

Gabe's January 2013 HOUSECALLS

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More front porches, fewer decks, patios and garages



Gabe Sanders

Construction companies are pleased to see the current increase in new home orders. They also notice that buyers ordering a home are focusing mainly on living quarters.

The percentage of homes built without a garage or carport hit 13 percent in 2010 and 2011 and is rising again since then.

The National Association of Home Builders says skipping the garage is often about using public transportation if the new construction is built closer to employment centers and public transit.

The Census also shows that the number of new homes built with decks and patios has flattened.

They are expensive and take up space, usually behind the house. If the building lot is large enough to accommodate them, people think the deck or patio can be added later.

There is a current trend toward smaller homes that have a front porch. The porches have social appeal, and with plantings, lighting and porch posts, they enhance the entrance to the home. Two-thirds of new homes built in 2011 had a porch, a percentage that has been rising for about 10 years.

One Philadelphia developer says he specializes in townhouses with porches, because that's what people want.

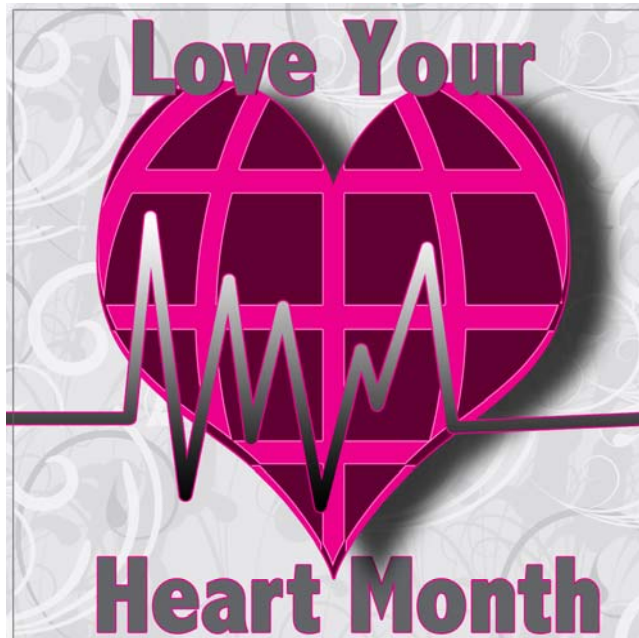
Housing brings much-needed boost to the economy

While uncertainty about taxes and government spending has kept businesses from expanding and the Gross Domestic Product at a low level, one area of the economy is projected to grow at a level not seen in years.

The housing market is raising consumers' confidence and spurring the spending that gives the economy a boost. Home buyers seem to be unaffected by the uncertainty that has kept the GDP from growing.

While the real estate recovery is essentially in its early stages, its steady improvement is offsetting some of the slow-down in manufacturing. Home prices are on course to outpace even the most optimistic forecasts of last year, say economists reporting in the Wall Street Journal.

Home sales are boosting the economy in other ways as well. Retailers are seeing homeowners who are there to buy



materials for redecorating and to refurbish and upgrade their homes.

At the same time, banks are seeing mortgage profits, high refinance volumes and a stronger demand for new loans. The chief U.S. economist at Deutsche Bank says, "Housing's share belies its

importance to the economy. The confidence effects are massive."

Rising prices are driving the market as buyers work to zero in on a deal before prices rise again. Additionally, high rents and the formation of new households have ignited demand.

The housing market is moving in the right direction with rising prices, up 7.6 percent from a year ago, but smart consumers realize that homes are still an amazing bargain.

During the recession, prices fell by 30 percent. Though they are rising, little by little, they still offer great opportunities, says The National Association of Realtors.

Don't forget that the advantage of home ownership involves more than just money. It gives the owner a feeling of pride and control. He or she knows what the payment will be for years to come, and they can redecorate or improve their homes whenever they decide to do it.

Ask Gabe



The rent on our apartment has risen for the fourth year in a row. Is this still a good time to buy a home?

Yes, now is the best time to buy because homes will never cost less than they do right now, at least within the next decade or two.

Home prices fell by up to 30 percent since their 2006 peak. Though they are rising by a few percentage points a year now, homes are still a big bargain.

Apartment rentals are not.

Nationwide, rents rose by an average of 4.6 percent this year after rising by 4.1 percent in 2011.

But that's certainly not the end of rent increases. The National Association of Realtors predicts that apartment rent will continue to rise by 4 percent or more, at least in 2014 and 2015, and maybe for years after that. In California, 8 percent increases are common.

