

# HOUSECALLS



Gabe's October 2016 Stuart Florida Real Estate HouseCalls



Gabe Sanders

## *The peculiar Japanese housing market*

In Europe, a 200-year-old building would be prime real estate. In Japan, a 15-year building is worthless.

The culture of disposable real estate in Japan has been created by nature and war.

Nature takes a toll on buildings through earthquakes, fires and tsunami. Why build to last when nature will destroy? World War II made the situation worse since all the housing stock in cities like

Tokyo was destroyed.

The disposable housing culture creates an environment where there is always a building boom, but houses aren't really worth much.

That housing market has also encouraged a huge market for architects. According to the International Union of Architects, there are four times as many architects in Japan as in the U.S. There are twice as many construction workers.

## Taking a close look at a deal

Home inspectors actually save stress, even lower prices

For buyers and sellers, having a professional house inspection can ensure a happy sale.

According to a study by the American Society of Home Inspectors and the National Association of Realtors, about four out of five homes sold in the nation are inspected before sale.

No wonder: An inspection helps parties on both sides of the sale.

For the buyer, the inspection is an obvious contingency. Buyers don't want expensive surprises after sale. A home inspection reveals the systemic condition of the home, not just whether the paint is new.

Inspectors take a close look at the home's inner health in 10 areas: interior and exterior, structure, roofing, plumbing, electrical, heating, air conditioning, and ventilation, and fireplaces.

These evaluations are detailed. For example, in the case of roofs, inspectors will study shingles, flashings, roof drainage, skylights and chimneys.

Of course, even a house with some problems can sell, but the price will reflect needed repairs

That's where the seller's inspection comes in.

A seller is just as motivated as the buyer to know what is



wrong with a house because necessary, but unfinished, repairs mean a lower price at sale, or even a deal that falls through.

A home inspection gives sellers the chance to fix things before the house goes on the market and it is an important part of the clean-up, fix-up process.

You might not want to put on a new roof, but repairing the flashings and roof gutters, puts your house in a solid light. Buyers might not expect a new roof, but they don't want to find leaks.

There are a variety of specific things that a home inspection can look for, depending on an individual's concerns. For example, a radon inspection checks a home for levels

of radioactive gas and takes between two and seven days to complete. A termite inspection looks for damage to the wood structures of a home. With homes that have a well for water, well water testing is another option; for homes with a septic or oil tank, examination of those structures may be part of an inspection as well.

A general inspection should consider the condition of the roof, the water pressure and plumbing, electrical outlets and switches, and the crawl space and attic, according to HGTV.



## Ask the Expert

**Q** I'm buying my first house. I am pretty sure I can spend \$150,000 for my house because I did some calculations online. Problem is, lenders won't give me a firm quote until I buy something. What gives?

**A** Online calculators can be excellent tools, but remember there are many costs associated with buying a house. One of those is the tax rate in the area you buy. You won't know that until you pick a property. You also will have to buy Private Mortgage Insurance if you put less than 20 percent down. PMI can change your monthly mortgage payment significantly.

No lender can give you an estimate until you have an address of the property you hope to buy. An address is required for the Loan Estimate, a three-page disclosure document.

Start your home search by getting pre-approved for a loan. Go to a lender and give basic information about your finances. The lender will pull a credit report and discuss your income and debt. You should have no more than 43 percent debt to income. Usually, 36 percent is preferred.

Once pre-approved you can get an agent and shop for your home. When you do find the property you want to buy, you can apply for a mortgage by going to different lenders and getting a Loan Estimate from each. The Loan Estimate, which has to be issued within three days after you apply, will give you detailed information about the loan, including the loan amount, interest rate, monthly payments and whether these can change.

The Loan Estimate will also tell you the amount of cash you need to close and the estimated costs to close.

It will list fees for things you can't shop for (appraisals, for instance) and things you can shop for (pest inspection, for example).

## Home Values 77 Percent Higher in Zip Codes with Good Schools

Homes in zip codes with at least one good elementary school have higher values and stronger home price appreciation over the long term than homes in zip codes without any good elementary schools—where homes lost more value during the housing downturn but have seen stronger appreciation during the housing recovery of the last five years. This data comes from the recently released ATTOM Data Solutions 2016 Schools and Housing Report.

