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INTERNATIONAL WEALTH FLOWS

Into U.S. Residential Markets, China Tops List for First Time

By Octavio Nuiry, Managing Editor

Editor's Note: *This is the first in a two-part series on international buyers in the U.S. housing market. The first article will take a close look at the leading overseas purchaser of U.S. properties — Chinese buyers.*

In the five thousand years of China's history, never have so many Chinese quietly moved so much money out of the country at such a fast pace. Nowhere is that Sino capital flight more prevalent than into the U.S. residential real estate market, where billions are rapidly pouring into the American Dream. From New York to Los Angeles, China's nouveau riche are going on a housing shopping spree.

This year, for the first time since the National Association of Realtors (NAR) has tracked foreign buyers of U.S. real estate, buyers from China have surpassed for the first time Canadians, Europeans, Mexicans and Middle Eastern home buyers as the top overseas purchasers of U.S. homes.

China's rise to the top has been nothing but remarkable. Chinese investment in U.S. residential real estate has grown from a measly $50 million in 2000 to an eye-popping $28.6 billion in the year ending in March 2015, an increase from $22 billion a year ago, surpassing all other foreign buyers. Chinese buyers

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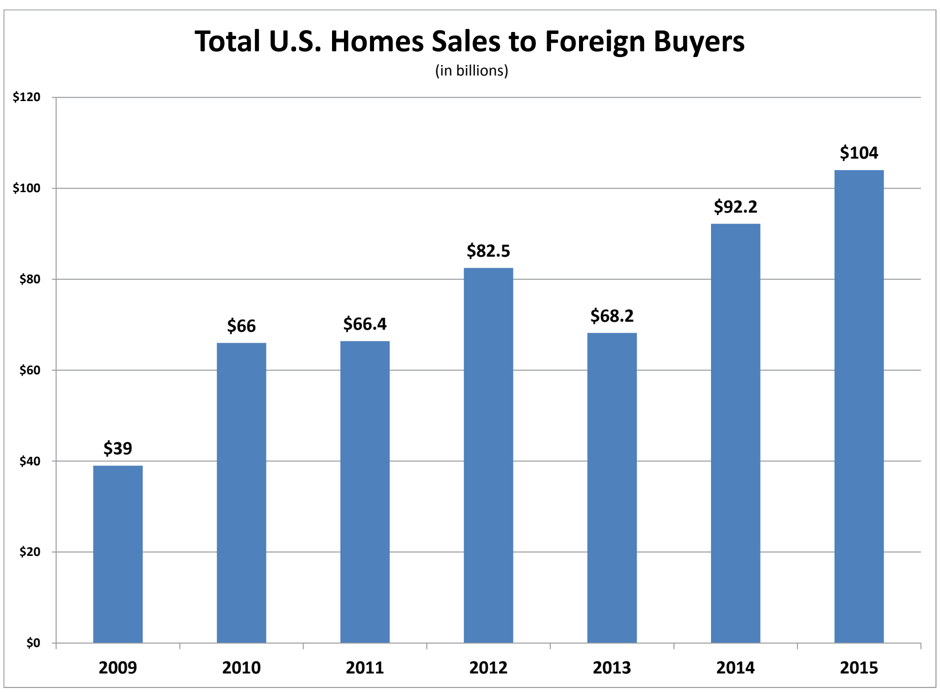

SOURCE: National Association of Realtors

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made up 16 percent of international buyers. Canadians made up 14 percent of overseas buyers. Mexican buyers ranked third, accounting for 9 percent of foreign buyers.

All told, overseas home buyers spent a record $104 billion buying U.S. homes in the 12 months ending in March 2015, with Chinese buyers leading the pack, reports NAR. In the 2014 survey, foreigners spent $92 billion on U.S. homes over a 12-month period, up 35 percent from a year earlier.

Chinese buyers are now the biggest international buyers of U.S. real estate in terms of dollar volume, total units and average price paid, the Realtor group reports. Moreover, 76 percent of Chinese buyers pay cash, according to the Realtor data.

International buyers spent, on average, $499,600 on their home purchases compared to the overall U.S. average home price of $255,600. Chinese buyers spend the most, with an average price of $831,800 on their U.S. home purchases.

In the last four quarters, capital outflows from China have exceeded $450 billion, according to JPMorgan Chase.

William Yu, an economist at the UCLA Anderson Forecast, said political and economic instability in China is a growing concern for wealthy Chinese. He said Chinese investors are hedging their bets to protect their wealth as the Chinese economy and the mainland real estate market shows signs of instability amid a growing anti-corruption campaign launched by Chinese Communist Party and Chinese president Xi Jinping.

William Yu
Economist
UCLA Anderson Forecast
Los Angeles, California

"For economic and political reasons, Chinese investors want to protect their wealth by diversifying their assets by buying U.S. real estate. The best place for China's smart money to invest is the United States."

"China's real estate market has peaked already," said Yu in a telephone interview. "Their housing bubble has popped. For economic and political reasons, Chinese investors want to protect their wealth by diversifying their assets, buying U.S. real estate and moving money out of the country."

Yu and other leading China watchers are sounding the alarm about the stability of China's economy.

One of America's preeminent China experts David Shambaugh — a professor of political science and international affairs at George Washington University — warned in a recent essay in *The Wall Street Journal* that the "endgame of Chinese communist rule has now begun" and the Communist Party's possible "demise is likely to be protracted, messy and violent."

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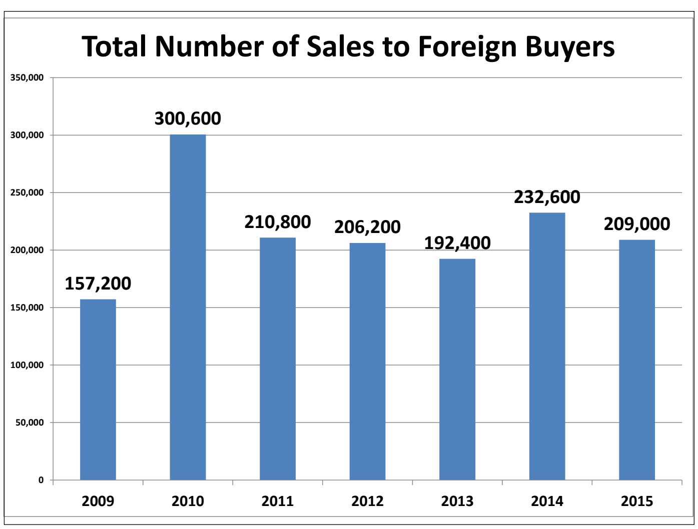
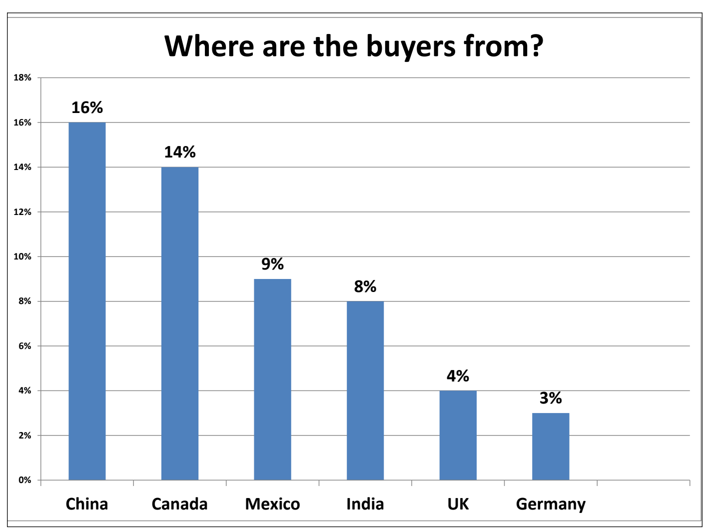


SOURCE: National Association of Realtors



SOURCE: National Association of Realtors

Shambaugh cited five phenomena to support his thesis; key among them were that China's wealthy elites are moving their assets overseas and many are fleeing China or planning to do so soon.

In January, Michael Auslin of the American Enterprise Institute, wrote an editorial in *The Wall Street Journal* quoting one of America's most experienced China watchers saying: "I can't give you a date when it will fall, but China's Communist Party has entered its endgame."

David Shambaugh
Professor
George Washington Universiity
Washington, D.C.

"China's economic elites have one foot out the door, and they are ready to flee en masse if the system really begins to crumble."

Added Shambaugh: "China's economic elites have one foot out the door, and they are ready to flee en masse if the system really begins to crumble. In 2014, Shanghai's Hurun Research Institute, which studies China's wealthy, found that 64 percent of the 'high net worth individuals' whom it polled — 393 millionaires and billionaires — were either emigrating or planning to do so. Rich Chinese are sending their children to study abroad in record numbers (in itself, an indictment of the quality of the Chinese higher-education system)."

Shambaugh, Auslin, Yu and other sinologists fear that China's economy is losing momentum — and millions of wealthy Chinese are voting with their feet, and millions more will follow their steps if the economy stumbles, many of them buying U.S. properties. And the NAR survey confirms the rising capital flight.

"Simply put, the people of China look around them and feel insecure," writes Gordan G, Chang, author of "The Coming Collapse of China." "Their country is going through wrenching transformations from a Maoist economy to a semi-market one and from agrarian to a string of urban centers."

Chang argues that state-owned enterprises and the wealthy smuggle money offshore at every opportunity they get. Many depart legally, others not.

But Chinese capital flight into U.S. real estate — and other global safe havens — isn't the only fear, experts claim.

Chinese capital flight into U.S. real estate isn't the only fear, experts claim.

China's Stock Market Struggles

The recent steep slide in the Chinese stock market in late June and July has wealthy Chinese investors nervous, with many mainland investors pulling their money out of China and into hard assets like real estate in the United States, Europe and Australia. In early July 2015, the Shanghai Composite Index, which tracks shares traded in the Shanghai stock exchange, shed 30 percent of its value, worth about $3.2 trillion in paper losses.

China go another dose of bad news on July 27, when China's volatile stock market suffered a second blow, triggering the biggest one-day loss since 2007, plunging 8.5 percent.

To stem the market slide, Chinese authorities announced far reaching measures designed stop the bleeding, including cutting interest rates, halting short selling, buying back stocks, and announcing a $42 billion stimulus program.

These drastic measures have succeeded in temporarily halting the recent Chinese stock market crash.

But is it enough?

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DISTRIBUTION OF INTERNATIONAL BUYERS BY STATE

Rank	State	Percent of Buyers
1	Florida	21%
2	California	16%
3	Texas	8%
4	Arizona	5%
5	New Jersey	3%
6	New York	3%
7	Illinois	3%
8	Washington	3%
9	Michigan	2%
10	Hawaii	2%

SOURCE: National Association of Realtors

Yu, the UCLA economist, said China is entering a period of increasing uncertainty.

In a recent report Yu wrote: "The best place for China's smart money to invest is the United States. First, the U.S. is the largest economy in the world and will continue as such for the next several decades, if not centuries. Second, the U.S. has the advanced, enduring, stable and reliable rule of law and the financial system needed to protect property rights and value."

Yu said U.S. real estate — both commercial and residential — is a bargain for Chinese investors compared with real estate prices in China.

