



**OBSERVATIONS FROM THE DESK OF
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Resurgent Housing Sector to Lead 2014 Recovery

Despite rising interest rates and home values, Freddie Mac economists believe “housing will remain generally affordable in most parts of the country.” That said, Freddie Mac chief economist Frank Nothaft notes “What we need is some better income growth.” They are looking forward to improved economic growth and lower unemployment in 2014. Light at the end of the tunnel.



Slower Price Increases/Buying Frenzy Cools

Price gains are widespread according to CoreLogic but still about 17% below the peak reached in April 2006. Inventories have increased leaving homebuyers with more options according to National Association of Realtors. As for bidding wars, Ellen Haberle, an economist for Redfin says “We are shifting from a frenzy to where buyers are taking a step back and being more analytical and unwilling to make rash decisions.” Slower increases and less buying frenzy point to a more stable marketplace, which is good news for the economic recovery.

Buyers Want a House for the Long Haul

According to NAR more homebuyers today plan to plant deep roots in their communities rather than move to a bigger or better home in a few years. Today’s buyer realizes that mortgage rates are very low, and it will be difficult to keep their monthly payments as low in the future should they decide to trade up. In addition there are lower expectations for quick home price increases.



Christmas is not a time nor a season, but a state of mind. To cherish peace and goodwill, to be plenteous in mercy, is to have the real spirit of Christmas.

Calvin Coolidge



Relocating in Retirement

When and where? Sounds pretty simple, but research shows difficulty in making these big decisions as a couple is not unusual among Baby Boomers. People tend to think they know where their partner stands until the decision is at hand. Do start the conversation and be prepared to negotiate the decision so you are on the same page. Of course, while financial and long-term matters are obvious talking points, do not overlook the day-to-day impact. How will your marriage look? How will this major change affect our lives — new opportunities and new challenges?

Real Estate Investing — Consider a 1031 Exchange

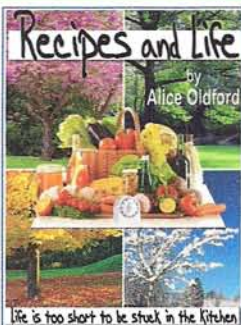
An important question for a Seller to ask before a transaction is finalized: Will I owe taxes on the sale even if I'm taking a loss? If the answer is there could be a hefty tax bill even if selling at a loss, seller could benefit from a 1031 exchange. A 1031 exchange is a tool for investors to defer capital gains taxes on the exchange of like-kind properties. This is a tax-savings strategy to help investors avoid a tax liability when they sell one investment property and buy another.

I cannot claim to be an expert, but I would certainly counsel you check out the potential tax consequences with your accountant or financial planner.

Rental home business moves to Wall Street

Call centers may soon address tenant's needs instead of individual landlords. Blackstone Group, a big new landlord, has recently bundled rent checks from tenants and sold them as securities on Wall Street. Wow! This is the extension of investors buying up properties, often sight unseen. Florida as a whole led the nation for investor home purchases from January 2011 through September 2013 with 115,167 sales. According to a Realty Trac Report investors have sold off only about 1/4 of their newly acquired properties, which means the majority of properties have become rental properties.

Good news is stability is encouraged because homeowner associations can count on getting paid and renters can be assured they will not be evicted because a landlord has not paid the mortgage



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