For the report, ATTOM Data Solutions analyzed 2016 home values and price appreciation along with 2015 average test scores in 18,968 elementary schools nationwide in 4,435 zip codes with a combined 45.9 million single family homes and condos. For purposes of this report, a good school was defined as any with an overall test score at least one-third above the state average.

Out of 1,661 zip codes with at least one good school, the average estimated home value as of July 2016 was \$427,402, 77 percent higher than the average home value of \$241,096 in 2,774 zip codes without any good schools.

“While good schools are one of the top items on most homebuyer checklists because of the quality-of-life benefit they provide, this report shows that high-performing schools also come with a financial benefit for homeowners in most markets—at least over the long term,” says Daren Blomquist, senior vice president at ATTOM Data Solutions (parent company of RealtyTrac). “Meanwhile, home prices in zip codes without any good schools tend to be more volatile, which might work to a homeowner’s financial benefit in the short term but not over the long term of at least 10 years.”

### 83 percent of metro areas post higher home values in zips with good schools

Out of 173 metropolitan statistical areas analyzed for the report, 143 metros (83 percent) had higher average home values in zip codes with good schools than in zip codes without good schools, including Los Angeles (65 percent higher); Chicago (65 percent

higher); Atlanta (91 percent higher); New York (52 percent higher); and Miami (31 percent higher).

Metro areas where home values in zip codes with at least one good school were at least 95 percent higher than home values in zip codes without any good schools included Birmingham, Alabama (169 percent higher); Flint, Michigan (129 percent higher); and St. Louis (99 percent higher); Detroit (97 percent higher); and Baltimore (95 percent higher).

“In my experience, buyers will almost always choose to buy a home in a good school district. In turn, this creates greater demand for homes in high-performing school districts and causes these sub-markets to appreciate in value at higher rates than other neighborhoods,” says economist Matthew Gardner, covering the Seattle market where average home values were 64 percent higher in zip codes with good schools than in zip codes without good schools. “Interestingly, we see demand for these homes from buyers without school-aged children as well because they look at the school district as an added layer of protection should home prices start to soften.

### Homeowners gained \$51K more since purchase in zips with good schools

Homeowners in zip codes with at least one good school have gained an average of \$74,716 in value since purchase, an average return on investment of 32.0 percent. Meanwhile homeowners in zip codes without any good schools have gained an average of \$23,311 in value since purchase, an average return on investment of 27.5 percent. Average ROI for homeowners was higher in zip codes with at least one good school than in zip codes without any good schools in 114 of the 173 metro areas analyzed for the report (66 percent



## 69th Anniversary: THE INVENTION OF THE SUBURB

At the end of WWII, the federal government had a serious problem that grew worse by the day: a severe housing shortage driven by unprecedented demand.

Millions of military veterans had returned from service and were eager to begin their families and the birth rate was soaring.

The government made billions in credit available to construction companies and offered buyers 5-percent mortgages with VA and FHA loans. Within three years, a staggering 4 million houses were ready for sale.

One of the first builders was Abraham Levitt and his three sons. In 1947, Abraham purchased 4,000 acres of potato fields in Hempstead N.Y., 25 miles east of Manhattan. It was here the Levitts created the first and largest postwar suburban community ever, called Levittown.

Levittown was the first truly mass-produced suburb and is regarded as the archetype suburbs.

Levitt revolutionized home building by becoming the Henry Ford of houses. Levitt used assembly-line production, where each of his 27 non-union workers was trained to specialize in a specific construction task. Each house was finished in 27 steps and took 15 minutes! That added up to 30 new houses per day.

In three years, Levitt built and sold 10,600 houses, inhabited by more than 40,000 people. Quality houses. Small and efficient. Yes, they came in only three styles. Nearly identical. Affordable for those who earned \$3,800 annually: a price of \$7,990 for \$100 down; \$56 monthly.

Each came with appliances (one model had pink appliances), radiant-heated tile floors, a fireplace, and built-in TV and Hi-Fi. No garage. No fences allowed.

Levittown also came with parks, playgrounds, swimming and kiddie pools, schools, churches, baseball diamonds, handball courts, and shopping centers.