Nationwide, approximately 209,000 houses were sold to foreign buyers from April 2014 through March 2015, or 4 percent of total existing home sales. The total foreign sales dollar volume is 8 percent of total existing home sales dollar volume.

Where They Buy

Although foreign purchases of U.S. real estate are a small portion of total sales, overseas buyers are concentrated in a few markets. Four states accounted for 50 percent of international sales: Florida, California, Texas and Arizona. Florida is the nation's top destination for foreign homebuyers, accounting to 21 percent of international buyers, according to data from NAR. California ranked second, with 16 percent of foreign buyers attracted to the Golden State, followed by Texas (8 percent) and Arizona (5 percent).

Five countries accounted for 51 percent of purchases by foreigners: Canada, China, Mexico, India and the United Kingdom. Foreign buyers are paying a lot more for homes than domestic buyers. On average, foreign buyers paid $500,000 for a house, compared to the overall U.S. average house price of $256,000 — that's a difference of $244,000, according to NAR.

While total unit sales from international homebuyers decreased from last year, total sales dollar volume increased 13 percent, the

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Alan Lu
Broker/Owner
ALTC Realty
Alhambra, California

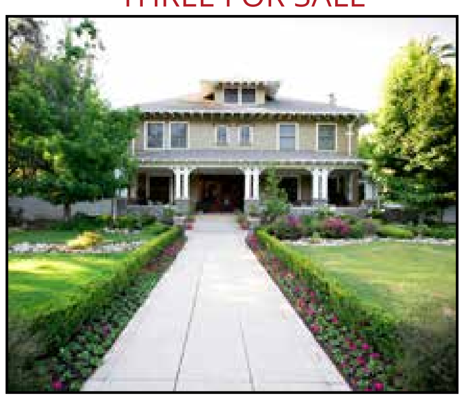
"We just did an all-cash $18 million commercial deal a few months ago. The Chinese buyers are looking for strong cap rates. They are seeking strong returns."

Los Angeles, California

THREE FOR SALE

WHAT: 8-bedroom home
HOW MUCH: $7,300,000

Prestigious San Marino is a highly desirable area of Los Angeles where many Chinese buyers flock. This one-acre estate has eight bedrooms and six baths. Agent: Alan Lu, ALTC Realty, (626) 703-5110, http://www.altcrealty.com/listings/6



WHAT: 7-bedroom home
HOW MUCH: $7,800,000

This 11,000 square foot craftsman estate located in Pasadena, is a dream home. Completely renovated in 2012, this home is move-in ready. Agent: Alan Lu, ALTC Realty, (626) 703-5110, hhttp://www.altcrealty.com/listings/15

WHAT: 6-bedroom house
HOW MUCH: $8,880,000

Located in the exclusive Whispering Pines Estates in Arcadia, this 9,500 square foot luxury estate is perched on a hill in a gated community. Agent: Alan Lu, ALTC Realty, (626) 703-5110, http://www.altcrealty.com/listings/51

NAR reports.

For several years, Canadians were the biggest foreign buyers of U.S. homes. Many Canadian snowbirds favored warm weather southern states, like Florida and Arizona, where they would buy retirement homes or vacation rentals. But the plummeting value of the Canadian dollar, or loonie, to the U.S. dollar, has curbed sales. Once on par with the U.S. dollar, the loonie is worth 78 cents. Meanwhile, Chinese purchases have soared.

China Leads Growth

In 2009, China ranked fourth, among foreign countries buying U.S. real estate, with only $4.1 billion in purchases. This year it catapulted to first, with $28.6 billion in home sales — up 12 percent from the year before.

Chinese-American brokers like Alan Lu, broker/owner of ALTC Realty in Alhambra, California, are finding that they have an edge with the influx of investors coming from mainland China. Lu said he has seen the influx of Chinese cash in the Los Angeles market.

Lisa Miller
Broker/Owner
Keller Williams Elite Realty
Aventura, Florida

"About 70 percent of our buyers are foreign. But recently there's definitely been a slowdown in the international buyer market."

"I'm seeing a lot more activity on the commercial side," said Lu, a Massachusetts Institute of Technology-trained architect. "We just did an all-cash $18 million commercial deal a few months ago. The Chinese buyers are looking for strong cap rates. They are seeking strong returns. On the residential side, Chinese buyers are looking for very specific things. They are looking for grand houses with large footprints. And they want lots of upgrades. It's a must. They also like new homes."

Lu said Chinese money is pouring into downtown Los Angeles like never before.

For example, the Greenland Group, one of China's largest real estate developers, is building Metropolis, a $1 billion mega project that includes five buildings on a six-acre lot in downtown Los Angeles. The first phase of development will see two high rises — a

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North Miami, Florida

THREE FOR SALE

WHAT: 2-bedroom home
HOW MUCH: $950,000

This waterfront fixer/teardown home is ready to be remodeled. Located in North Miami in the city of Hallandale, this home is a rehabbers' dream. Agent: Lisa Miller, Keller Williams Elite Properties, (305) 725-5661, www.themillerteamrealestate.com

WHAT: 4-bedroom house
HOW MUCH: $1,500,000

You can live on the Turnberry Golf Course in Country Club Estates, a gated, private community. This is the only home for sale in this 80-home subdivision. Agent: Lisa Miller, Keller Williams Elite Properties, (305) 725-5661, www.themillerteamrealestate.com

WHAT: 4-bedroom home
HOW MUCH: $1,800,000

Located in Hallandale Beach, Florida, this waterfront property with a dock is an investors dream. Tear it down and build your dream home. Agent: Lisa Miller, Keller Williams Elite Properties, (305) 725-5661, www.themillerteamrealestate.com

38-story residential condominium tower with 310 units and an 18-story, 350-room hotel.

The second phase — which includes two more residential condo towers with 1,500 units — broke ground in December, according to Douglas Elliman Real Estate, which is handling sales and marketing for the Shanghai-based developer.

Phase three includes a 58-story residential tower with 725 condos, making it the tallest residential building in Los Angeles. When completed in 2018, Metropolis will be the West Coast's largest mixed-use site.

"People are buying units that aren't even built," said Lu, referring to Metropolis condo units. "That's a new phenomenon for downtown L.A."

In California, the cities preferred by Chinese investors include Alhambra, Arcadia, Irvine, Monterey Park, San Francisco and San Marino. In recent years, Chinese investors have purchased second homes in Orange County, a once heavily white middle-class suburb that is now 40 percent Asian and becoming increasingly expensive.

Jonathan Miller
President
Miller Samuel Inc.
New York, New York

"In Manhattan, we estimate that 15 percent of all transactions are to foreign buyers. Luxury real estate is the new global currency. Foreigners are putting their cash into a hard asset."

Buyers from China, including investors from Hong Kong and Taiwan, are driving up prices and fueling new construction in Southern California areas such as Arcadia, a city of 57,000 people with top-notch schools, a large Chinese immigrant community and a constellation of Chinese businesses. For example, at a new Irvine, California development Stonegate, where homes are priced at over $1 million, upwards of 80 percent of the buyers in the new Arcadia development are overseas Chinese, according to Bloomberg.

Jonathan Miller, president of Miller Samuel Inc., a New York-based real estate appraisal firm, said that U.S. real estate is "global safe haven"

"In Manhattan, we estimate that 15 percent of all transactions are to foreign buyers," said Miller. "Luxury real estate is the new global currency. Foreigners are putting their cash into a hard asset."

Beyond New York and California, overseas buyers are attracted to Sunbelt states like Florida, where Chinese, Latin American and European buyers and developers are discovering Miami's international allure.

Miami's Overseas Condo Craze

"About 70 percent of our buyers in Miami are foreigners," said Lisa Miller, broker/owner of Keller Williams Elite Realty in Aventura, Florida. "But recently there's definitely been a slowdown in the international buyer market. We still have a large amount of Latin American buyers, but the Russian buyers have dropped-off."

Miller said the war in the Ukraine, the plunging ruble and international sanction on Russia has dried up demand from Russian and Eastern European buyers locally.

"We have an enormous amount of condo inventory in South Florida," said Lisa Miller, a 25-year real estate veteran and lawyer by training. "We have 357 condo towers either going up or planned in South Florida. We have a ton of condo inventory."

Florida real estate is a major destination for offshore money. Fueled by cash-rich foreign investors, Florida leads the nation in the percentage of overseas buyers, with 25 percent of real estate sales going to international buyers, more than anywhere else in the country and twice as high as second-place California, according to a joint report by the Florida Realtors and NAR. Last year, foreigners bought 26,500 Florida properties, spending $8 billion.

According to the Miami Downtown Development Authority, international buyers drive 90 percent of residential real estate sales in downtown Miami. Buyers are attracted by the weather, relatively low prices and the absence of state income tax for individuals.

In Miami, Chinese 'Patient Money'

In Miami, one of China's largest real estate developers — Hong Kong-based Swire Properties — stands as a testament

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to the fact that China is becoming a major player not only in residential real estate but commercial development too.

In Miami's Brickell Avenue financial district, Swire is building the sprawling Brickell City Center — a $1 billion, 8.3 million-square foot, mixed-use development, which includes a 500,000-square foot shopping center, two residential towers, a hotel and two high-rise office towers. It is the centerpiece project that is fueling excitement in downtown Miami and helping to convert the city into a 24-hour urban metropolis.

Besides Swire's two 43-floor luxury condo towers — Rise and Reach — the company is also planning to build One Brickell City Centre, an 80-story tower, making it the tallest skyscraper in Miami at 1,049 feet. The tallest building in Miami today is the Four Seasons Hotel & Tower at 789 feet.

Giovanni Freitas
Broker Associate
The Keyes Company
Doral, Florida

> *"Brazilian buyers buy with emotions. They go with the flow. Chinese buyers, however, are different. They are more careful. They buy with reason."*

Miami Heat: Brazilian Buying Boom

Brazilians are among the top investors in South Florida's luxury condo market, drawn by Miami prices that pale in comparison to cities like Rio de Janeiro and Sao Paulo.

Giovanni Freitas, a broker associate with The Keyes Company in Miami, said many Brazilian buyers prefer condominiums near the beach, especially new properties like the W South Beach Hotel and Residence on South Beach and the St. Regis Resort in Bal Harbour.

"Brazilians buy mostly condos," said Freitas. "Brazilians like the water. They love to shop. They want high-end properties. They also buy the most expensive properties. And they love brand-name products."

Flush with cash from a booming Brazilian economy, waves of wealthy Brazilians are landing on the shores of Miami Beach, buying up the glistening new high-rise condo towers that dot South Florida. At the W South Beach, for example, Brazilians own nearly half of the condo units, according to NBC.

"Brazilians buy mostly condos," said Freitas. "Brazilians like the water. They love to shop. They want high-end properties. They also buy the most expensive properties. And they love brand-name products."

Capital flight accounts for 80 percent of Freitas' Brazilian business. He said Brazilians are worried about the left-leaning economy of president Dilma Rousseff. Brazilians are trying to get their money out of the country, he said.

Less than five years ago, Miami was ground zero for the foreclosure and housing crisis. Now, Miami is the land of opportunity for Brazilian and Venezuelan nationals pulling money out of their troubled homeland economies.

Not far from Brickell Avenue, another Asian developer has visions to transform Miami's skyline.

