



HOMIEFRONT



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CENTRAL TEXAS HOME VALUES CONTINUE TO RISE

September 18, 2008 - The national economy may be struggling, but Central Texas homes remain a wise investment, according to the latest Multiple Listing Service (MLS) report from the Austin Board of REALTORS®. In the Austin area, the median price for single family homes reached \$195,000 in August 2008, up two percent from one year ago and a record for the month.

The 1,992 single-family homes sold in August represent a 20 percent decrease from one year ago. These sales contributed \$521,503,608 to the Austin economy, a 20 percent decrease from August 2007. The 1,792 pending sales and 3,114 active listings recorded for this month each slipped 18 percent from one year ago, while active listings rose five percent to 10,348. The average number of days a single-family home remained on the market also increased this month, up 19 percent from last August to 69 days.

“The fundamentals of Austin’s economy are solid,” says ABoR Chairman Socar Chatmon-Thomas. “Our city’s job market receives high marks for its consistency, which in turn drives more people to move here. A robust labor pool and an expanding population are key to maintaining a healthy housing industry.”

[It’s impossible to know the future of a market based on the daily economic changes occurring nationwide but so far, Austin seems to be weathering the times well. So far...]

SOME INVESTORS STRUGGLING WITH TERMS

As the economic roller coaster runs daily course, there will be differing effects felt by real estate investors. Of greatest concern to me are the California investors who bought property a few years back. Hopefully, those loans were financed with solid 30-year terms, but we’ve seen some investors going into foreclosure because of adjustable rate mortgages...to make matters worse, our management team has gotten blind-sided when Tenants call informing us that the Notice of Foreclosure was posted on the house.

If you find yourself in financial straights and you are unable to get on top of it, PLEASE contact management so we can appropriately handle your tenants. We may also have other investors who might be able to purchase.

RISING FUEL AND MATERIALS COST AFFECT PRICE OF MAINTENANCE

The cost of doing business and having investments continues to rise. Materials are becoming more expensive to vendors, fuel prices that affect us all also make vendor travel time more costly, and the days of “free bids” are all but gone entirely. While our regular vendors will continue to work with us to keep invoice costs down and give consideration to business volume, it is just economic reality that they should indeed be paid for their initial diagnostic trip to the property and that owners/management can not expect them to work for free. If additional companies are called in to bid work, they will charge for that service time and fuel costs.

We realize that our investors are also consumers and that times are tough for everyone. As such, we are concerned because the costs of additional bids have almost consistently been more than the difference in original versus second-bid prices. Workmanship quality is also a factor. The rock-bottom price does not usually lend to acceptable quality and/or reliability, so please take that also into account in evaluation of bids and know that we will do what we can to keep expenses down. Your satisfaction is important to us.

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