

HOUSECALLS

THE GABE SANDERS' BLUEWATER REALTY TEAM'S MARCH 2016 NEWSLETTER



Gabe Sanders

All those lovely apps that we don't use

According to nielsen.com, millions of apps are available for phones with more features added every day, but do we really use them?

Not really. There are more choices, but smartphone users aren't using more. For two years, the number of apps actually used remains static at about 26 per month. In fact, just 200 apps get the vast majority of usage: 71 percent.

Meanwhile, during the same two years, users increased their use of the same apps by 63 percent.

The Nielsen study also found that men use apps more often, but women use them for a longer time.

Entertainment and music apps lead the way in usage.

One startling truth is that of the the average app loses 77 percent of its users within three days, according to localytics.com.

About 30 percent of the time, users in the U.S. download an app and never use it again. Not good news for developers.

It's happening right now ...

Developers building homes with millennials in mind

It could be that builders are taking a cue from retirees and millennials. They both want a reasonably sized home that's beautiful and comfortable but costs less than the new homes builders have been constructing.

In some areas, high home prices have almost closed off the new-home market to young buyers, but that's changing fast. Local builders and national companies are now offering entry-level homes. They can cost about 30 percent less than a builder's other offerings.

As one builder put it, there are only so many people who can afford to buy a home for \$400,000. So they are building homes that will cost much less.

Many millennials are willing to sacrifice luxury for affordability. One couple quoted in Bloomberg Businessweek



bought a home with particle board cabinets and a small yard, but the price was right and they wanted to build home equity.

They say that after they have kids, they can buy their dream home with a big backyard. At that time they will be making a lot more money.

A time to buy now?

Real estate advisors say that if a millennial or retiree can find an entry-level home they like and can afford, it would be a good time to buy it.

Everything related to homes could rise in the future, including land prices and mortgage interest rates.

The Federal Reserve has begun raising interest rates for the first time in seven years, which could nudge mortgage interest rates higher.

Ask the Expert



We have good credit and assets but our income isn't steady. So how can we get a mortgage?

The Alternative A mortgage (Alt-A) could be the answer for you. This type of mortgage is given to borrowers who can't fully document their income.

Banks and larger lenders stopped approving them during mortgage-crisis era. Some have gone back to making them, but it's mostly smaller lenders who are making Alt-As.

The newer forms of this loan require borrowers to have good credit and substantial assets or income, even if they can't produce verification of annual wages.

There are no regulatory guidelines for who will qualify for an Alt-A, so each lender has its own requirements. Lenders now call them "nonqualified mortgages."

Borrowers who have good credit but might be self-employed or report income sporadically are more likely to apply for them, but that's because more Americans are working that way. Some money managers expect the market to increase to more than 10 percent of total mortgage debt outstanding.

Sometimes called "liar loans" because they were abused during the housing crisis, today's nonqualified mortgages require a credit score of at least 700.

High-End Home Sales Track Equities Market

The recent correction in the equities market has underlined a strong correlation between stock performance and sales of high end houses. As the stock market swooned in recent months, so has the volume of sales for \$1 million-plus homes.

This has been the case in the past, and recent performance of both the equities and the upper end of the housing market suggest this trend is continuing.

The powerful 'wealth effects' generated by the rapid rise in equities between 2009 and 2015 drove a large rise in the sales of homes that sold for \$1 million or more.

Historically, sales of homes priced \$1 million or more averaged 1.2 percent of all home sales. The spread between high-end sales and equities widened during the housing bubble but then moved more closely in unison. By the time the equity markets had peaked in May 2015, the \$1 million or more share of the market had nearly doubled, averaging 2.2 percent for the remainder of the year.

Since its peak in May 2015, the S&P Index declined 10 percent as of mid-February (with some rallying the past 10 days). This decline in the S&P Index was matched by a 30 basis point or 15 percent decline in the \$1 million or more share, which fell from 2.3 percent in November of last year to 2.0 percent in January 2016.

What will happen next depends upon both the trajectory of the stock market and,

growing inventory levels.

