

Independence Realty NEWS

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www.independencerealty.net

INDEPENDENCE REALTY'S 10-YEAR SALES VOLUME TOPS \$1 BILLION

Independence Realty's past 10 years' sales volume exceeds \$1 Billion! Independence Realty began operating in the early 1990s when the economy was mired in a deep recession. Due to our low agent count, our annual volume was low initially: we had only \$6.9 million in sales in 1995. By 2000 however, we did \$55 million. In 2002, our sales rose to \$100 million; 2003 was a breakthrough year which saw our sales double to \$200 million; in 2004 we climbed higher yet to a record \$280 million. As of July 31, 2005 there are 200 Independence Realty affiliates statewide and our volume exceeds \$210 million. Independence Realty really is making real estate history. ***Congratulations everyone!***

NEW AGENTS

The following professionals joined Independence Realty last month: **SHELLI CO-TRISS**, in Riverside; **DANN and MARCIA KRYSTALL**, in Santa Maria; **ANTHONY LECCE**, in Hemet; **TERRY HALM**, in Alpine; **CRISTIAN NAVARRO** and **KEN BUNNELL**, in Madera; **PAUL STOKES**, in San Marcos; **CANDY & DAVID SMITH**, in Clovis; **DAWN GOFFIN**, in Santee; **CORINNE LORIA**, in Lake Elsinore; **GREG CASTLES**, in Sacramento.

Welcome aboard the "Independence Ship" and best wishes of success to ALL!

EASY MONEY

Cash is flooding into the market, where mortgages for skyscrapers, strip malls and other commercial properties are bundled together and sold off as bonds to wealthy investors such as pension funds, insurance companies, etc.. That strong demand is driving down the yields investors receive, and some bankers fear this rush into bonds is loosening lending standards, allowing real estate buyers to borrow more and thus drive up property prices. Today's lofty real estate prices could possibly go yet *higher* due the abundance of all this cheap money.



"Oh, I plow the fields, Greta takes care of the house, and young Johan here maintains the website."

MELTDOWN PREVENTION

You can't go wrong with real estate. Yeah, right.

Just about anyone who bought real estate in the past 5 years made money, and thanks to the huge appreciation in most local markets across the nation, just about anyone can boast they're a genius these days.

But all it takes is a little weakness in some regional markets, combined with an unexpected personal misfortune, and things could get ugly for some homeowners.

Taking some basic precautions while the getting is good can help you make sure your home doesn't turn into a house of horrors if or when the winds of change start blowing over this perfect little real estate world.

Tell your friends you are buying stocks with borrowed money, and they'll look at you like you're crazy. Tell them you're buying a \$500,000 house with 5%, 10% or zero down, and you'll be showered with congratulations.

If home prices cease rising or worse, start declining, many high loan-to-value borrowers might cause a wave of defaults, and those who made modest down payments would see their home equity wiped out, or worse, they could suddenly find themselves ...*underwater*, i.e. owe more the bank than their house is really worth.

To avoid ending up as a renter again, consider making extra payments or take steps to build up an emergency cash reserve.... *just in case*.

Remember the old axiom:

"Nothing goes up (or down) forever."

CHANGING RULES

Some Realtor groups are imposing new MLS rules that make it harder for discount brokers to get their listings on national and / or regional websites, especially those pesky "exclusive agency" listings allowing sellers who find buyers without help from the listing broker to be released from having to pay a commission at all.

MLS boards in Austin, Indianapolis, Cleveland and Wilmington, have already made such rules changes last year. If this spreads further, discount brokers could be shut out of national and regional boards websites. "New rules" backers are arguing that exclusive agency listings let buyers go directly to sellers, effectively cutting out brokers of their commission.

On another front, commission rebates are another source of grief for brokerages stuck with higher overhead costs. Some internet-based companies such as LendingTree.com offer rebates or gift cards to consumers who use agents they recommend, and Realtor associations who don't want third parties to grab a slice of their commissions have lobbied to have rebates banned in 15 states.

The handwriting clearly is on the wall. The internet revolution has sparked a free flow of information that can't be stopped. The average buyer and seller have access to more information than ever, and brokers who won't or can't change will lose more and more business to lower-cost competitors.

INDEPENDENCE REALTY'S 10-YEAR SALES RECAP

YEAR	ANNUAL SALES
1995	\$6,915,669
1996	\$10,388,599
1997	\$15,649,054
1998	\$38,601,885
1999	\$41,272,541
2000	\$55,394,810
2001	\$70,262,911
2002	\$100,998,124
2003	\$198,498,400
2004	\$280,356,212
2005	\$210,457,743
TOTAL	\$1,028,795,949

TRENDS & FORECAST

Expect the U.S. population to double by 2050 to 2060. Expect upward demand for houses. Today's renters want to become homeowners in this decade or the next. The dollar's purchasing power will decline in the future, and housing will remain an inflation haven.

SMART STRATEGIES FOR REAL ESTATE INVESTING

Many newbie investors consider real estate investing "sure-fire", with no consideration given to the possibility of a downturn, or to its consequences. They overlook the fact real estate is by definition illiquid.

Only in the very hottest markets is real estate liquid, as in today's market.

What should a wise investor do to prevent being stuck with hard-to-sell property if things suddenly go "south"?

Consider these facts before investing:

- 85% of the U.S. population lives within 50 miles of a major body of water. This has been the trend for over a century: "Go near the water."
- Stick to major metro areas of 1 million population or more. When resale time comes, you need plenty of potential prospects and bidders to find buyers for your property.
- Go for the growth areas. Diversify. There are about 15 major growing areas in the USA. If you make a mistake, but you're in a growth area, growth will eventually bail you out.
- Go where the jobs are. Avoid the boondocks or depressed areas.
- Don't buy sight unseen. If you can't take the time and effort to walk the dirt, don't buy the property.
- Sell your tough-to-resell properties now at full market price, while there are many eager buyers.

WINDOWS ON HOUSING

Existing-home sales by region, seasonally adjusted at annual rate, in millions of units

REGION	2005		PCT. CHG.
	JUNE	MAY	
West	1.73	1.64	+5.5%
Northeast	1.23	1.19	+3.4%
Midwest	1.63	1.60	+1.9%
South	2.74	2.71	+1.1%
U.S.	7.33	7.14	+2.7%

Source: National Association of Realtors

Home sales rocketed to new highs last month, led by America's insatiable demand for condominiums, which were the star performers with a sales pace running twice as fast as that of single-family homes. During the second quarter, condo sales were up about 37% on an annualized basis, compared with 22% for single-family homes. Prices for condos are higher on a national average, and are rising faster than prices for single-family homes. The N.A.R.'s chief economist attributes the strength in condo sales to empty nesters who are downsizing from larger single-family homes and young professionals who might have rented in the past, but now tend to buy instead of renting, thanks to creative financing and interest-only loans. Condo sales are strong nationwide, but they have reached frenzied levels in Miami, Las Vegas and San Diego. There is some concern that these markets could peak soon, just as developers add new supply to the market. As inventories rise, home appreciation is expected to slow, especially if mortgage rates go up eventually.



Independence **Helps You**
Cut Costs



CELEBRATE YOUR INDEPENDENCE