Nationwide, one cause of lease and rent increases is the shortage in rentals and the very limited number of apart-

Banking On Real Estate To Fuel Your Retirement

If you are searching for a way to build a nest egg for your retirement or to put aside enough money to send your kids to college, one of your best possible strategies is to invest in real estate and to hold that property for an extended period of time.

I once remember reading that 90 percent of the fortunes made in this country were based upon owning real estate. Given the market downturn over the last few years, many people took serious losses in the value of their real estate holdings. Nevertheless, real estate investment is still one of the soundest financial moves that you can make, provided you are smart about where and how you invest.

This is especially true now due to the low prices and the low interest rates. Moreover, property values generally keep pace with inflation. This also means that you are paying off today's purchase with tomorrow's inflated dollar.

The people who build major fortunes in real estate tend to be contrarians. They buy when others are selling and sell when others are buying. They also avoid flipping, because, as one investor put it, "Flipping is nothing more than a Ponzi scheme." Instead, they consistently build their real estate portfolio by buying and holding their investment properties.

While the value of your property may go up and down, very few properties ever go to zero value. This means that if you pay off your property in 15 years, you will have an asset that has cash value that also functions much like an annuity.

A buyer who wanted to establish additional cash flow for retirement purchased a duplex for \$245,000. The buyer put 20 percent down.

ment units under construction, according to MPF Research. Add to that, household formations are rising and will continue to grow slightly faster next year. And with a stronger economy, more people are moving away from shared homes and looking for an apartment of their own.

Landlords say rent increases are necessary because of their rising expenses. The pendulum, however has definitely swung back in their favor, say economists at market researcher Reis.com, quoted in The Wall Street Journal.

The rising economy and high apartment rents are prompting people to make the wise move to home ownership. Many say they have

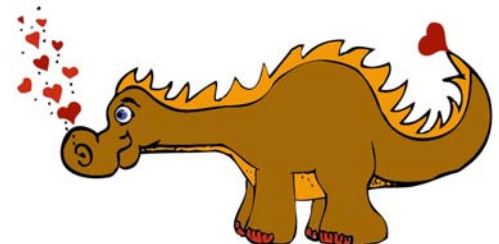
The property required minor repairs and ran about \$700 per month negative. (Under normal circumstances, this property would have been about \$100 per month negative if the client could have taken the depreciation and other allowable deductions. He was unable to do so due to the alternative minimum tax requirements.) The client elected a 15-year loan to pay off the property as quickly as possible. That was 16 years ago. Here is where he is today:

1. Despite the real estate downturn, the property is currently worth \$550,000 (i.e., it has more than doubled in value over the last 15 years). Even though the property was under rent control, the owner was able to increase the rents sufficiently to break even after five years.
2. Current operating expenses are about \$12,000 per year (this includes reserves for repairs, taxes, vacancies and other operating expenses).
3. Gross income (the amount earned prior to expenses) is currently \$36,000 per year with net income at \$24,000 per year.
4. To sum up, the property is now free and clear. The buyer has recuperated all of his down payment and has an asset worth \$550,000 that spins off \$24,000 per year in net income.

Compared to other investments, a CD at 2 percent would require an investment of \$1.2 million to generate an income of \$24,000 per year. A stock investment that yielded a 6 percent return of \$24,000 per year would have required a \$400,000 investment. In this case, the buyer's initial investment was only \$49,000 plus closing costs.

no problem paying their rent; they just want to get their money's worth, just as they do when they shop at a store.

If you have a stable job and savings for a down payment go ahead and buy a home.



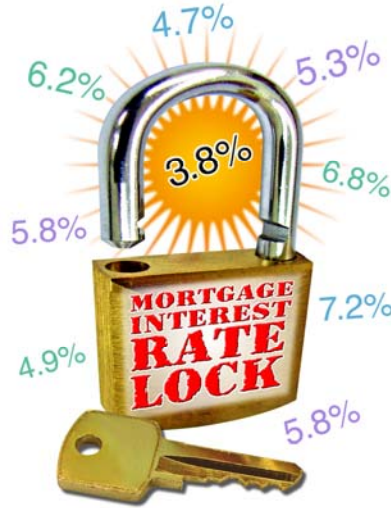
How to make a successful mortgage refinance deal

The mortgage refinance boom is in full swing again, as homeowners take advantage of record low rates by refinancing their home loans.

