



The Home Edition

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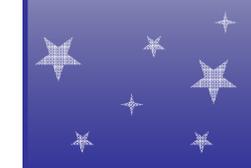


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Real Estate Opportunities and Alternate Streams of Income for Investors

By Elaine VonCannon

As the real estate market stabilizes and the stock market surpasses previous records, exceeding 12,000 for the Dow Jones Industrial Average, it is time to take a hard look at where money needs to be invested. The stock market is volatile and prone to the effects of shifting world politics and economics or even war. These hazards do not factor into the risk or the investment potential of most real estate investments. The success of real estate investments is driven by other factors, such as price, location, development and accessibility. Real Estate is still a far more stable investment to create residual income, a happy retirement, and with savvy choices -- even wealth. To produce a profit in real estate an investor must buy real estate strategically.

While they have sat on the sidelines of the real estate market for the past two or three years, during a virtual frenzy, investors are currently in the market again, looking for deals. With the recent trend towards lowering real estate prices in markets where property is sitting, and the predisposition of the seller to pay closing costs, it is indeed a time of opportunity for real estate investors.

On television shows where rehabbing is done on homes, producers make it look easy to spruce up a property and turn a profit quickly. Reality dictates different strategies in the current buyer's market in real estate. Real estate investors need to look outside the box and invest in property with the intention to hold for three to five years, or longer in some cases.

Here are some tips on what types of properties and locations to look for in order to produce alternate streams of income from real estate investments.

Commercial Investment Properties

Often when investors think of purchasing property, they think residential. Large real estate investors originating in the Northeast sector of the United States often have different strategies. Many look to invest in commercial buildings or strip malls, to lease to businesses.

When investigating urban commercial properties, research which neighborhoods the city has slated for development. Search in warehouse districts, which are being rehabilitated and developed. Attend city council sessions for a greater understanding of upcoming development projects. When purchasing property in an up-and-coming neighborhood there are several options: rehab and resell, rehab and rent, buy commercial property and lease it.

Purchasing a Business

REALTORS in some states, such as Virginia, are licensed to help investors purchase businesses. When purchasing a business through a REALTOR, always ask to see the expenditure accounts. Remember, in this type of transaction the buyer is purchasing the business, the equipment and good will, not the property. If the REALTOR you select is not well versed in this, find another REALTOR.

Agricultural Investment Properties

Sometimes real estate investors would be better served to find agricultural properties in rural areas, rather than focusing on urban centers. When purchasing lots and land, review the ground lease options for the land. Investors can purchase land and if it is zoned correctly, may house storage units there to produce income. Or, rural land may be used to store cars, boats, RVs, etc. If the area where the land is located has a community governed by a Home Owner's Association nearby, land might not be able to be leased for these purposes. Another option for a commercial property owner in a rural area is to build either a temporary or permanent structure to house a business.



Investors, continued from page 1 . . .

Timing Residential Property Investment

For residential investment properties, the best deals can be found off peak season, during the winter months, especially near areas where tourism is high, such as Williamsburg Virginia. Many home sellers will list their properties in the spring with the hope of selling them by fall. Always look for a motivated seller, who needs to sell. They are willing to negotiate price. If the seller is not as motivated, they generally will not lower the price and the home or property may sit on the market instead. Make an offer to a motivated seller, and if they are not willing to counter, move on.

Be Creative With Investment Property

The real estate investor who thinks outside the box will be rewarded with handsome profits. For example, some investors convert old hotels into apartments or condominiums. Historic, old or exceptionally large spaces can be converted into shops or apartments. Remember the three keywords of real estate whether for investing or for personal use: location, price, and condition, with price driving it all.

Financial Matters With Investments

Make certain there is a financial cushion with real estate investments. Before reselling a home, there will be insurance and taxes to pay in addition to a mortgage. Do not attempt to 100% finance an investment property without a cushion.

When purchasing a property that is already leased, ask for rent rolls to determine if there is a positive or negative cash flow on a property. Also, ask for any expenditure sheets for the property for water, electric or heat.

