

YOUR MARKET UPDATE | AT-A-GLANCE

A Look at What's to Come in 2015

Compared to years past, 2014 could be considered one of the most successful for the real estate industry. As we discussed in our last issue, the mortgage market has improved for select homebuyers seeking jumbo loans, and this availability of funds reverberated throughout the rest of the real estate market, revitalizing an industry that has endured a challenging few years.

So to prepare for the upcoming new year, we will explore and delve deeper into a few issues and opportunities that homebuyers and sellers will encounter in 2015.

First, the US economy is in a stronger position than it's been in nearly five

years. Frank Nothaft, Freddie Mac's chief economist observed that "(t)he good news for 2015 is that the U.S. economy appears well-poised to sustain about a 3 percent growth rate in 2015 — only the second year in the past decade with growth at that pace or better."

He adds "Governmental fiscal drag has turned into fiscal stimulus; lower energy costs support consumer spending and business investment; further easing of credit conditions for business and real estate lending support commerce and development; and consumers are more upbeat and businesses are more confident, all of which portend faster economic growth in 2015. And with that, the economy will produce more and better-paying jobs, providing the financial wherewithal to support household formations and housing activity."

Another issue looking to significantly impact consumers throughout the nation is how the housing bubble from earlier in the 21st century is beginning to dissipate under a new appreciation of the laws of supply and demand and a return to fundamentals. According to David Cabot, President and CEO of Berkshire Hathaway HomeServices California Properties, "Thanks to a renewed understanding of the role traditional market fundamentals such as stable job growth and household formation play in home values, the market should be less affected by variables such as supply fluctuations and across-the-board speculator demand going forward into the new year."

Furthermore, increased investment by foreign parties in homes and other properties across California will likely increase throughout 2015, meaning that

homesellers may entertain offers from not just down the street, but around the world. According to a study published by the Urban Land Institute, in the 12 months ending July 31, 2014, \$50.3 billion in globally sourced capital acquired U.S. real property. With increased economic stability at home, and increased volatility abroad it would be wise to speak to your real estate agent about taking advantage of this growing demand and promoting your property on foreign markets, if applicable.

The single unifying thread throughout each one of these opportunities is how your real estate experience, be it buying or selling, can be facilitated and improved by the use of modern technology. Personal networks and social media are going to continue to become a major asset to help just about everyone find or sell the right home. Social networks like Facebook, Twitter, and Pinterest make it easier for friends and family to easily share information about opportunities, link to addresses, and even give directions directly to smartphone GPSs. Even better, the ability to tour a property online all without ever having to get off your couch or off your phone means regardless of the hour or weather, your new home may be only a keystroke away any time of day .

All in all, 2015 for the real estate industry is one of bountiful opportunity for consumers if you make the right moves and embrace the tools available to you. While nothing is ever for certain, and one must always be mindful of overreaching or risking too much, it is fair to say that cautious optimism should prevail throughout the next 12 months.

ADVICE FOR SELLERS

If you are looking to sell, and have the equity in your home, now may be the time to make those household improvements that can really increase your home's value or curb appeal. Small investments can pay large dividends if you focus on the right areas of your property. Consult your local real estate agent to see what parts of your home make the best investments when it's time to sell.

ADVICE FOR BUYERS

If you are considering putting money into an investment property, 2015 could be the right time to maximize your return. Although the market is stable, interest rates may continue to rise as the economy recovers and may reduce the available opportunities for you to find the right property.