But it's more complicated than it was a few years ago, say experts at Bankrate.com. Home values are lower and paperwork requirements are higher. What you should know:

* The most common factor in a refi denial is an appraisal that comes in too low. Don't overestimate the value of your home, says Dale Robyn Siegel, author of the book "The New Rules for Mortgages."

* Avoid starting a renovation of your home before the appraiser visits. The appraiser delivers an estimate of the home's value on the day of the inspection. The house will be worth less on that day if the bathroom fixtures have been ripped out. That's the case, even if the renovations will enhance the home's value



upon completion.

* Don't disappear or go on vacation without telling the lender, who will be calling to ask for various documents. Stay in

contact and respond quickly to requests for more documentation.

* Don't start over with another 30-year term. At least do a 25-year, so you're not back at square one.

* A 20-year is even better, because you'll save tens of thousands of dollars in interest and your payment will not be a great deal more.

* Once approved, be sure you understand the rate lock. If you don't lock in an interest rate, you take the risk that mortgage rates will go up so it's no longer worth the time and expense of refinancing, says Bob Walters, chief economist for Quicken Loans.

Rate locks have expiration dates, so build in a cushion of a few days in case there's a delay in the loan closing. If you have a 30-day rate lock, set the closing date for the 27th or 28th in case there's a snag that delays the closing.

Cold season lasts through March and April

Will you stay home or go to work

Most colds occur in fall and winter, but the numbers remain high until the end of April. Chances are you'll have to decide whether to take yourself — and your cold — to work with you.



Some employers set policies to discourage coming to work with a cold, according to the Society for Human Resource Management.

Today, employers have a two-sided problem: Trying to get many low-motivation people to come into work when they're healthy and how to keep high-motivation employees away when they're not.

According to the Journal of Occupational and Environmental Medicine, more than two-thirds of all health-related productivity losses spring not just from sick people missing work, but also from employees with chronic or contagious ailments who show up and perform poorly.

Cold viruses survive for several hours on inanimate objects and on the skin, says The Wall Street Journal. Cleaning environmental surfaces with a virus-killing disinfectant might help prevent the spread of infection.

Epidemiologists at the University of Iowa recommend staying home for 24 hours after the fever and serious symptoms are gone.

Most supervisors say they appreciate and respect a simple statement that an employee is too ill to work. If you give too many graphic details, it can bring suspicion that it's not the truth, according to experts at CareerBuilder.

That fickle claw is rigged

You probably noticed those claw game machines at the front of the grocery store, packed with little toys, perfectly tuned to the pleading 6-year-old you have in tow.

It looks like a game of skill but if you have 10 bucks and time on your hands, you're going to lose both. That claw! This game is rigged! Well, yes, it is.

According to the manual for the Captain Claw crane game (google it: it's online), the default setting is to make the claw strong enough so that one person in every 18 gets to grab something. Machine owners can choose the length of time the claw grabs, the strength it grabs with and how often those factors combine to allow a win.

California even has a law for that. Claws must be set to win at once chance in 12. In Nevada, one chance in 15.

So, at a buck a try, that little treasure is going to cost at least \$12, more likely \$18 and that's if you manage to get it when the getting is good.



The 16,000 books about Lincoln

The American obsession with Abraham Lincoln has been peaked by the new Steven Spielberg movie. Though there are 16,000 books in print about Lincoln, 20 new ones are coming.

David Von Drehle, author of Rise to Greatness: Abraham Lincoln and America's Most Perilous Year, says there is more to say about Lincoln.

Our Featured Listings

Superb construction quality in this 2007 custom-built stone palace! Situated on over 13 acres of private, agricultural-zoned land, this 2-story castle boasts 5 bedrooms, 3.5 bathrooms, an over-sized 4 car garage, 4 upstairs balconies, an enormous patio / lanai, 2 gas-heated fireplaces, kitchen-living room combo, family room, formal dining room, game room, 2 laundry rooms, and so much more! Special features include steel re-enforced poured concrete walls, hand-picked stonework, plastered interior walls, rustic European décor, custom wood & stone flooring throughout, hurricane rated impact glass for every door and window, a gas-heated range, multiple wall ovens, a top-quality metal roof, and a 5-stall barn for horses on the West end of the property.