As we head into 2007 and beyond, there will be plenty of motivated sellers and some great investment opportunities in commercial and residential real estate. Do not miss out on these opportunities. Real estate is still a great way to build wealth over the long term, and to shelter income from tax liabilities, too. So long as the real estate investor spends 40 hours or more per year on real estate matters, all expenses related to the purchase, rehabbing, or reselling of property is tax deductible.

For a multitude of reasons, real estate is still one of the most secure investments. Check the articles section on my web site for more articles on real estate investments. Contact me for specific real estate investment opportunities in Williamsburg and the greater Southeastern Virginia area, contact me at vomor1@cox.net or call 757-288-4685.

Winter-Landscape Brighteners

By Marie Hofer, Gardening Editor, HGTV.com

In lieu of summer's blazing color, many gardeners brace themselves for a winter of gray and brown, if not flat-out white. No matter if your winter is just a little chilly or bone-freezing cold, try these tips to brighten your landscape:

Hardscaping rules.

In the Zen-like conditions of winter, elements like the play of light and shadow and the curve of a walkway take on increased importance. Take advantage of this time to scrutinize the design of your landscape. Explore dozens of hardscaping ideas.

Bring in ornamental woodies.

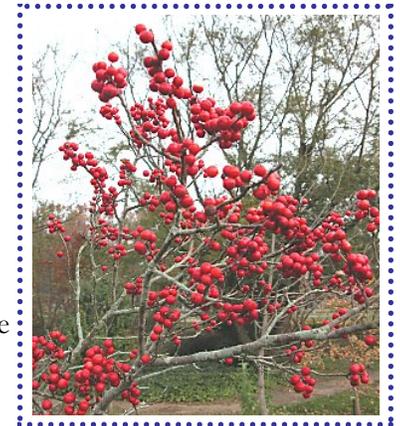
Dozens of woody shrubs and trees add colorful stems, berries and/or bark. Get more information about winter gems and ornamental grasses.

Plant colorful containers.

Bring them close to a window where you can easily enjoy them from indoors. In areas with moderate winters, plants like heucheras, autumn fern, sedums and pansies keep right on going. In colder areas, conifers will accept the responsibility of colder weather. Before you plant, know how cold your plants and pots will go.

Where plants don't work, create inanimate color.

Paint a piece of lawn furniture, a table or simply just a few rocks you place on the surface of containers.





Existing-Home Sales in 2007 Expected to Recover from Cyclical Low

National Association of Realtors, www.realtor.org

Existing-home sales are expected to rise gradually in 2007 from current levels, with annual totals comparable to 2006, while new-home sales will continue to slide, according to the latest forecast by the National Association of Realtors®.



David Lereah, NAR's chief economist, said there are mixed conditions around the United States. "Roughly three-quarters of the country will experience a sluggish expansion in 2007, while other areas should continue to contract for at least part of the year," he said. "Most of the correction in home prices is behind us, but general gains in value next year will be modest by historical standards."

"Buyers, especially first-time buyers, with the combined benefits of seller flexibility and an unexpected drop in mortgage interest rates, have a window of opportunity. These conditions will persist in many areas until early spring when inventory supplies are likely to become more balanced," Lereah said.

"Most sellers are still seeing very healthy long-term gains"

Existing-home sales, finishing the third-best year on record, are projected for 2006 at 6.47 million, a decline of 8.6 percent. In 2007, they're expected to rise steadily from the current cyclical low and reach an annual total of 6.40 million, which would be 1.0 percent lower than this year's total.

"By the fourth quarter of 2007, existing-home sales will be 4.6 percent higher than the current quarter," Lereah said.

New-home sales in 2006 are expected to fall 17.7 percent to 1.06 million, the fourth highest total on record, before sliding an additional 9.4 percent in 2007 to 957,000. Much of the contraction in the new housing market results from cuts in builder construction to support pricing for current inventories. In addition, high construction costs in many areas are minimizing potential profits.

Total housing starts for 2006 are likely to drop 12.3 percent to 1.82 million units, with another 15.1 percent decline in 2007 to 1.54 million.

The 30-year fixed-rate mortgage is forecast to gradually increase to 6.7 percent by the fourth quarter of 2007. Last week, Freddie Mac reported the 30-year fixed rate dropped to 6.11 percent.