While the inventory of homes priced below \$500,000 remains very tight, the inventory is beginning to increase for all segments above that marker and especially for the \$1-million segment.

In December 2014, there was a 9.3 months supply of homes for homes listed at \$1 million or more, but that increased to 13.0 months by December 2015. This was the highest supply since January 2012 when inventories were high but rapidly declining and home prices were about to rebound.

With more than a year's supply of inventory, prices, for the most part, won't be increasing.

The inventory situation began deteriorating in early 2015 when the year-over-year change in inventory started to outpace sales growth, a sure sign of an impending slowdown.

The slowdown in sales has begun to creep down the price spectrum and is beginning to occur for homes listed at \$700,000 and above. This is consistent with the strong correlation between high-end sales and the stock market movements.

Read the entire story from Core Logic here

Gabe's note: The best time to buy luxury real estate is when sales are slow. Currently there are some great options available

Documentation of income is usually some combination of proof of assets, bank statements and tax returns.

Mortgage interest rates are 5.5 percent to 8 percent, depending of various factors, and most are 30-year mortgages.

Among larger lenders, New York's Neuberger Berman, and Pasadena, Calif.-based Western Asset Management, a division of Legg Mason, Inc., are planning to roll out new Alt-A mortgages in the coming months. Quicken Loans decided against it because of the regulatory environment, they say.

This type of loan could work for you, so check it out. But money managers say borrowers don't seem to be that enthusiastic about it right now.



"I've found this great app. It locates heavier people I can stand next to, making me appear thinner."

Earth Day 2016: Star power, trash, tiny solar cells Science takes up energy challenge

If you are worried about clean energy of the future, don't spend too much time dwelling on the problem. Many new energy strategies are in the works worldwide.

One of the best hopes for clean and reliable energy is hydrogen plasma fusion reactors, which in theory could provide abundant energy without end.

Fusion reactors are designed to work like nuclear fusion in stars where atomic nuclei collide and fuse together to form helium atoms. In the process, a huge amount of energy is released. Fusion reactors superheat hydrogen gas to temperatures of the Sun to produce plasma. The problem has been holding the plasma in place for long enough periods.

According to gizmag.com, Germany's newest fusion reactor, the Wendelstein 7-X fusion stellarator, took 10 years to build but has now heated a single milligram of helium gas to 1 million degrees Celsius.



What this means is the the newly designed reactor, built at the cost of \$1 billion, will pave the way for other reactors that will be able to continuously produce power. The new Wendelstein produced its first quarter of a second plasma pulse in December. The goal is to work up to 30 minutes of plasma containment.

The German reactor was built to be an

improvement upon the tokamak design of fusion reactors. But in China, scientists using the tokamak design have been able to sustain the energy for 102 seconds, a very good record.

In a more down-to-earth plan, a city in China, Shenzhen, is producing a new, circular waste-to-energy plant. The plant will incinerate 5,000 tons of waste every day to produce power for 20 million residents of the city. The plant is scheduled to start operations in 2020.

Researchers at MIT have created the thinnest, lightest solar cell ever made. The cell is the size of a human hair and it is capable of producing 6 watts of power per gram. According to MIT professor Vladimir Bulovic, the cells are light enough to rest on a soap bubble. They could well be used to power portable devices, or make spacecraft lighter. They might be used in circuit boards or even clothing.

Renovations that can reduce home value

Whether you're thinking of selling your home or just want to improve its comfort value, there are inexpensive steps you can take to achieve either goal.

They include adding ceiling fans; updating appliances to attractive, energy-saving units, applying a fresh coat of paint and replacing old-style light fixtures.

Here are some renovations that will decrease the value of your home, according to Scott McGillivray, author of *How to Add Value to Your Home*.

- * Breaking down the wall between two small bedrooms to create a master suite. Buyers prefer three-bedrooms.

- * Converting an attached garage to living space. Sounds like a good idea, but many buyers won't even look at a home that doesn't have a garage.

- * Adding artistic touches to the home, like large wall paintings. Most buyers prefer a blank space they can imagine filling in.

- * Painting walls dark colors tends to make home buyers think the rooms are small and unwelcoming. Light-colored walls make the rooms feel larger and friendlier, which is what home buyers want, even if they will paint the walls themselves.