Genting Group, a Malaysian global hotel and casino operator, wants to turn Miami into a southern gambling mecca. Genting hopes to build an extravaganza called Resorts World Miami, a mega casino with up to 5,000 rooms, 1,000 condominiums, 100 restaurants and luxury shops. The project, bordering Biscayne Bay on the former Miami Herald and Omni International Mall sites, the gargantuan project would cost $3.8 billion. Genting bought up neighboring properties to amass a 30-acre string of bayfront properties for the casino and condos. It would create the largest casino in the country.

Miyuki Fujiwara, an agent with The Keyes Company in Miami, is seeing an influx of Japanese money pouring into the Miami housing market.

"Many of my Japanese customers buy two or three condo units at a time," said Fujiwara. "Most of my customers are real estate professionals in Japan. They own real estate companies or work in the real estate industry."

Enter the Dragon: The EB-5 Visa Program

A popular method used by wealthy foreigners to acquire property in the United States — and gain permanent residency in the U.S. — is to simply buy American citizenship. Under the EB-5 program — which lets 10,000 foreign citizens obtain a

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green card each year if they invest at least $500,000 — would-be immigrants can become U.S. citizens if they create or preserve at least 10 U.S. jobs.

The program has become wildly popular with Chinese investors. The number of visas issued to wealthy Chinese seeking an investment-based fast-track to a green card has more than tripled since 2008.

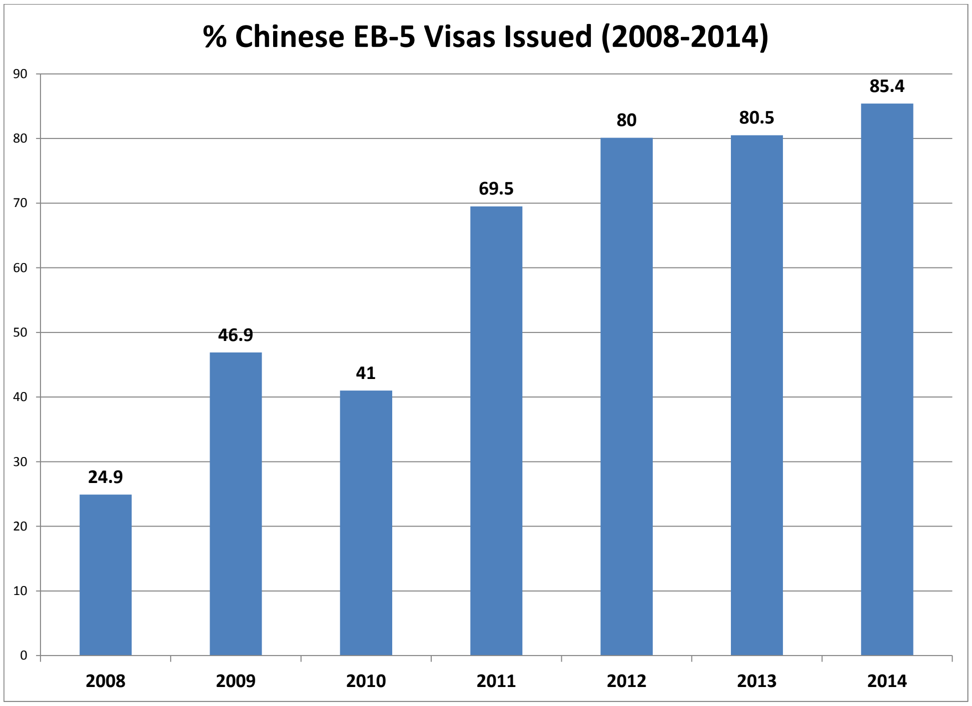
Nearly 11,000 foreigners applied to participate in the program in 2014, up from 6,346 a year earlier, according to the U.S. Citizenship and Immigration Services, a division of the Department of Homeland Security that administers the program.

Chinese nationals accounted for 85 percent of EB-5 visas issued in 2014, compared to just 25 percent in 2008, according to the U.S. State Department. That translated to 8,308 EB-5 visas for Chinese nationals last year, a huge surge from a decade ago, when only 16 visas were granted to Chinese.

China limits the amount of foreign currency its citizens can convert to $50,000 per person per year. But professor Yu, the UCLA economist, said there are several ways to transfer money to the United States. Chinese investors with business ties in Hong Kong or Taiwan cans easily transfer money from there to the United States.

"Rather than seeing China as the land of opportunity, more Chinese have been establishing homes in America, particularly in California, where they account for roughly one-third of foreign homebuyers, with upward of 70 percent paying with cash," wrote Joel Kotkin in *The Orange County Register*.

Indeed, the Chinese are making a break for the future; and that future, according to the data from NAR, is increasingly a home in the USA.



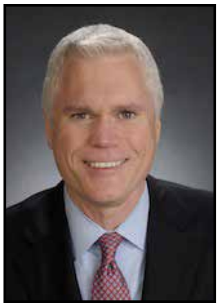
SOURCE: U.S. State Department

MY TAKE

By Rob Chrane

President, Down Payment Resource

Homebuyers' Use of Down Payment Programs is Poised to Grow



Down payment help and other homeownership programs have been with us for decades, yet until now have played a relatively small role in facilitating home sales.

Why is that the case, what's about to change and how will that affect our industry?

About the program

Down Payment Resource (DPR) was developed to create opportunity for homebuyers, Realtors and lenders by uncovering programs that get people into homes. We license our proprietary search engine to MLSs, brokers and lenders, who use it to match eligible buyers and properties to these programs. It helps them sell and finance more homes while positioning themselves as trusted resources in the pursuit of homeownership.

A broad array of programs is available across every market in the U.S. Our Second Quarter 2015 Homeownership Program Index counts 2,359 programs administered by over 1,250 housing finance agencies and other providers. To give you an idea of their nature:

- 71 percent are for down payment and closing cost help (the prevailing benefit is about $10,000)
- 8 percent are Mortgage Credit Certificates (up to $2,000 federal tax credits for the life of the loan)
- 9 percent are affordable first mortgages
- 14 percent are exclusively available to veterans, protectors, educators, health care professionals, buyers with disabilities, etc.
- They are well-funded — 87 percent of the programs have funding available
- 36 percent do not have a first time homebuyer requirement

In part, they are underutilized because they are perceived to add complexity and extend the time needed to close a sale.

Complexity, yes, due to a fragmented system of delivering and administering these programs. DPR is helping to solve this issue, but not every real estate service provider has access to DPR today.

Throughout our marketing and training efforts, some real estate brokers, agents and mortgage lenders tell us that it's just not worth the extra effort involved to use these programs. The typical sales price is also presumed to be lower which means lower earnings per transaction. Coming from a real estate and mortgage banking background, I can empathize. After all, they are largely, if not wholly compensated by commissions paid on the transactions they close. For real estate professionals, allocation of their time directly impacts their livelihood.

Misperceptions about who these programs can benefit also negatively impact real estate and lending professionals' willingness to engage. What does "affordable housing" mean to you? Do you envision unappealing, low cost homes in targeted census tracts and distressed neighborhoods? But, when we flip the words to "housing affordability," we know that's important to every buyer. Every buyer wants to be sure the home they purchase is affordable to them. Yet, saving for a down payment consistently ranks as the number one obstacle for all buyers.

Surprising data trumps perceptions

Our day-to-day experiences backed by research and analytics often reveal surprises and refute many of these misperceptions about affordability and homeownership programs, including the belief that using programs can extend days on market.

Earlier this year we compared data shared by some of our Housing Finance Agency (HFA) partners who administer down payment programs and Multiple Listing Service (MLS) customers who license Down Payment Resource.

In three of the four markets we researched, homes sold using one of these programs actually sold faster than similar homes

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without. Days on market ranged from 10 days faster to 7 days slower. The list price to sales price ratio for these transactions also compared favorably. Transaction records for home sales facilitated by these programs showed that sellers received 1 to 2 percent closer to their asking price.

Most real estate executives and even many lenders are surprised if not downright shocked when we show them the percentage of for-sale homes in their markets that are eligible for one or more program. We worked with RealtyTrac to produce a report in February that showed, on average, 87 percent of all residential properties across 578 counties with populations of 100,000 or more are eligible. This is consistent with listing data from across our current MLS markets.

Likewise, real estate professionals are astounded when they discover the many programs available in their market, with benefits ranging from thousands to tens of thousands of dollars and the annual household incomes allowed by these programs above the area median income — exceeding $100,000 in some high-cost markets. They have a notion of a few local programs, but not the dozens that we typically find.

The impact of down payment requirements and confused consumers

In a recent Stratmor Group blog, Rob Chrisman reported how changes in down payment requirements affected borrowers' willingness to pay (WTP) for a home according to the Fed's "2014 SCE Housing Survey." Respondents' WTP increased strongly — especially among current renters — when the lower down payment requirement was offered. On the other hand, when it comes to changing the interest rate on a mortgage from 4.5 percent to 6.5 percent, the Fed's results, in line with other research, found only modest effects of interest rates on WTP and house prices.

Yet, consumer surveys repeatedly show that they don't even know how much down payment is required. This most recent example comes from Wells Fargo's second annual How America Views Homeownership survey. It shows how consumers overestimate the down payment funds needed to qualify for a home loan, with 36 percent thinking a 20 percent down payment is always required. Among African Americans and Hispanics it's even higher — 58 percent and 55 percent respectively. This is unattainable for most households as it would take 14 to 15 years to save 20 percent for a median-priced home.

A NeighborWorks America survey late last year found that 70 percent of adult Americans do not know about down payment programs. After talking with thousands of people over the last seven years, I would peg the number to be even higher. Go ask 10 people at a cocktail party and you'll see what I mean.

What happens to renters who aspire to homeownership and are actually qualified to buy today, but don't know it? They self-select themselves out of the market. They are not even looking. In addition, those who think they have a chance and are searching for homes are not aware of their full range of options. Sadly, data shows too many households diminish their long term financial security by unnecessarily depleting their savings, including 401-Ks and IRAs. Down payments are not one size fits all. Sometimes a large down payment is appropriate, but in many cases it is not.

Despite these obstacles the use of down payment programs is poised to soar

With changing demographics, down payment challenges and increased awareness, we believe the use of programs will increase.

Millennials, immigrants, many of whom are also Millennials, and Boomerang Buyers will soon dominate home sales. Real estate service providers recognize that new buyers will be their biggest growth opportunity for years to come.

The need is clear. The credit box is not expanding, at least not for everyone. From Kenneth Harney's June 24 column in the Washington Post: "Average FICO credit scores on new mortgages for home purchases by giant investors Fannie Mae and Freddie Mac increased in May to 757 — the highest level in more than a year and up by five points since January, according to data compiled by mortgage technology company Ellie Mae. And the average down payment last month at both government-administered companies was 19 percent."

Awareness will reach a tipping point. National enterprises across the housing supply chain are aligning to better educate future homebuyers. That is, before they buy. Understanding the availability of down payment programs is recognized as an important element. These organizations have the budgets and reach to connect with millions. Once informed, these new buyers will hold our industry accountable for providing their full range of financing options.