\$1,750,000

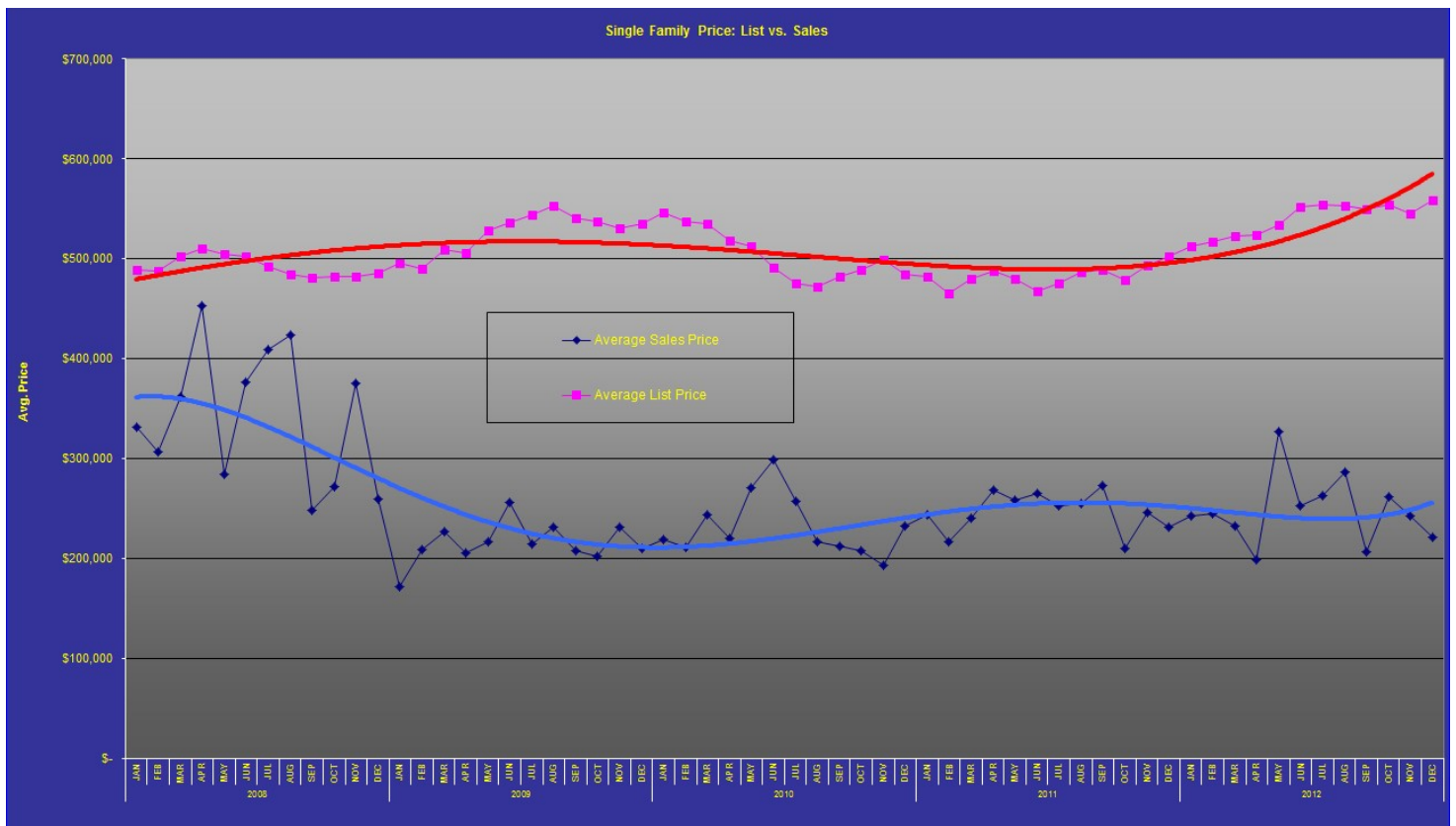
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Live the good life in Palm Cove. Community marina, non-equity golf & river front clubhouse. Outstanding custom home built by McNamara, updated by current owner. Innovative design & attention to detail will captivate you. Large entry hall, formal dining room, wood paneled office/4th bdrm, bath. Open living room w/ wet bar, fireplace, hardwood floors, tray ceiling, recessed lights. French doors to screened pool. covered lanai. Gourmet kitchen w/ stainless appliances, marble counters, pantry, center island. Two guest suites with baths. Over sized master includes large sitting area, tray ceiling, two walk in closets. Elegant marble master bath, double vanities. New roof, gutters, AC. Come and see this very special home.

Offered at \$585,000

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