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18 Years of experience in Tri Valley Real Estate



The Lyons Tri Valley Real Estate Report
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The Lyons Tri Valley Real Estate Report is distributed monthly to approximately 1200 households, builders, developers, investors, clients, and friends in our local area. Our goal is to help people make better informed real estate decisions. I'd like to thank all of you who read this report. The fact that so many of you ask me when the next report will be coming out is important to me; it makes me work harder to get the best possible real estate information out to you. Thanks again for your continued support.

For January 2009 there will be no city by city, price range by price range, stats ... I will issue current statistics starting in February 2009 ... but there is a summary on house prices at the end of this report.

The U.S. Government is finally getting it!!

To summarize 2008, it was a year of failed banks, wall street disasters, plummeting house values across the entire nation, many more foreclosures than any of us thought possible, and continued bad economic news wherever you looked. The US government implemented bank bailouts, mortgage relief plans, wall street bailouts, automobile industry bailouts totaling untold billions of dollars. But towards the end of 2008 there were signs that the government was finally getting it ... namely ... **that the housing crisis is at the crux of the matter. And that if you fix the housing market The rest of the economy will eventually follow suit.**

Since the Fall of 2008 the government has taken many aggressive steps to fix our housing market. Each step has taken more time, than expected, to implement; during the coming year, 2009, we will start to see significant changes in our local housing market. Perhaps the best program that the government has recently undertaken is to buy approx. \$600 Billion in bonds so that interest rates on mortgage loans could be driven down. The plan is to start the calendar year of 2009 with conforming loan fixed interest rates in the 4.5% range. Low interest rates is the single most important item that will help jump start real estate sales. **In order to fix the housing market you have to increase demand; you increase buyer demand for houses by lowering interest rates. Lower interest rates coupled with lower home prices means that a mortgage payment is now more affordable.** It's as simple as that. Increasing affordability means more people will buy houses. And it seems like the government, and our new administration understands this; it looks like 2009 will be a year of change and recovery.

So what does all of this mean for our local real estate market??

Plenty. In 2009 the combination of low interest rates and low house prices offers a

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wonderful opportunity to home buyers, first time home buyers, and real estate investors. This window of opportunity, as we all well know, will not remain open forever.

The bank owned REO properties, or foreclosed homes, are the ones selling at these incredibly low prices. Once a house is owned by the bank they price them low; banks are not in the business to own homes so selling them quick is important; they price them below current market value levels in order to get rid of them right away. There are now many government and lender programs in place to reduce the number of foreclosures; though, for sure, there will be many of them in 2009 The number of foreclosures will be reduced in 2009. When the foreclosure situation is fixed the opportunity to buy foreclosures at great prices will slowly disappear and we will be that much closer to returning to a normal real estate market. So, if you plan to do so in the near future, 2009 is the year to pull the trigger.

First time homebuyer opportunity

This coming year offers unparalleled opportunities for first time home buyers. Low house prices, low interest rates, government tax credits, IRS tax breaks, and other home buyer incentives now make it more attractive, financially, in many cases, for a person to buy and own rather than to rent.

Real estate investment opportunity

The same can be said for real estate investors. Right now, LLC's and investment clubs are springing up, like wildflowers, in our area. Investors are purchasing. Hockey great Wayne Gretzky once said ... "skate to the spot where the puck is going to be passed to.... Don't skate to where the puck currently is ..." Applying this to real estate can be explained by the following. Suppose an investment club purchased 8-10 homes, duplexes, etc., in 2009. What would these investments be worth in 10 years? Right. Time to retire and enjoy. We can help with your real estate investment goals.

Need to sell a house in 2009??

Though it may be difficult for sellers to sell right now After all you are competing against all those REO's and the low comparables they create, (that do influence your property values) our expertise can help you sell for top market value dollar. Please call or email me to discuss your individual situation.

We help homeowners with foreclosure advice, and short sales

If you need help email me or visit our websites listed on the next page.

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Local real estate statistics summary

Throughout our area real estate sales in the lower price ranges are very strong. People are buying these bank owned REO's in record numbers. Just last week we wrote an offer for a \$460K house in Dublin that is worth approx. \$500K. Within a week the bank had 7 offers and the house sold for well above asking price. In Livermore the lower price ranges are in the high \$200's to low \$300's. In Dublin it is the low \$300's. Mid to high \$300's in Pleasanton and San Ramon. Low price ranges in Tracy are approx. \$150K. \$120K—\$150K in Manteca and Lathrop. Houses in these price ranges are selling fastmonths supply, or absorption rates, are in the 2-3 months supply range. This means that home prices in these price ranges are firming up and that we are close to, or at, the bottom of the market in the lower price ranges.

Medium and upper price ranges in our areas are a different story. Months supply in the medium price range remain in the 6-8 month level Which means that there is still downward pressure on prices. Upper price ranges (+\$1M and higher) continue to struggle as buyers continue to state (by them not purchasing high priced homes ...) that the upper range prices are still too high. Absorption rate continues to be in the 1-2 year supply range Which means that prices, and market value, on these kinds of properties are continuing to decline. Bank owned REO's in the mid and upper price ranges continue to come on the market at low prices These sell rather quickly And they drive down the property values of other homes.

I hope you find this report helpful. If you know of someone who would like to receive this report please email me at realestate@tomlyons.com. I send it out on a monthly basis.

Thanks for reading.

Tom

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