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Back-of-the envelope calculations on the impact

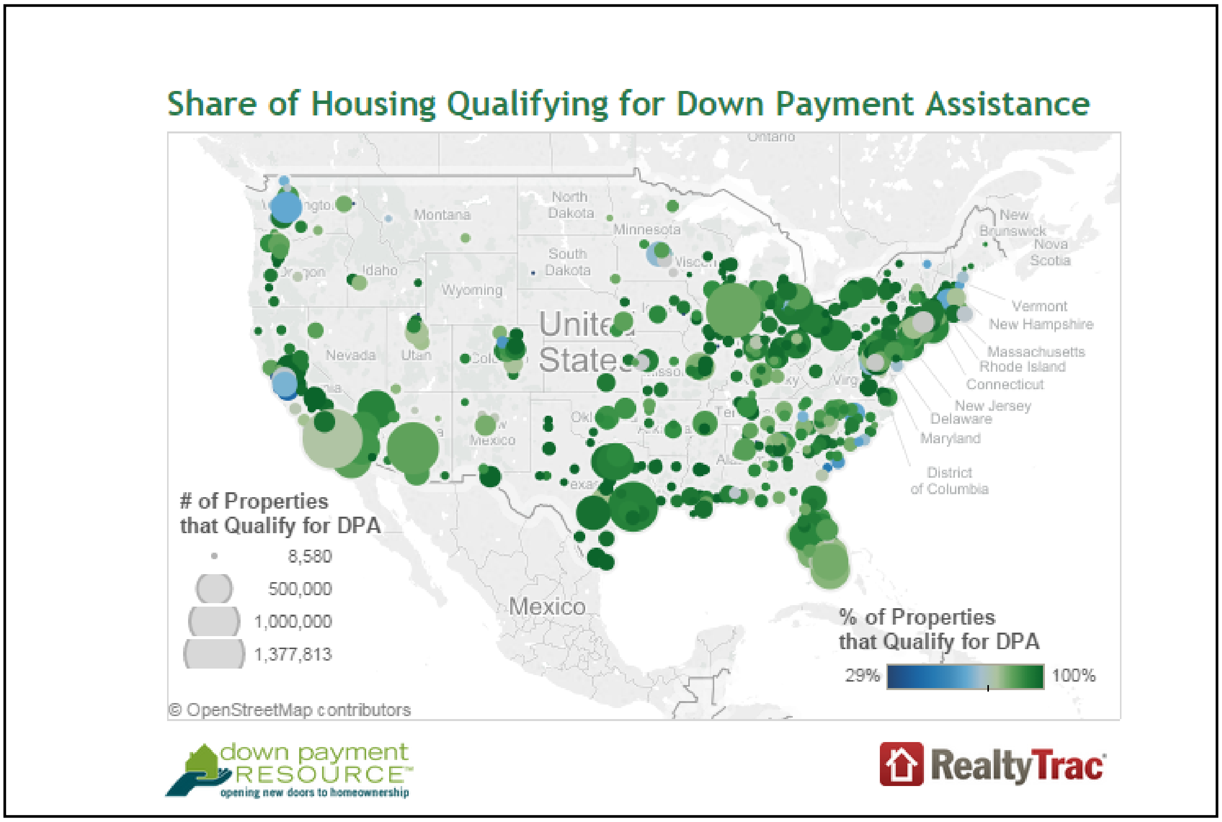
Potential buyers are already here, they just don't know it. An [interactive map from the Harvard Joint Center for Housing Studies] reveals that in many metro areas across the U.S., more than 50 percent of renters could afford to own a home. That translates to about 5.5 million renter households in just the 25 to 34 year old renter households are qualified to buy a home today.

To be sure, there are other issues affecting first-time homebuyers. Recovering jobs, stagnant incomes, student debt and overheated markets in some areas.

With that in mind, let's say that just 2 to 3 percent of these already qualified renter households get the message and act. That translates to 110,000 to 165,000 incremental sales, moving annual sales of existing and new homes to over 6 million units.

Today, we have a significant opportunity to help people achieve their goal of homeownership in a safe and sustainable way. The answer is education and homeownership programs.

Rob Chrane has more than 30 years of experience as a top producer and executive in the real estate and mortgage finance industries. Chrane launched Down Payment Resource to connect eligible homebuyers and eligible properties with hard-to-find down payment programs. As a volunteer leader with housing community organizations, Chrane has served with the Urban Land Institute and its Terwilliger Workforce Housing Center; the National Council of State Housing Agencies; the National Association of Local Housing Finance Agencies; the National Housing Council; and the Metro Atlanta "Piece by Piece Regional Foreclosure Initiative." Chrane also worked on numerous Habitat for Humanity homes and served as a board member and fundraiser for the Buckhead YMCA for more than 15 years.



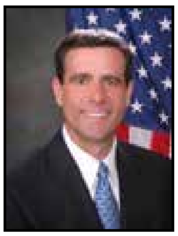
SOURCE: RealtyTrac

NEWS BRIEFS

Texas Lawmakers Introduce Bill to Eliminate CFPB

On the fourth anniversary of the creation of the Consumer Financial Protection Bureau (CFPB), two Texas lawmakers have introduced a bill that would completely abolish the CFPB.

U.S. Representative John Ratcliffe and U.S. Senator Ted Cruz, both Republicans from Texas, sponsored a bill to abolish the controversial agency, according to announcements on both lawmakers' websites.


John Ratcliffe

The CFPB was created by the *Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010*. Republicans believe the Bureau has made big banks bigger and limits options for consumers.

"Don't let the name fool you, the Consumer Financial Protection Bureau does little to protect consumers," said Senator Cruz in a written statement. "The agency continues to grow in power and magnitude without any accountability to Congress and the people. The only way to stop this runaway agency is by eliminating it altogether."

Democrats have vowed to fight back any attempt at cutting back on the CFPB's power. Congressman Sherrod Brown, D-Ohio, the ranking member of Senate Banking Committee, praised the work of the CFPB.

"The CFPB has proved over and over that its creation was one of the big success stories of Wall Street Reform," said Brown in a written statement. "It has returned $10.1 billion to the pockets of 17 million consumers. It has fined countless companies for egregious consumer abuses, including credit card companies secretly adding on unwanted products, phone companies cramming fees onto consumers' bills, or mortgage servicers and lenders illegally foreclosing on homeowners and service members."

SOURCE: [U.S. Representative John Ratcliffe]

RealtyTrac Appoints New CEO Rob Barber

RealtyTrac has hired a new CEO for its rapidly expanding data file licensing business to continue building on the company's double-digit revenue growth cultivated over the last three and a half years. Barber will begin August 17 and will supplement the already impressive staff of industry leaders the company has been assembling for its management team.

Rob Barber, former CEO at Environmental Data Resources (EDR), will be the new RealtyTrac CEO. Jamie Moyle will be moving to Chair of the Innovation Committee of the Board of Directors.

"We've been on a roll this past year," Moyle said. "We've signed 75 Big Data Deals, grew traffic on Homefacts.com by 500 percent, and hired Brian Mushaney, Jon Cohn and Mike Sawtell. Rob Barber will make an amazing addition to the team and will build on the success and momentum that RealtyTrac has going into 2016."

During his tenure at EDR, he was responsible for doubling the company's share in the engineering market, expanding successfully into multiple high growth adjacent markets, and innovating new platform solutions that deliver both content and workflow value to the property due diligence industry.

SOURCE: RealtyTrac

ERA Real Estate Appoints New COO

ERA Real Estate, a global real estate franchise, appointed Susan Yannaccone as chief operating officer. She brings 17 years of industry experience in franchise management and real estate brokerage to her new role.


Susan Yannaccone

Most recently, Yannaccone served as senior vice president of network services for HSF Affiliates, where she was responsible for all affiliate-facing servicing for the real estate brokerage networks Berkshire Hathaway HomeServices, Prudential Real Estate and Real Living Real Estate.

SOURCE: ERA Real Estate

Federal Court Okays Challenge to CFPB

On the fifth anniversary of the passage of Dodd-Frank, a federal appeals court revived a challenge to one of the financial law's most controversial creations — the Consumer Financial Protection Bureau (CFPB).

On July 24, a unanimous three-judge panel of the U.S. Court of Appeals for the D.C. Circuit ruled in *State National Bank of Big Spring v. Lew* that State National Bank has standing to challenge the bureau's constitutionality. State National Bank challenged the constitutionality of the CFPB on multiple grounds. The plaintiffs argued that the composition of the CFPB as an independent agency controlled by a single agency head (as opposed to a multi-member commission, as is the norm with independent agencies) lack requisite executive branch oversight and is unconstitutional.

In reversing a lower court decision, the appellate judges also ruled that the small Texas bank has standing to challenge the 2012 recess appointment of the bureau's director, Richard Cordray as unconstitutional.

President Obama used recess appointment power to appoint Cordray during a three-day Senate recess. Cordray ran the bureau for 18 months without being legally confirmed by the Senate. On July 16, 2013, after Cordray had been serving under his recess appointment for 18 months, the Senate confirmed Cordray.

The case will now return to the district court for consideration of the merits. This is bad news for the federal government as the case against the Cordray appointment seems particularly strong, and that the other challenge to the CFPB's composition raises serious separation of power issues.

SOURCE: *State National Bank of Big Spring v. Lew*

MERS Wins Pennsylvania Suit Over Mortgage Recording

Merscorp Inc., the operator of an electronic mortgage registry known as MERS, does not have to pay recording fees in Montgomery County, Pennsylvania, according to a recent three-judge court of appeals ruling.

The United States Court of Appeals for the Third Circuit reversed the opinion of the U.S. District Court for the Eastern District of Pennsylvania, ruling in MERS' favor that the Pennsylvania recording statute does not create a duty to record all land conveyances.

In *Montgomery County v. MERS*, the Montgomery County recorder claimed that MERS members failed to record the transfer of promissory notes as mortgage assignments in violation of Pennsylvania recording laws. Montgomery County sought to recover millions of dollars in unpaid recording fees.

Merscorp and its Mortgage Electronic Registration Systems Inc. unit did not violate state law by failing to properly record home loans that were sold or transferred, the U.S. Court of Appeals ruled on August 3, 2015.

The ruling comes as Merscorp battles scores of lawsuits and state probes challenging its business model and the legality of its filings in county courthouses throughout the U.S. MERS documents the ownership and resale of about half of U.S. home loans. Its biggest customers are also owners of MERS: Fannie Mae, Freddie Mac and Bank of America.

The Pennsylvania case was brought by the recorder of deeds in Montgomery County on behalf of other recorders in the state. According to court documents, Montgomery County lost more than $15 million in recording fees.

