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# PROPERTY TALK

Real Estate News You Can Use - 15 June – 15 July 2007



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## Where are Home Prices Most Likely to Drop?

The PMI Mortgage Insurance Co. has updated its 2007 U.S. Market Risk Index, ranking the 50 biggest metropolitan statistical areas by the likelihood that home prices will be lower in a couple of years.

Mark Milner, PMI's chief risk officer, noted that the new risk model "gives more weight to the recent volatility of an area's price movements" and underscores the point that homeownership should once again be widely regarded as "a long-term investment."

The introduction of risk ranks, which group areas with consistent characteristics together, is one other feature of the newly enhanced index.

Ranking highest on the index are such markets as Riverside, Calif.; Phoenix; Las Vegas; and West Palm Beach, Fla.; while Texas, Ohio, Indiana, and Pennsylvania MSAs made up the lowest ranked group--or those dealing with a less than 10-percent chance of declining home prices.

Source: Realty Times, Blanche Evans (06/20/07)

## Five Inexpensive Ways to Revitalize a Kitchen

**Replace the flooring.** Install laminate floor over old linoleum, vinyl or chipped tile. It costs just \$1 to \$5 a square foot and looks like wood, stone or tile.

**Replace the lighting.** A new ceiling fixture costs less than \$100 and will brighten up the place. Adding some under-the-cabinet lights will illuminate work surfaces.

**Give the cabinets a new life.** A coat of paint and new knobs is the cheapest way to go. If you're able to spend \$4,000 to \$6,000 on the project, hire a refacing company to replace the doors and drawerfronts.

**Refinish the appliances.** For a few hundred dollars, an appliance refinisher will re-enamel your stove, refrigerator

and dishwasher door in the color of your choice, including a stainless steel look-alike.

**Update the backsplash.** Replace the space between your cabinets and the countertop with fashionable stone or inexpensive wallpaper. *Source: Money, Josh Garskof (07/01/2007)*

## NORTHERN VIRGINIA AREA\* - HOME SALES REPORT - May 2007

MAY HOME SALES	2007	2006
Detached	740	827
Attached	504	648
Condos & Co-ops	572	594
Total	(-12.23%) 1,816	2,069
Average Days On Market	(+43.14%) 73	51
MAY ACTIVE LISTINGS		
Detached	4,870	5,005
Attached	2,566	3,040
Condos & Co-ops	2,804	3,509
Total	(-11.37%) 10,240	11,554
Months Supply	(+.97%) 5.64	5.58
MAY SALES PRICE		
Average	(-.8%) \$549,197	\$553,618
Median	(-3.98%) \$470,000	\$489,500
YEAR TO DATE		
YTD Homes Sold	(-4.48%) 8,010	8,386
YTD Sales Volume	\$4,239,084,396	\$4,501,374,300
YTD Average Sales Price	(-1.41%) \$529,224	\$536,773

**NOTE:** Figures are based on data extracted from the Metropolitan Regional Information System, Inc (MRIS). Figures include data collected from the counties of Fairfax and Arlington, and the cities of Alexandria, Falls Church, Fairfax, and the towns of Vienna, Herndon and Clifton. Townhouses are included as Single Family Homes. Ground Rent units are included in Condos & Co-ops. The information is deemed reliable but not guaranteed. Data maintained by MRIS may not reflect all real estate activity in the market.

## What's the Most Expensive City in the World?

Moscow is the most expensive city in the world, according to this year's annual Mercer Human Resource Consulting survey. London comes in second place, up from third last year.

Overall, Asian cities dominated the top 10 of pricey cities. On the other hand, Asuncion, the capital of Paraguay, is the least expensive city for the fifth year in a row.

Mercer surveys the [cost of living in 143 cities](#), comparing the cost of more than 200 household items.

Strong currencies dropped New York City to 15th place and Los Angeles to 42nd. No Canadian or Latin American cities were in the top 50.

## Top 15 Most Expensive Cities in the World

1. Moscow, Russia
2. London, United Kingdom
3. Seoul, South Korea
4. Tokyo, Japan
5. Hong Kong, Hong Kong
6. Copenhagen, Denmark
7. Geneva, Switzerland
8. Osaka, Japan
9. Zurich, Switzerland
10. Oslo, Norway
11. Milan, Italy
12. St. Petersburg, Russia
13. Paris, France
14. Singapore, Singapore
15. New York City, U.S.

— REALTOR® Magazine Online

## Bank-Owned Properties Drive Down Prices

Bank-owned real estate isn't being discounted, insists Patrick Carey, the executive in charge of foreclosed properties at Wells Fargo & Co.'s real estate division.

"The impact on the neighborhood and the community is vital with us," Carey says. "We don't want to flood a community with below-market-priced homes and cause further deterioration."

But research suggests that if that's true, it may be temporary. Owners are likely to discount their asking prices 20 percent or more in communities where foreclosed homes make up 8 percent or more of sales, according to the study by Christopher Cagan, an economist with title insurer First American Corp.

In 1995, at the depth of the region's last housing downturn, lender-owned homes accounted for 7 percent of all sales — and sold at an average discount of 15 percent, the study found.

Source: *Los Angeles Times*, Annette Haddad (06/08/07)

## What to Know About Using IRA Money for Real Estate

Self-directed IRAs give investors lots more options than do traditional company-sponsored retirement plans, including the option of investing in real estate.

For many people, real estate is the alternative investment of choice, according to Tom Anderson, president of PENSCO Trust, a custodial firm specializing in self-directed IRAs.

"The slowdown in the real estate market really hasn't affected our business because we're talking about investment properties versus personal residences, and people are taking advantage of down market opportunities," he says.

The rules and regulations for investing an IRA in real estate are complex, and failure to pay attention will result in substantial taxes and penalties, experts say.

Accountant Ed Slott, founder of the [IRAhelp.com](http://IRAhelp.com) Web site, offers these suggestions:

- Set up a separate IRA for real estate investments. Even if only a small portion of the IRA is used for real estate, the IRS could penalize the entire balance in a prohibited transaction.
- Check the investment scenario with custodians and other professionals who have experience in these transactions and can spot red flags.
- If possible, choose to invest in a Roth IRA. The money in the Roth has already been taxed and any distributions, including capital gains on the property, are generally tax-free.

Source: MarketWatch, Marla Brill, (06/06/07)

## Feature Property of the Month

<p><b>WHY FIGHT TRAFFIC?</b> 8009 ELLET RD, SPRINGFIELD, VA 22151</p>	<p><b>\$455,000</b></p>	<p>4</p>	<p>2</p>	<p>0</p>
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CENTRALLY LOCATED 4 BLOCKS TO 1495! WHY FIGHT TRAFFIC WHEN YOU CAN SLEEP-IN & GET HOME IN TIME FOR DINNER! THIS 4 BR/ 2 FULL BATH HOME HAS TIMELESS PRACTICALITY.

SCREENED IN PORCH. FENCED BACKYARD, BEAUTIFUL OAK FLOORS, ATTIC STORAGE, STORAGE ROOM, 2 MASTER BEDROOM AREAS, VERY LARGE CLOSETS!

HOME WARRANTY. YOUR NEXT HOME!

Annual Taxes: \$4,145 HOA: 0 /month  
Schools: Ravensworth, Poe, Annandale

Call Lance: 571-230-7010 for more information

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