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REAL ESTATE *Update*

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HEY CASE-SCHILLER IT'S NOT THE END OF THE REAL ESTATE

Reality Check

By Jim Gillespie,
CEO of Coldwell Banker
Real Estate Corporation

So many of us giggled nervously as we thankfully avoided the end of the world a couple of weeks ago. But judging by the continued "end of the world" type coverage the Case-Schiller housing study got this week, maybe we are nearing the end.

Yes. I am joking, but I am amazed at the attention this report gets. It covers 20 markets, yes only 20, and that is just one of its many flaws. Yet many consider it "the be-all-and-end-all" economic indicator that defines our entire national housing picture. As we know, all real estate is local, and it is unfortunate that the reporting on a 20-city "national" index can have such a jarring impact on otherwise rational people.

Look at some of the headlines the other day:

"Home prices at lowest point since 2006 bust"

"Home values continue downward churn"

"No relief in sight' for falling home prices"

And even in paradise – Maui- the front page headline in the paper screamed "Crash Spreads." And Maui isn't one of the 20 markets. In fact the nearest market covered is San Diego, a mere 2500 miles away!

Shawn Daly, an agent with Coldwell Banker Residential Brokerage in Evanston, Illinois, had to calm down two skittish buyers this week.

One, who is currently working in Iraq, had initially placed an offer of $450,000 on a lakefront Chicago condo. The sellers countered with a price of $525,000. But after seeing Case-Schiller inspired headlines on the web, Shawn's client emailed him to ask that he lower his offering price by $50,000. Shawn explained that the sellers did not agree with his first offer so if he went lower he wouldn't get the home. The buyer calmed down and agreed

Shawn correctly pointed that the Case-Schiller Home Price Indices are meaningless to individual buyers who are looking at specific houses, on specific streets, in specific neighborhoods.

Then yesterday, Shawn met another client for a tour of potential homes. They hardly said hello without telling Shawn they were more nervous than ever after seeing the report on the news.

You have a right to be nervous, but I can't say this enough. Now is the smartest time in my 36 years in real estate to buy a home if you have the lifestyle reason, financial stability and viability to do so.

And it's all about "Triple I…P". Inventory, Interest rates, Incentives and Pricing. Start with inventory, because most communities have seen a rise in the amount of homes on the market, you have more choices. Interest rates for mortgages remain at near-historic lows and have actually trended down over the last 7 weeks, with Freddie Mac reporting 30-year fixed rates now averaging 4.55%. Incentives are the tax advantages to home ownership. And of course, there are prices. Prices are down from mid-decade highs, but in many, many markets are showing stability, slight declines or even increases. Home affordability remains near record levels and the price-to-value proposition in most markets is extremely compelling.

If you are interested in buying a home, you owe it to yourself to contact a real estate agent in the community you are interested in. Look at homes, do a rent vs. buy analysis, explore what is available in your price range.

Don't just take my word for it. Do your homework.

You might just be surprised that the end of the world isn't here yet ..at least until next month's report.