SOURCE: *Montgomery County v. MERS*

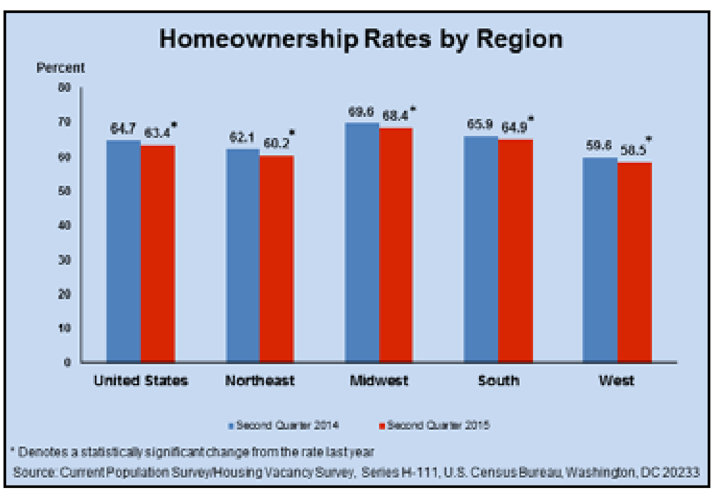
FINANCIAL BRIEFS

Homeownership Rate Drops to 48-Year Low

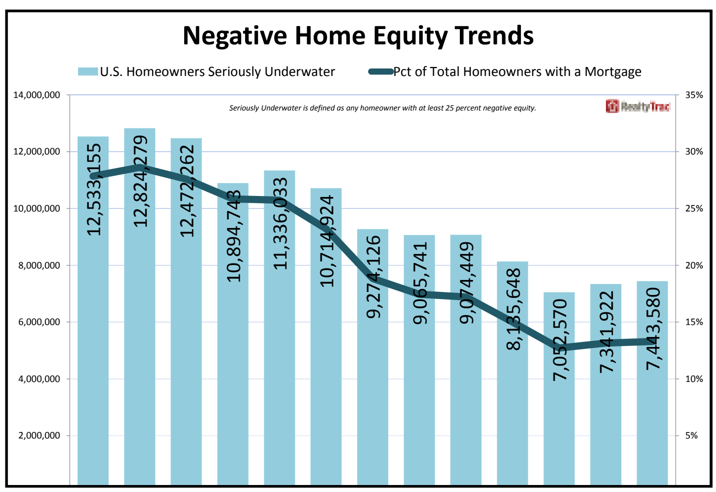
The nation's homeownership rate continues to drop. For the eight consecutive year, the national homeownership rate has fallen. According to the U.S. Department of Commerce, the U.S. homeownership rate declined to 63.4 percent in the second quarter of 2015, the lowest it has been since 1967. Homeownership peaked at 69.2 percent near the height of the subprime mortgage bubble of 2004, when the housing market was in the midst of an epic boom. The 50-year average is 65.3 percent. Would-be home buyers have been held back by stringent mortgage standards and wage growth that hasn't kept up with surging home prices. Data from the bureau show that young adults in particular continue to be less interested in owning a home. Homeownership has been declining in the U.S. in the wake of the housing bubble's collapse and amid shifting demographics. Rates also have declined in all regions, and among all ethnic groups and income levels. Throughout the recession, first-time home-buying has lagged, as young people face poor job prospects and relatively high levels of personal debt. Regionally, homeownership rates were highest in the Midwest (68.4 percent) and lowest in the West (58.5 percent). The South registered a homeownership rate of 64.9 percent, while the Northeast came in at 60.2 percent.

7.4 Million Home Owners Underwater

In the second quarter of 2015, there were 7.4 million residential properties that were seriously underwater — where the combined loan amount secured by the property is at least 25 percent higher than the property's estimated market value — accounting for 13.3 percent of all properties with a mortgage, according to RealtyTrac. The number and share of seriously underwater homes peaked in the second quarter of 2012 at 12,824,729 seriously homes representing 28.6 percent of all homes with a mortgage. Markets where the share of distressed properties — those in some stage of foreclosure — that were seriously underwater exceeded 50 percent in the second quarter of 2015 included Las Vegas, Nevada (57.7 percent), Lakeland, Florida (54.8 percent), Cleveland, Ohio (52.9 percent), Chicago, Illinois (52.5 percent), Tampa, Florida (51.7 percent), Palm Bay, Florida (51.5 percent), and Orlando, Florida (51.2 percent).



SOURCE: U.S. Department of Commerce



SOURCE: RealtyTrac

STATE SPOTLIGHT

Las Vegas: Rolling the Real Estate Dice — Again!

By Octavio Nuiry, Managing Editor

For the last three years, residential home prices in Las Vegas have been steadily inching upward, driven largely by institutional investors who have paid cash for low-priced houses ravaged by the 2008 housing downturn.

Now, as home prices rise, and the institutional investors have largely pulled back from buying more, experts wonder if a slowdown in home sales or price is in store.

For Keith Lynam, president of the Greater Las Vegas Association of Realtors, he's not worried about the lack of institutional buyers. Lyman said the Las Vegas real estate market is steady and getting better.

"For the last eight months, the Las Vegas real estate market has been relatively stable," said Lynam a Realtor with Platinum Real Estate Professionals in Henderson, Nevada. "The biggest trend for us is stability. After the roller coaster ride we had with the housing downturn, it is great when we have stability. It's stable now. We need stability."

Sales and Prices Up

Home sales and prices in the Las Vegas Valley have climbed steadily in July compared to one year ago, according to the Greater Las Vegas Association of Realtors (GLVAR).

The median price of homes sold in July 2015 was $218,000, up 9 percent from $200,000 one year ago, but down 0.9 percent from June 2015. Meanwhile, the median sales price for condominiums and townhomes, including high-rise condos, sold in July was $115,000, up 8.5 percent from $106,000 one year ago.

According to GLVAR, the total number of existing local homes, condominiums and townhomes sold in July was 3,815, up from 3,314 one year ago. Compared to July 2014, 20.4 percent more homes, but 5.5 percent fewer condos and townhomes, sold this July.

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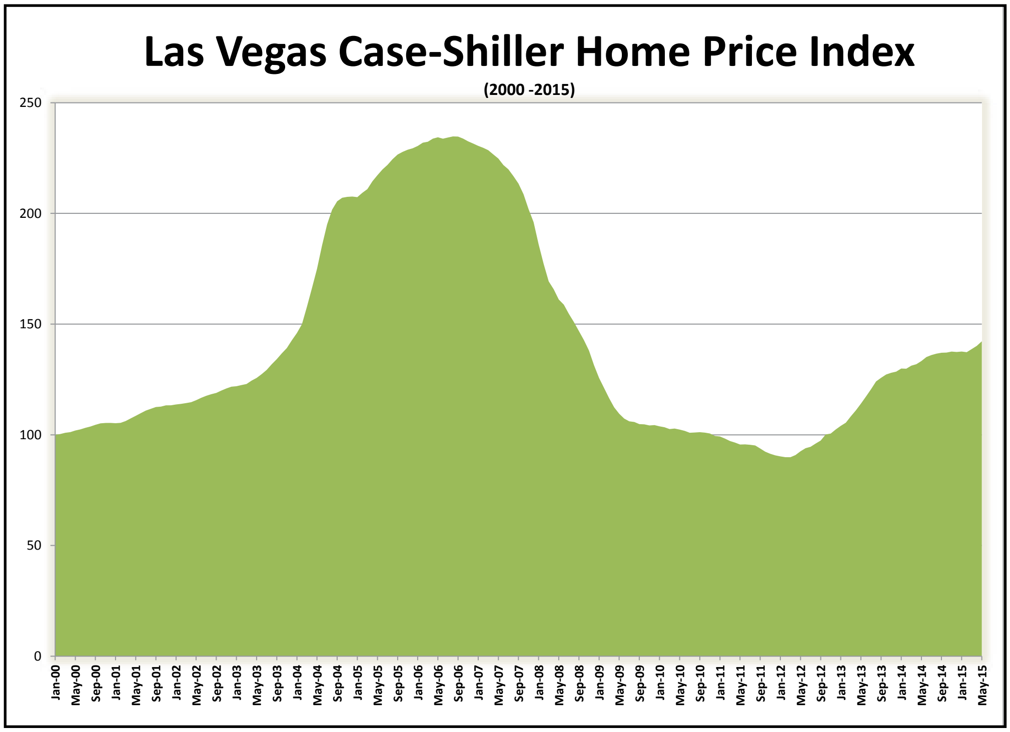

SOURCE: S&P/Case-Schiller

"Home prices have been increasing, but at a slower pace than the past few years," said Lynam. "It's also good news that we're selling more homes throughout Southern Nevada this year than we did last year."

New Housing Developments

Meanwhile, Las Vegas developers are building again, placing new bets on a return of the Las Vegas residential market. New home construction is on the upswing throughout the valley. It's not booming, but the increase reflects renewed optimism in the market.

Developers are launching new projects and reviving massive developments that were derailed during the downturn, including several master planned communities in the city's exurbs such as [Skye Canyon](), a 1,700-acre northwestern development with 9,000 planned new homes near Summerlin.

Other projects that were delayed by the downturn and are back in business include [Park Highlands](), a 2,700-acre development being built in north Las Vegas. And [Inspirada](), a master planned 1,900-acre community, is taking form in Henderson, Nevada, just outside Las Vegas.

Keith Lynam
President
Greater Las Vegas Association of Realtors
Las Vegas, Nevada

"The biggest trend for us is stability. After the roller coaster ride we had with the housing downturn, it great when we have stability. It's stable now. We need stability."

In the mountains above Henderson another development is springing up. Homes in upscale [Ascaya](), the long-delayed luxury-home community carved out of the McCullough Range, reopened last August after sitting dormant for years. Lots in the 313-lot development sell for more than $900,000.

Building Permits on the Rise

Southern Nevada builders pulled 6,777 single family residential building permits in 2014, and have pulled 3,834 permits through June 2015, and are on pace to pull approximately 7,600 in 2015, up 10 percent from 2014, according to [Census data](). That's well below the 2009 permitting peak of nearly 38,000 annual units, but an improvement from 2011, when new housing

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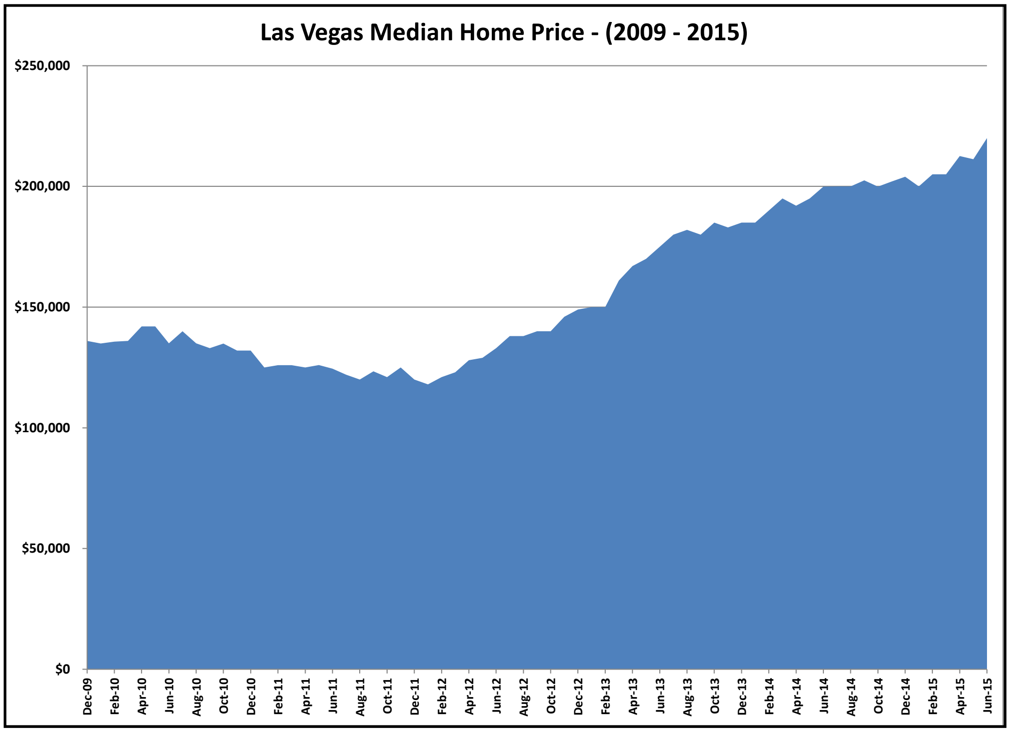

SOURCE: Greater Las Vegas Association of Realtors permits hit a low of 3,800.

