

AGENTS' CORNER

How to Get Clients By Being "Number Two"



Telling a prospective client you want to be their number two choice is an effective way to get their business. So when a prospect tells you they already have a real

estate agent, simply tell them, "Let me be your #2. If you have any problems or feel you need another opinion or advice, call me." According to marketing guru Jack Trout, this approach has several benefits:

- 1 It immediately takes the pressure off the client to decide "right now." They will feel relieved and be more willing to talk to you. The sales pitch is over and they can relax and open up.
- 2 When you call or contact them again, it's not just another sales call. It's just #2 checking in to see how they're doing or passing on some information.
- 3 It starts a relationship, which is the fundamental building block of good business, customer retention and referrals. A relationship builds trust and removes the ever-present fear of taking action. Customer loyalty to you or your brand is built upon this trust. Clients are more willing to refer professionals they trust.

One Telephone Number Wherever You Go



Ever wish you could have one telephone number that would ring you at home, on your cell, and at work? Grand Central (www.grandcentral.com)

is a new web application that allows you to sign up to consolidate all your outstanding telephone numbers into a single number. When anyone calls your GrandCentral number, all three of your locations (work, home, cell)

will ring simultaneously.

When you receive a call that's been redirected to you by GrandCentral, you have the option of answering it, sending it to voicemail or screening the call by listening in (in real time) to the caller leaving you a message. At any time, you can jump into the call.

You can also start recording the conversation at any time and save it to your online account. All of your voicemail messages are also accessible on the Internet.

MORTGAGES

Employment Report Could Keep Long-Term Rates Low



The economy this fall added significantly fewer jobs than economists were expecting, according to the Labor Department.

Economists were expecting approximately 123,000 jobs to be created in the month of September, yet the Employment Report by the Labor Department revealed that only 51,000 jobs were added. This is the slowest

job growth since the Gulf Coast was struck by hurricanes last year.

"Today's employment report is unfortunate news for the economy overall, but it signals a real opportunity for homeowners with adjustable rate mortgages that are poised to reset," says Quicken Loans chief economist Bob Walters.

"Long-term interest rates, which have been near historic lows recently, will likely drop further, adding more fuel to this new refinance boom as people go from ARMs to fixed-rate mortgages."

Web Site Established for Ameriquest Settlement Holders



A new Web site will help distribute the \$325 million settlement subprime lender Ameriquest Mortgage Company and two subsidiaries agreed to pay to resolve allegations that they deceived borrowers, falsified loan documents and pressured appraisers to overstate home values. Ameriquest denied the allegations, but borrowers who obtained loans through Ameriquest

and subsidiaries Town and Country Credit Corp. or Bedford Home Loans from 1999 through 2005 are eligible for a restitution payment. The Web site can be found at www.ameriquetmultistatesettlement.com.

Ameriquest also agreed to stop offering incentives that might encourage loan officers to impose higher fees, closing costs or early payoff penalties on customers, and the settlement banned the company from working with debt collectors to find prospects for refinance loans.



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