Levittowners come from all classes and walks of life, but only white life. No blacks and, even though Levitt was Jewish, no Jews either.

Residents still think fondly of the place, an idyllic playground for the dozens of children on each block.

Today, 69 years later, Levittown homes have been customized, expanded and landscaped. Only two original homes remain.

## Book Review:

### *What was gone is found*

Trusting your judgment, learning how to take risks, believing in yourself, feeling authentic.

All these phrases are the common topics of books on business and life. Yet, for one life, they are more profound, more treacherous.

Martin Pistorius' book *Ghost Boy* is his autobiographical story of traveling from life to sleep to life again.

Pistorius was a lively young boy living in South Africa. One day in 1988 at about age 12, he came home ill. He couldn't eat. He became paralyzed. He could not speak. He slipped into a comatose state. The cause remains unknown.

But what is known is that Pistorius was largely unresponsive to his environment. He was helpless, with limited awareness. He was elsewhere.

But, one day he woke up. At age 16 he became fully aware of his surroundings but utterly unable to interact. For nine long years, he understood everything around him, from the insipid children's television shows he was forced to endure to people's private conversations conducted in front of a boy they thought was lost to the world. The boy who could not move was back, but no one noticed.

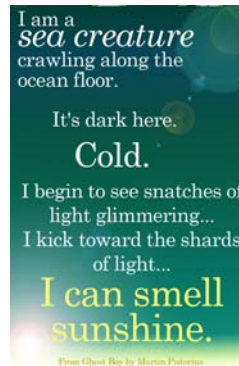
A remarkable chain of events started with a massage therapist who did notice. She made sure others saw too and within a year, Pistorius was making a computer talk for him.

Imagine coming out of a world where there were no choices. Pistorius lived in a world where he couldn't choose food, answer questions, defend himself or reveal himself.

And then one day he could, but he had to learn how. "...Gradually I've learned trust my own judgment, even if it is sometimes wrong...life is about shades of gray instead of black-and-white."

*Ghost Boy* is an uplifting, true story with a happy ending and life lessons that everyone can take to heart.

*Ghost Boy, Martin Pistorius, Nelson Publishing, 2013.*



## Bought your chicken feed yet?

Chicken feed produced a golden egg for one Illinois candy company.

Back in 1900, Gustav Goelitz's Confectionery Company produced and sold candy corn as chicken feed. Goelitz marketed the candy in a box branded with a rooster and the tagline: "Something to Crow About." It caught on.

According to the Goelitz website, the candy was such a success, it "carried the company through two World Wars and the Depression," and saved it from bankruptcy.

More than 100 years later, the fourth Goelitz generation is still selling the identical candy and recipe, although the company



changed its name to Jelly Belly Candy after its primary candy product. In honor of its roots, it developed a candy corn-flavored jelly bean.

Candy corn is still a favorite Halloween treat, only it has slipped one notch to second place, with anything chocolate taking the number one honors.

Manufacturers produced 9 billion pieces of candy corn in 2015; that's 35 million pounds. One serving amounts to 140 calories (3 mini-Hershey bars); a single piece is around 3.57 calories. According to a survey by the National Confectioners Association, 43 percent start with the narrow white end. About 10 percent begin eating the wider yellow end first.