But according to real estate experts, the future of the new home building industry in Southern Nevada rests in the hands of the U.S. Bureau of Land Management, the federal agency that owns 81 percent of the land in Nevada. The BLM owns 56,961,778 acres of Nevada's 70,264,320 total acres, according to data from the Congressional Research Service.

Skeptics say the recovery is a mirage. Despite the recent sale and price increases this year, Las Vegas real estate market still faces many challenges.

Doubters of Las Vegas' real estate recovery point to the large number of vacant homes and the large number of underwater borrowers. Some estimate that there are 40,000 vacant homes in Las Vegas that are either abandoned or under foreclosure.

Statewide, some 58 percent of Las Vegas borrowers are seriously underwater, meaning the mortgage debt outweighs the home value, according to RealtyTrac.

Steve Hanks
Broker/Owner
Platinum Real Estate Professionals
Henderson, Nevada

"Right now prices have skyrocketed because inventory is low. Because of the crazy laws that have passed recently, the average person can live for free in Las Vegas for three years without paying their mortgage."

Moreover, new laws passed by the Nevada legislature and court ruling enacted by the Nevada Supreme Court have gummed up the local real estate market, some experts claim.

"Right now prices have skyrocketed because inventory is low," said Steve Hawks, a real estate agent with Platinum Real Estate Professionals in Henderson, Nevada. "Because of the crazy laws that have passed recently, the average person can live in their homes for free in Las Vegas for three years without paying their mortgage. I had a client come in the other day who hasn't made a payment in 7 years."

The new law Hawks was referring to was the "Homeowner's Bill of Rights." Passed by the Nevada legislature in Sept. 2013, Senate Bill 321 sought to make it easier for struggling borrowers to keep their homes. Instead, it

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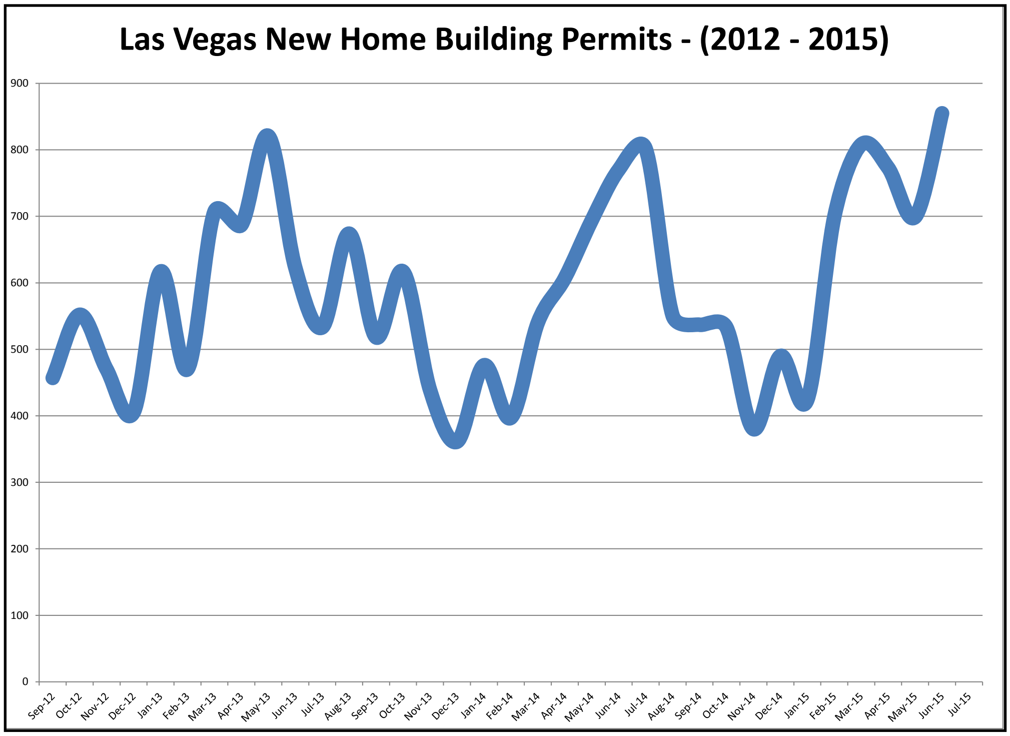

SOURCE: U.S. Census Bureau

has made it more difficult for lenders to foreclose on delinquent borrowers. The month after the law was passed in October 2013, foreclosures plummeted.

"It's made prices go up and squeezed inventory," said Hawks. "It's a boom for new home builders. It's cheaper to buy new rather than re-sale homes. The new homes are a better deal right now. I've sold more new homes in the last seven months than in the past 6 years."

Chinese Discover Las Vegas Real Estate

Hawks said he's also seeing an increase in foreign buyers. He said for the past few months, Chinese investors have replaced hedge-fund buyers in his business.

"We've had a lot of Chinese buyers," he said. "It's blown up our market the past eight months. About half of our listings are bought by Chinese cash buyers."

Many of those Chinese buyers are represented by Karen Wu, broker/owner of O'Harmony Realty in Las Vegas, Nevada. Wu, a native of China, does a brisk business with Chinese buyers in Las Vegas, especially Chinese American buyers from San Francisco and Los Angeles.

Karen Wu
Broker/Owner
O'Harmony Realty
Las Vegas, Nevada

"We represent Chinese buyers all the time. Last year, sales were very good. This year, prices are rising and Chinese buyers have slowed their purchases."

"We represent Chinese buyers all the time," said Wu, who runs her company with her husband, Ramon. "Last year, sales were very good. This year, prices are rising and Chinese buyers have slowed their purchases."

Wu said most Chinese buyers are buying investment properties and renting them for cash flow. She said they buy in Summerlin, Henderson and southwest Las Vegas.

"Homes are cheaper in southwest Las Vegas," said Wu. "Investment properties in the southwest are good rentals."

Wu said Nevada's Chinese population — and the Asian population overall — is growing rapidly. According to the U.S.

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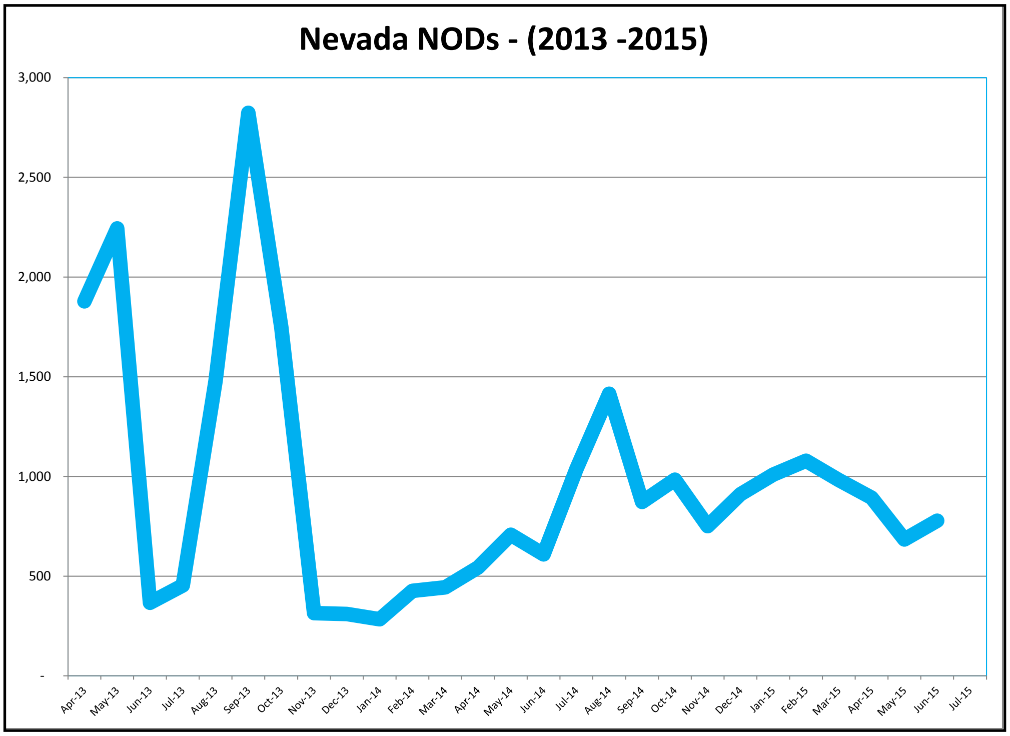

SOURCE: Texas A&M Real Estate Center

Census Bureau, Nevada's Asian population has more than doubled in size over the last 15 years — the only state to have such an increase. And in recent years, Asians overtook Hispanics as Nevada's fastest growing immigrant group — almost doubling that of immigrants from Mexico and Central America. With a population of nearly 38,000, Asians in Las Vegas account for 6 percent of the city's 603,488 residents.

Signs of Las Vegas' fast-growing Asian community can be seen in Chinatown Plaza, just west of the neon lights of the Las Vegas strip, along Spring Mountain Road.

Betting Big on Three New Casinos

Sergio Colombo, the broker/owner of Terra Ferma Real Estate in Las Vegas, Nevada, said the local real estate market was looking up. Colombo said several new casinos on the Las Vegas Strip could be the city's next big jackpot.

"It's pretty stable," said Colombo, referring to the local residential real estate market. "The economic factors are all good. Unemployment is at 6 percent, which is pretty good. And there are several new casino scheduled to open in 2016. The new casinos will add 15,000 to 20,000 new jobs."

Sergio Colombo
Broker/Owner
Terra Ferma Real Estate
Las Vegas, Nevada

"There are several new casino scheduled to open in 2016. The new casinos will add 15,000 to 20,000 new jobs."

Colombo said that when Resorts World Las Vegas, an Asian-influenced mega resort opens in 2018, it will be the first casino on the Strip specifically marketed towards Asian tourists. In May, Malaysia developer Genting Group broke ground on a $4 billion Chinese-themed casino resort with three hotels and 3,500-rooms on the north side of the Las Vegas Strip. The resort will have a replica of the Great Wall of China.

Another resort will be developed next door by Australian billionaire James Packer, whose company — Crown Resorts Ltd. — bought the former Frontier site across the street from Wynn Las Vegas and plans to build a mega-resort there. Details have not been announced but construction will start this year and open by 2018.

And the shuttered 60-year-old Riviera casino-hotel will be imploded to make way for a $2.3 billion remodeling of the Las Vegas convention center, reports *The Wall Street Journal*.

"We are looking forward to these new casinos to create more jobs," said Colombo. "We also have a lot of people relocating from California to Las Vegas because of high taxes."