The national median existing-home price for all of 2006 is projected to rise 1.4 percent to \$222,600, with another 1.0 percent gain next year to \$224,700. The median new-home price should ease by 0.5 percent to \$239,700 this year, then rise by 0.8 percent in 2007 to \$241,700.

"Keep in mind that overall home prices were still appreciating at double digit rates in the first quarter of this year – prices in this buyer's market are temporarily a little below a year ago when we were in a strong seller's market," Lereah said. "This correction is one of the factors drawing buyers into the current market, but most sellers are still seeing very healthy long-term gains."

The unemployment rate is expected to be 4.8 percent in 2007, after averaging an estimated 4.6 percent this year. Inflation, as measured by the Consumer Price Index, is forecast to be 3.4 percent for 2006 and 2.3 percent in 2007, while growth in the U.S. gross domestic product is likely to be 3.3 percent for all of this year and 2.3 percent in 2007. Inflation-adjusted disposable personal income is projected to grow 2.6 percent for 2006 and 3.5 percent next year.

**** If you would like to see all of the properties that have sold in your zip code in the past month, please email me or call me at (757) 564-1557. This is a great way to see how the market is doing in your area, especially if you are considering listing your home for sale in the near future. I am more than happy to offer you this complimentary service, so please let me know if you are interested in receiving this information. ****



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Ask Elaine . . .

Dear Elaine,

My brother recently had a bad experience with an on line limited service brokerage firm. He saw that they would give him back 75% of there commision fee. They sent him listings. He and his wife rode around looking at the homes they sent him. He called the listing agent to gain access to the homes so they could view them. They found one that they loved. Had the firm write an offer. The firm did not ask for a septic and well inspection as they were not familiar with the area. My bother purchased the home. One month later the well went dry (the well was a shallow well 60 ft. deep). This cost him \$3200 to have a new deep well put in. Six months later the septic backed up, and he had to replace all the carpets and re-do the wood floors in the home. This would not have happened if the septic inspection had been done and it pumped out before closing. This cost him another \$9,000. The listing agent did not add it to the contract and the out of state firm did not write it in. He contacted his lawyer and found he had no recourse. Have you ever heard of this type of buyer's real estate?

Thanks,

Lilly Wadesboro North Carolina

Dear Lilly,

An agent in my office came across an interesting new limited service brokerage scenario recently. The agent was a listing agent on a property. The agent received a call from a couple who wanted to see the house that was listed. The agent showed the home. The agent asked the important question are you working with another agent. The couple answered yes. They told the agent that their agent could not be present to show. So the agent doing a due diligence for the sellers, showed the home. The agent received another call from the same couple wanting to see the home again. They told the agent that their agent could not show them the home this time either. At this point in the story, the the agent told me about the second showing that the agent could not be present for. I told the agent that they need to ask questions and stop all conversations that they were having with the interested buyers. As this could be perceived as "talking behind the sign" (talking to another agent's client). Even though the couple called the agent, the agent was going to call the couple to get feed back and see the level of interest. I counseled the agent that this could be perceived as "dual agency". Another concern was the agent could have weaken her seller's position by maybe in small talk with the potential buyers given information that they could use to their advantage. Another question I asked the agent is why the buyer's agent could never be there for showings? Who would write the contract? Who would do the home inspection; the other agent needs to be present? Can the other agent do business in the state of Virginia? What came out was the other agent works for an online limited brokerage firm. So the listing agent was in a sense doing both sides of the transaction and the commission was going as a referral fee to an out of state firm. This leaves the buyer with no representation on the transaction. This could open a whole chapter of negative fall out. Buyers and Sellers beware of limited brokerage firms and whose interest they protect. It seems like the only protection is the limited service firms.

Thanks for Asking, Elaine

Please send any questions for Elaine to voncannonrealestate@cox.net or please call us at (757) 564-1557

From Nana's Kitchen

HOMEMADE HOT CHOCOLATE

- 1/2 c. cocoa
- 1 c. sugar
- 1 tsp. vanilla
- 3 c. water
- 1/2 gallon milk
- Marshmallows (optional)



In a 10-quart kettle combine cocoa, sugar, and water. Stir until heated (slow boil); add milk. Heat until steaming. Add the vanilla just before serving. Top with whipping cream or marshmallows. Serves 10-12.