- * Doing it yourself: Quoted in *Bottom Line Personal*, McGillivray says that unless you are a professional remodeler, skip do-it-yourself updates. When buyers, and the home inspectors they hire, see such work, they wonder what else you have done, such as working on the electricity and plumbing. Buyers are more confident when they feel a home has been professionally maintained.

- * Adding a chain-link fence in the front yard looks cheap and unwelcoming. And it give buyers a low first impression of the property.



Designers share strategies for guy-style kitchens

Some say kitchens are becoming the new man caves. Men say they do want to cook but would like kitchen features that are more appropriate for their sizes and tastes. Kitchens of Montana, Santa Monica, Calif., says men like ...

- * Bold darker colors offset by black or white, a crisp and clean style.

- * Beefed up hardware. Larger handles, bigger hardware.

- * Colorful appliances and gadgets. Red ranges are a favorite.

- * A second sink. They want simple hardware on it and a spray-faucet attachment worthy of a firehouse, says New York architect James Ramsey.

- * Elevated counters, or at least one elevated counter. One recent remodeler raised the central island by 2 inches, making it 38 inches high.

- * A wireless sound system and TV that can be controlled with a smartphone. New York designer Bob Schwartz likes the Sonos system for its compactness and great sound.

- * Very tough surfaces on counters. Designer Young Huh says Caesarstone and Silestone are big names in this category.

- * Heavy duty power for ranges, exhaust systems and dishwashers.

- * A higher vent hood. Avoid head bumps: hang the hood a little higher.

- * Space for socializing. The center island should have seats and elbow room so guests can share the space with the cook.

Featured Listing

South Sewalls Point Building Lot

Vacant buildable lot in Sewalls Point that has been cleared and is ready for your dream home. There is a good potential for a home with water views built in this location. Lot is just over 1/3 of an acre and will most likely require a home to be built on pilings (flood zone). Great location with excellent schools, close to beaches, downtown Stuart, shopping and restaurants. There aren't very many of these opportunities left in Sewalls Point.

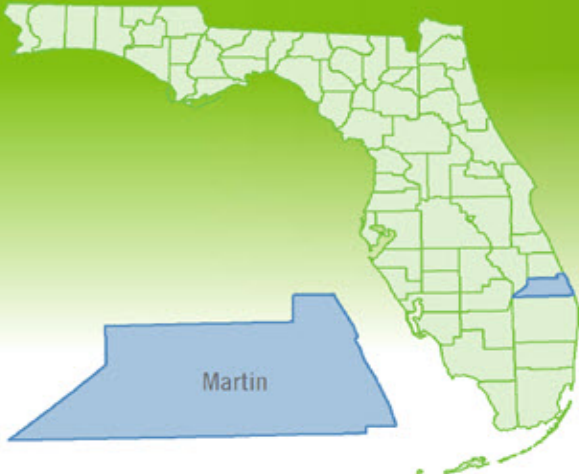
\$199,000




February Real Estate Market Report

Click on the Image for the full report

Monthly Market Detail - February 2016
Single Family Homes
Martin County





Summary Statistics	February 2016	February 2015	Percent Change Year-over-Year
Closed Sales	157	178	-11.8%
Paid in Cash	72	82	-12.2%
Median Sale Price	\$305,000	\$280,000	8.9%
Average Sale Price	\$396,988	\$341,216	16.3%
Dollar Volume	\$62.3 Million	\$60.4 Million	3.2%
Median Percent of Original List Price Received	95.0%	94.1%	1.0%
Median Time to Contract	42 Days	69 Days	-39.1%
Median Time to Sale	95 Days	115 Days	-17.4%
New Pending Sales	235	243	-3.3%
New Listings	313	265	18.1%
Pending Inventory	394	423	-6.9%
Inventory (Active Listings)	1,081	1,138	-5.0%
Months Supply of Inventory	5.2	5.9	-11.9%

View all Market Reports for Martin County, Saint Lucie County, and Florida (statewide)

Click on the name of the region above to view the reports.



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