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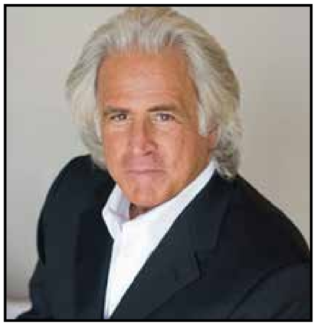
Las Vegas attorney Robert A. Massi, host of the new Fox News real estate television program, "Bob Massi is the Property Man," said he's optimistic about the Las Vegas real estate market.



Robert A. Massi
Attorney
Robert A. Massi & Associates
Las Vegas, Nevada

"New homes are being built and selling. I'm optimistic. It's being monitored better this time around. We will never see what we saw before. Lenders are more cautious. We are going to be OK."

"Housing is unpredictable as ever, but there are a lot of positive signs on the horizon," said Massi, who runs the law firm [Robert A. Massi & Associates]. "From the gaming perspective, there are two new casinos going vertical now, which will bring jobs to the market. New homes are being built and selling. I'm optimistic. It's being monitored better this time around. We will never see what we saw before. Lenders are more cautious. We are going to be OK."

After the southern Nevada's real estate market collapsed in 2008, bargain-hunting investors swooped in and stabilized the residential real estate market, buying homes below replacement cost and turning them into cash-flowing rentals. Prices gradually rose but last year investors pulled out of the Las Vegas market as values spiked and rents started to decline.

"Las Vegas pricing has steadily increased over the past three years, however, the pace of price increase slowed significantly in 2015 into a bumpy climbing pattern," said Jared Jones, broker/owner of [Horizon Realty Group] in Las Vegas, Nevada. "The amount of sales resulting from short sale and REO inventory in Vegas is very light. REO property now comprises no more than 9 to 11percent of overall sales, compared to 40 percent of sales in 2009. Also, for the first time in a very long time — investor activity in our real estate market is on par with the national average, which is considerably lower than when we were in the early goings of the market recovery."

Jones said the market is changing this year and sellers are pricing properties too high.

"This year seems to be very similar to last year in many ways," Jones said. "In 2012 and 2013, our market was red lining. Kind

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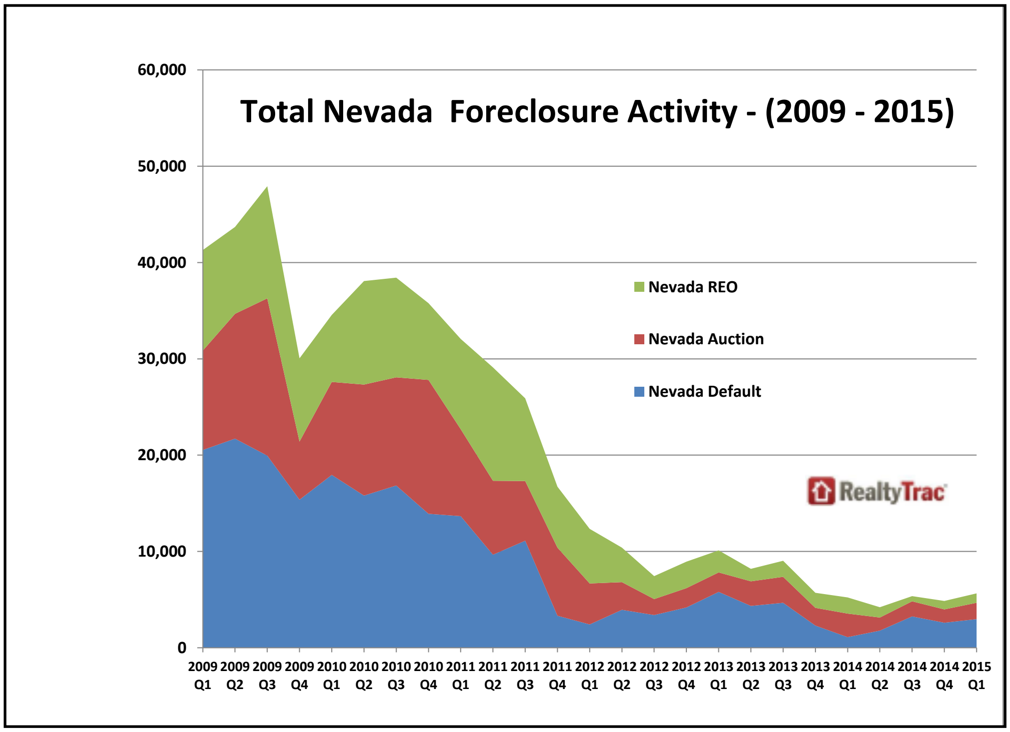

SOURCE: RealtyTrac

of like jumping in a performance car and stepping the pedal to the metal — this is how I describe how fast our prices rose. Well, with any car, you can only hold it at the max for so long and 2014 was our pit stop — if you will. Many indicators that were absolutely on fire for two years such as low day on market time, high sold price versus asking price and aggressively climbing overall average price — started to slide sideways. And this took sellers by surprise. They are still trying to figure it out and it's making for some stalled active listings that just still are not priced right."

Assembly Bill 284

Additionally, Nevada's legislature has passed sweeping state laws that subjected lenders to stiff new foreclosure rules and penalties. Known as Assembly Bill 284, the new law threatened criminal penalties for bank officials who didn't follow new rules to certify that foreclosures were being processed properly. It took effect Oct. 1, 2011, and foreclosure filings in Nevada ground to a halt, crimping the inventory of homes for sale

Jared Jones
Broker/Owner
Horizon Realty Group
Las Vegas, Nevada

"Las Vegas pricing has steadily increased over the past three years, however, the pace of price increase slowed significantly in 2015 into a bumpy climbing pattern."

and caused home prices to rise.

A.B. 284 stopped foreclosures cold. In September 2011, for example, there were 4,684 notices of default filed statewide. The next month, there were only 80, according to RealtyTrac data.

Not only are lenders under assault by the Nevada legislator, but they are also facing challenges in Nevada courts.

In September 2014, the Nevada Supreme Court upheld a law that allowed homeowners associations, or HOAs, to seize homes through foreclosure when property owners are behind on their HOA dues. Under the law, HOAs can foreclose on a home ahead of lenders, even if the association is owed a fraction of what's owed to the bank.

Not surprisingly, the case, *SFR Investments Pool 1 LLC v. U.S. Bank*, launched a legislative effort to reverse the right to

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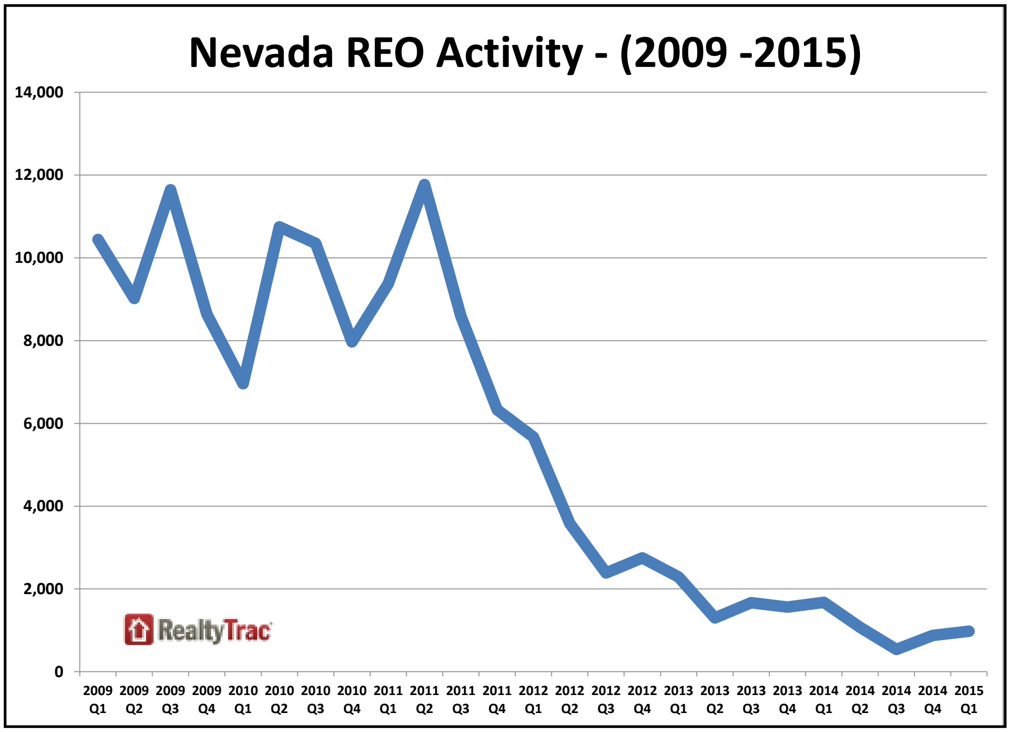


SOURCE: RealtyTrac

what's called a super-priority lien.

The battle continues between real estate agents, who say the rules put banks on the brink of a local lending boycott, and HOAs, who say the system is finally working the way it should.

Attorney and Realtor Sandy Van, with the real estate brokerage Simply Vegas, said low inventory, over-priced properties, and too much new home building, is hurting the market.

"Sales have slowed," said Van. "Homeowners are still over pricing their homes. And we still have some under water homeowners and vacant homes out there."

According to Hawks, low or no income tax states like Nevada have benefited greatly from migrating millionaires fleeing draconian California income taxes. He said many home buyers are attracted by Las Vegas' low prices — and Nevada's low taxes. He said many Californians have arrived in the wake of Proposition 30, a tax-the-rich initative passed by California voters in 2012 that increased the top California rate from 10.3 percent to 13.3 percent — the highest income tax rate in America.

Sandy Van
Attorney and Realtor
Simply Vegas
Las Vegas, Nevada

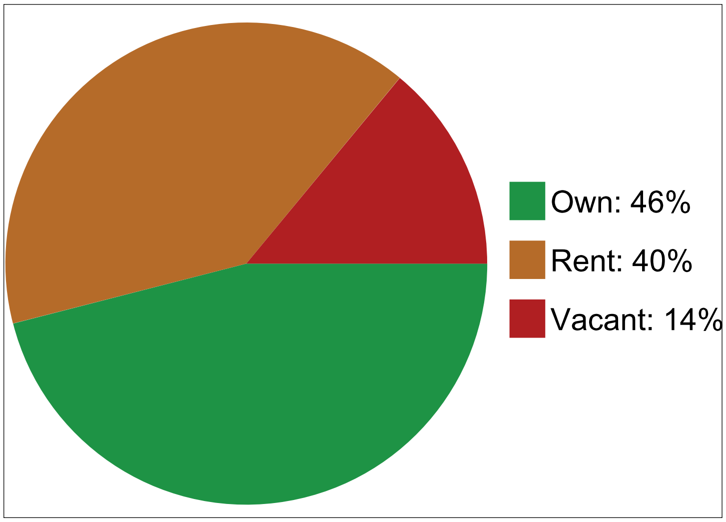
> *"Sales have slowed. Homeowners are still over pricing their homes. And we still have some under water homeowners and vacant homes out there."*

"The best thing for Las Vegas residential real estate has been California Governor Jerry Brown," said Hawks, referring to a massive tax increase vigorously supported by Governor Brown known as Proposition 30. "There's a huge exodus of Californians coming to Las Vegas because of higher taxes due to Proposition 30."