## Featured Listing

### Old Stuart Charmer

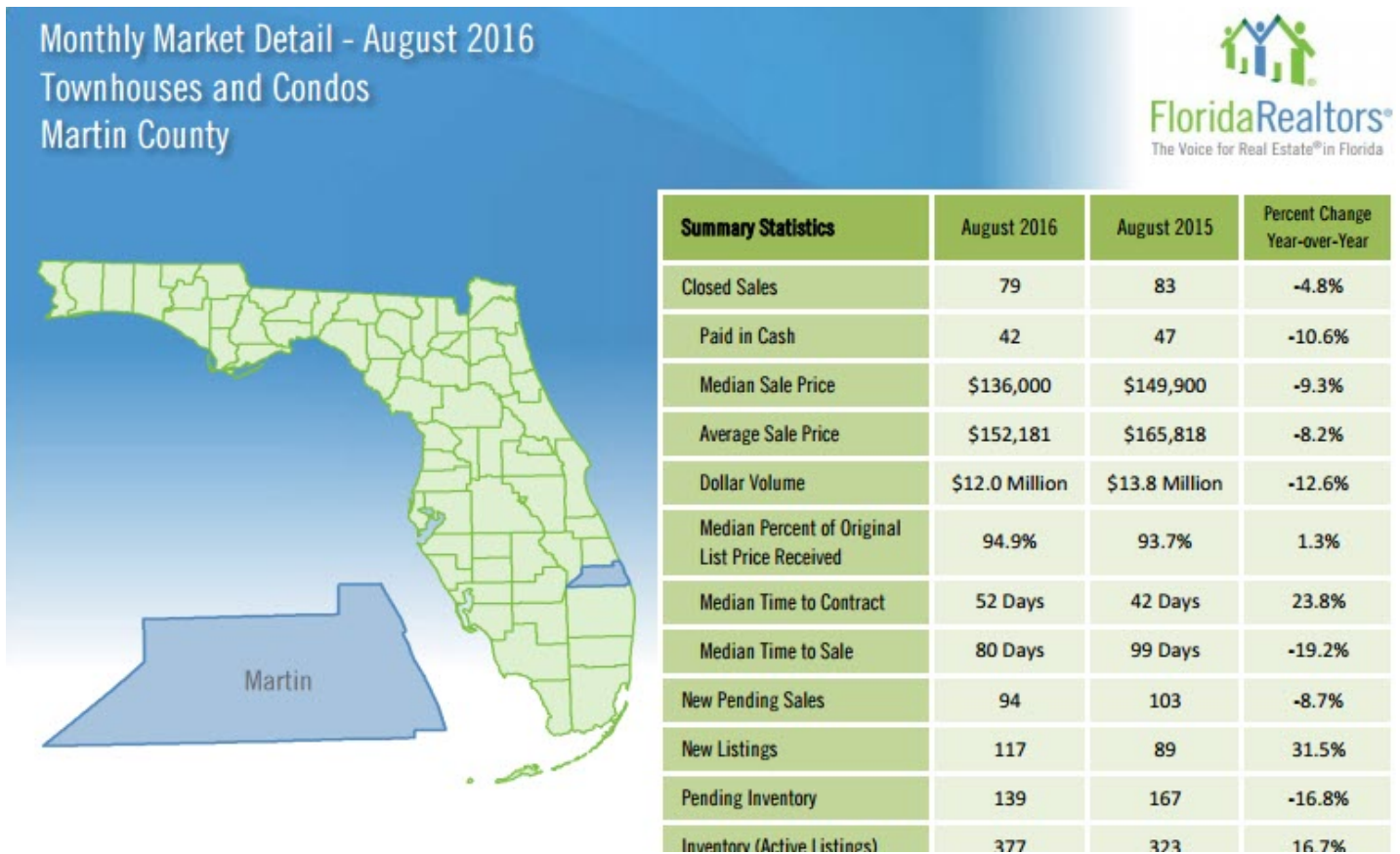
Unique Old Florida charm. Enter the home with wood floors and Miami Dade wood ceilings, with 2 wood burning fireplaces, exposed beams and vaulted ceilings. Open floor plan with views of the pool from living and family room. Hurricane impact sliders opens up the family room to enjoy the Florida outdoors. The 80 inch smart TV on an adjustable arm allows you to entertain and watch the TV on the patio conveys with the house. Main house has two bedrooms two baths with a third bedroom and half bath with separate entrance. There is a detached apartment with full kitchen and double walk-in closet. Hurricane safe room and a whole house generator included. Lush tropical landscaping with some fruit trees. four car detached carport and two storage sheds. Florida living at its best!

**\$525,000**



## Martin County August 2016 Townhouses and Condos Report

Click on the Image for the full report



### 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.



*Disclaimers:* All real estate information deemed reliable but not guaranteed and should be independently verified. All properties are subject to prior sale, change, or withdrawal. Neither listing broker(s) nor this company shall be responsible for typographical errors, misinformation, misprints and shall be held totally harmless. If your property is currently listed with another real estate broker, this is not a solicitation of that listing.