

# 2011—Real Estate Future



## Things to Look Forward to in Real Estate for 2011

There is a really upbeat, optimistic energy about the upcoming year among all the real estate professionals I am in contact with. I've spoken with agents and mortgage loan officers who had their best year ever in 2010.

In 2010 there were 52,408 closed sales of single family homes and condominiums, that is an increase of 303 transactions from 2009. Volume wise we are past the bottom and climbing. The northwest multiple listing service reported 987 sales of single-family residences and condominiums priced at \$1 million or more last year.

The busy spring home buying season is almost here – that always adds excitement to the air that spurs activity. I work heavily with buyers and when showing the last couple of months I have run into multiple agents with clients in all price ranges. I have a couple looking in the \$700K range and ones in the under \$200K to \$225K; in some cases it has been 3 of us with clients all at the same house. Good news for sellers for 2011.

Interest rates are still low. In November they were at a 40 year low, they came up a little in December and went back down in January. I think we will see a slow gradual rise of rates in 2011.

The beauty of the low rates is, it makes it possible for sellers to be able to move up even though sales prices are down because their purchase is also at a lower price than a couple of years ago. Lower sales price = lower cost to sell. Real estate costs and sellers excise tax are percentages of the sales price.

Real estate property taxes can be re-assessed according to sales price. Property tax is based on value of the property. Lower taxes is always a good thing.

The face of the typical seller is rapidly changing. There are corporate owned properties coming on the market in increasing numbers and are expected to continue to flood the market. HUD, banks, asset management companies, private lenders are the NEW seller. 2.5 million bank owned homes are expected to come on the market over the next 18 months. This changes the home buying process, the negotiations and even what to expect.

This is good news for buyers because it can be a way to get a very reasonable sales price. And the condition of the homes are completely different from a year ago. The banks are buying appliances, painting and installing carpet and in some cases even making repairs. They have learned what it takes to sell the home. In this market buyers are looking for move-in ready.

Investors on the other hand look for opportunities with fixers. In the case of HUD owned homes you purchase by a BID process, another opportunity. HUD homes used to be in very poor condition as a rule but now we are seeing nice homes, reasonably priced. Rehab loans are available for the fixers and routinely used.



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The buyer is afforded another level of comfort in the asking price because corporate owned homes are listed at fair market value. Before they take possession they order a 3rd party BPO (broker price opinion). After they have the home and are ready to list it they order another BPO and in some cases an appraisal. If the home is on the market over 4-5 months another BPO. Knowing the homes are listed at fair market value, if your offer is accepted, you know it will appraise for the purchase price and you aren't paying too much.

Another plus – the emotion is taken out of the process. It is strictly a business decision it is all about dollars and cents. There is no worry of insulting the seller. Be prepared because the financial institution will have strict guidelines and processes and NO deviation – every bank is different on what they want. They dictate the close date, the title and escrow providers and have their own sales contracts and documentation that the buyer has to adhere to.

Purchasing first-home type properties is a win-win; good for investors and good for renters and it will be through 2011. The rental market is strong. Look for 3 bedroom, 2 bath, 1200 plus square feet in a nice neighborhood. If you have good credit and 20% to put down start looking for the bargains.

Another opportunity is purchasing new construction. The building trend is moving toward affordable homes. Less of the luxury mega-mansions are being built than a few years ago. Builders are responding to what buyers want and are offering nice buyer incentives both financial and in the form of upgrades.

With all the opportunities you still have to be able to pick and choose through the properties. What I have learned about successful buyers is know what you want and communicate it well, do not purchase too hastily, do your due diligence, do not settle for what you don't want and if you do not get the house you want, know that 100% of the time you will get a better home.

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Cathy Staup, experienced real estate agent in Washington State, a member of the Northwest Multiple Listing Service and a prestigious member of the President's Club. Experienced in all phases of sales and marketing, Cathy is passionate about going the extra mile for her clients. As an approved instructor for the Washington State Housing Finance Commission which provides home buyer education services she has gained a unique understanding of the challenges either first or third time home buyers face and is dedicated to making the experience as stress-free as possible. Cathy believes in the importance of informed and educated buyers or sellers. Sellers have benefited from Cathy's marketing experience since 2002. Cathy offers her experience, skills, motivation, attention to detail, follow through track record, and ability to provide the most service with the least amount of hassle for her clients.

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