So Vegas has made its bet. It survived the recession. The world will go right back to gambling on slot machines and real estate. The economy will get reshuffled and new players will sit down at the casinos and housing tables.

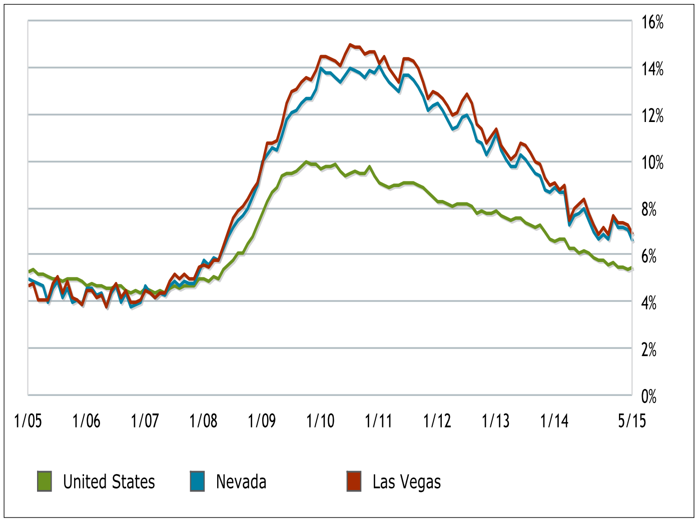
But one thing is certain about this city in the desert: A lot of people have gone broke betting against the people who run Las Vegas.

Las Vegas Housing Occupancy



SOURCE: RealtyTrac, 2015

Las Vegas Unemployment Rate

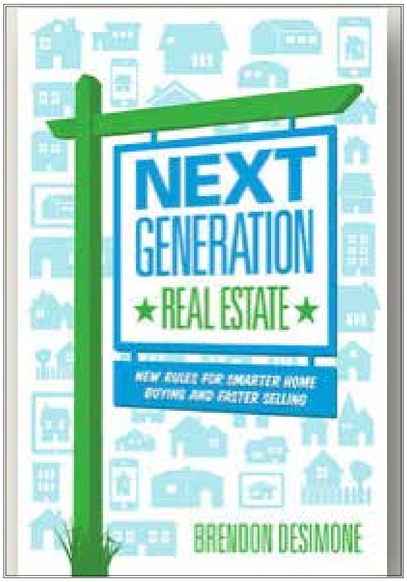


SOURCE: RealtyTrac, 2015

BOOK REVIEW

New Rules For Buying and Selling Real Estate

By Octavio Nuiry, Managing Editor



Next Generation Real Estate

By Brendon DeSimone

(Changing Lives Press, 298 pages, $21.99)

Eleven years ago, when San Francisco real estate rookie Brendon DeSimone bought his first home, he got buyer's remorse.

"My stomach dropped, and I had some apprehension," writes the California broker who recently moved to New York City. "Wait, is this the right time to buy? Did I see enough properties? Am I overpaying? Is this the best location for me? What if the market crashes?

Then, he called his dad for advice.

"What's the rate on a 30-year fixed?" his dad asked.

"What a bizarre thing to ask, I thought," writes DeSimone

According to DeSimone, author of the new book "Next Generation Real Estate: New Rules for Smarter Home Buying and Faster Selling" (Changing Lives Press: April 16, 2014), generational differences and technology advancements have altered real estate market forever.

"The Internet has changed everything, including how consumers choose properties, how they chose an agent, and how they know what they can afford," writes DeSimone in the introduction. "The efficiencies created by technology have changed our lives forever."

Indeed it has.

Since the advent of the Internet, real estate has become more transparent, according to DeSimone. Today, there's so much more information available to the consumers. When his dad bought a home, he couldn't look up listings online; he couldn't do any research. Now the game has changed, affecting how buyers, sellers and lenders have approached the home buying process, according to DeSimone.

In "Next Generation Real Estate," DeSimone shows readers how to choose properties, find agents, stage open houses, properly list homes, buy distressed properties and search online.

The book, which is organized into three sections — "Real Estate Then and Now," "Smarter Buying," and "Faster Selling" — contains 16 chapters, where DeSimone outlines how the next generation of real estate buyers and sellers will disrupt — as well as simplify — our lives through the advent of fast-moving technology.

DeSimone, a 30-something real estate agent from the Silicon Valley who recently moved to New York City, compares the rapidly changing attitudes about homeownership and real estate in this well-thought-out book.

Comparing his generation to his fathers, he writes: "He viewed homeownership as having to two purposes: the starter home and the home to die in."

In the past, writes DeSimone: "The agent looked in the Multiple Listing books, chose a few listings that met their criteria, and made appointments to look at them, and the buyers ultimately bought a home that way. Now when buyers go online, they're looking at neighborhoods, at schools, at whether there's a Starbucks nearby, or at what the culture is like."

Financial, Practical and Emotional

Three forces drive all real estate sales, according to DeSimone: financial implications, practical considerations and emotional responses.

Continued Next Page

In chapter 3, titled "Virtual Real Estate: Home Buying Starts Online," he writes that: "Most people begin their search organically, without an agent, and simply let some of the top online search results lead the way."

Brendon DeSimone

Throughout the book, the author adds color to the narrative by interviewing industry leaders, who give their real estate advice in side bar sections. Experts interviewed by DeSimone include Barbara Corcoran, founder of the New York City brokerage the Corcoran Group and star of the of ABC's Shark Tank; Lockhart Steele, founder of Curbed; Spencer Rascoff, CEO of Zillow; Richard Florida, senior editor of *The Atlantic*; Jonathan Miller, president and CEO of Miller Samuel Appraisers in New York City; and Gary McBride, vice president and senior financial analyst at Bankrate.com.

DeSimone is founder and principal broker at DeSimone & Co., an independent New York City real estate brokerage. He is also licensed to sell in California.

Readers of this detailed how-to book will find many nuggets of valuable information. DeSimone is a good writer and his easy-to-read style and contrarian tips with real-life experiences will show readers how to buy smarter and sell faster.

In today's fast-paced real estate market, the problem for buyers and sellers isn't a lack of real estate information — it's too much data. DeSimone gathers all the disjointed pieces of the housing puzzle and offers readers a clear and concise picture of the new rules of next generation real estate. No matter who you are, no matter what generation you are from, no matter how much experience you have in real estate, the tips and advice in "Next Generation Real Estate," are timely and relevant.

TOP 20
Markets for Flipping in Q2 2015

Rank	Metro	Avg. Gross ROI on Flip
1	New York, NY	32%
2	Los Angeles, CA	24%
3	Chicago, IL	41%
4	Philadelphia, PA	37%
5	Washington, DC	37%
6	Miami, FL	61%
7	Atlanta, GA	42%
8	San Francisco, CA	24%
9	Detroit, MI	29%
10	Riverside, CA	39%
11	Phoenix, AZ	37%
12	Seattle, WA	49%
13	Minneapolis, MN	32%
14	San Diego, CA	29%
15	St. Louis, MO	36%
16	Tampa, FL	59%
17	Baltimore, MD	44%
18	Denver, CO	22%
19	Pittsburgh, PA	16%
20	Portland, OR	37%

Q2 2015
STATE-BY-STATE HOME FLIPPING DATA SUMMARY

State	Q2 2015 Home Flips	Pct. of Total Sales	Q2 2015 Avg Days to Flip	Q2 2015 Avg Purchase Price	Q2 2015 Flipped Price	Q2 2015 Flipping Avg Gross Profit	Q2 2015 Avg Gross ROI
U.S. Total	**30,013**	**4.5%**	**179**	**$196,660**	**$267,355**	**$70,696**	**35.9%**
Alabama	300	4.3%	153	$92,887	$123,278	$30,392	32.7%
Alaska							
Arizona	1,737	6.3%	164	$176,779	$232,074	$55,295	31.3%
Arkansas	180	4.4%	210	$128,759	$157,990	$29,231	22.7%
California	5,240	6.0%	181	$373,681	$485,482	$111,801	29.9%
Colorado	1,248	5.4%	189	$244,737	$325,071	$80,334	32.8%
Connecticut	161	2.4%	211	$270,232	$372,828	$102,596	38.0%
Delaware	70	4.0%	156	$160,988	$224,651	$63,663	39.5%
District of Columbia	103	11.1%	210	$350,916	$589,232	$238,316	67.9%
Florida	5,231	7.7%	172	$156,222	$211,690	$55,468	35.5%
Georgia	1,420	5.3%	175	$127,163	$180,365	$53,201	41.8%
Hawaii							
Idaho							
Illinois	773	4.0%	193	$143,836	$228,835	$84,999	59.1%
Indiana							
Iowa	182	4.0%	203	$143,836	$144,685	$33,088	29.6%
Kansas							
Kentucky	212	5.5%	196	$105,908	$154,645	$48,737	46.0%
Louisiana	193	4.2%	189	$123,769	$170,739	$46,970	37.9%
Maine							
Maryland	732	6.3%	190	$153,598	$238,562	$84,965	55.3%
Massachusetts							
Michigan	1,015	5.6%	152	$77,480	$105,081	$27,600	35.6%
Minnesota	384	3.2%	192	$172,106	$244,741	$72,635	42.2%
Mississippi							
Missouri	188	1.6%	150	$87,023	$133,155	$46,132	53.0%
Montana							
Nebraska	165	3.8%	189	$108,683	$159,661	$50,977	46.9%
Nevada	851	7.5%	158	$174,718	$222,480	$47,761	27.3%
New Hampshire	52	2.0%	205	$239,347	$298,205	$58,858	24.6%
New Jersey	604	4.2%	203	$206,643	$305,129	$98,485	47.7%
New Mexico							
New York	714	3.9%	210	$203,539	$295,746	$92,207	45.3%
North Carolina	1,013	4.0%	179	$142,071	$182,213	$40,142	28.3%
North Dakota							
Ohio	1,107	4.8%	176	$87,991	$123,132	$35,141	39.9%
Oklahoma	441	4.6%	194	$113,967	$161,560	$47,594	41.8%
Oregon	843	4.7%	173	$225,568	$314,729	$89,161	39.5%
Pennsylvania	908	3.9%	183	$125,748	$190,950	$65,201	51.9%
Rhode Island	87	4.0%	198	$185,554	$235,482	$49,928	26.9%
South Carolina	467	4.2%	183	$139,739	$193,367	$53,627	38.4%
South Dakota							
Tennessee	1,307	5.7%	176	$111,466	$162,182	$50,716	45.5%
Texas							
Utah							
Vermont							
Virginia	586	4.2%	178	$235,876	$330,208	$94,332	40.0%
Washington	1,015	4.2%	177	$236,203	$333,716	$97,513	41.3%
West Virginia							
Wisconsin	304	3.3%	195	$139,934	$187,386	$47,452	33.9%

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EXECUTIVE EDITOR
Daren Blomquist

MANAGING EDITOR
Octavio Nuiry

WRITERS
Daren Blomquist, Octavio Nuiry, Peter Miller

ART DIRECTION
Eunice Seo

CONTACT US
Phone: 800.306.9886

LETTERS TO THE EDITOR
E-mail: editor@housingnewsreport.com
Mail: Housing News Report
1 Venture Plaza Suite 300
Irvine, CA 92691