

ARETSI | TRENDS

THE BEST TITLE MAGAZINE
ALL REAL ESTATE TITLE SOLUTIONS

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REAL ESTATE AGENT
THIS IS FOR YOU

LISTING SUPPORT PROGRAM

The **Listing Support Program** is designed to help Real Estate Agents with listings of their homes for sale, we provide different tools that facilitate the listing process and allow you to focus on getting more business. For more information visit www.aresifl.com/news

2020 REAL ESTATE TRENDS: WHAT YOU NEED TO KNOW

Wow, 2019 was quite a year for the U.S. housing market. Median home prices went all the way up to \$316,000—a record high! Will 2020 bring more of the same results? How will the housing market shake out in the current economic climate?

Whether you're selling, buying or staying put, here are the 2020 real estate trends you need to know!



Real Estate Trend #1: Home Prices Are Still Rising Slowly

Okay, let's start with home prices. Overall, home prices grew slower in 2019 (3.3%) than in 2018 (5%). And this year seems like it will be no different. In fact, real estate gurus predict that home prices will only rise by 2.8% in 2020.² So, you'll likely see home prices continue to creep up, but they probably won't knock your socks off with rapid growth like we've seen in previous years.



Real estate gurus predict that home prices will only rise by 2.8% in 2020.

What Higher Prices Mean for Sellers

A nice profit may be on the horizon! But also keep in mind that a lot of buyers are being priced out of the market at the moment, which could lead to fewer offers for your home. So, what should you do about this? Be aware of your competition. With less offers to go around, you want your home to really stand out from similar ones in your area. Prepare your home for potential home buyers and work with a real estate agent to help you list your home at the right price.

And be sure to wait for the right offer. Some buyers may try to gut punch you with a low number. If you aren't in a hurry to move, wait for an offer that gives you the most profit. Remember, the less desperate person always has the upper hand when negotiating!

What Higher Prices Mean for Buyers

If you're going to buy a home in this expensive market, you absolutely must find out how much house you can really afford.



Commit to staying within that budget amount. Don't rush into a home purchase that doesn't make financial sense for you no matter how much pressure you feel watching competitors pluck good homes off the market. You could screw up your finances!

If you can't put down at least 10% on a 15-year fixed-rate conventional loan, then you probably can't afford a house in this market. A down payment that's less than 10% will strangle your budget with massive monthly mortgage payments. But if you want to get prepared to buy and you're committed to your budget, here are some options to consider:

- **Keep saving.** If you stay patient and motivated.

- **Sacrifice some wants.** If you can't afford to buy the house you want, be willing to give up some "nice-to-haves" for your "must-haves." Find the least expensive home in the best neighborhood you can afford and you can upgrade as your income and savings increase over time.
- **Expand your search.** What if the location where you're planning to buy is what's busting your budget? You might be surprised at the gem you can find in a less popular neighborhood. Working with a real estate agent who really knows the area is the best way to find a home that fits your budget and lifestyle.

Real Estate Trend #2: Mortgage Interest Rates Are on the Decline (for Now)

Mortgage interest rates have been going down in 2019—steadily dropping below 4% for common types of loans. In 2020, economist geeks think interest rates will stay around 3.7% for a 30-year mortgage and 3.2% for a 15-year mortgage (the only type of mortgage we recommend).

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What every Realtor should know about Owner's Title Insurance.

Make sure all of your clients are protected

You're a realtor, so you know that buying a home can be overwhelming for your clients. Homebuyers can feel confused and frustrated by the mounds of paperwork they have to sign. Plus, the fees associated with closing can sometimes be overwhelming even to an experienced buyer.

Owner's title insurance is one of those items often misunderstood by homebuyers at closing, yet its value is tremendous. As an important advisor to your clients, you are in a position to help homebuyers understand the benefit of an owner's title insurance and the dangers that can be incurred without it.

WHAT IS TITLE INSURANCE

The owner's title insurance is a policy that the homebuyer obtains to protect against possible claims on the title. This means that the owner's title insurance protects the property rights of the buyer. for more information about title insurance contact us at (813) 876 - 4373

ENDURING VALUE

The good news is that owner's title insurance protects the homebuyer's financially, as long as they own their home. for a low, one-time fee, homebuyers can rest assured, knowing they are protected against possible debts or claims to their property.

HOW IT PROTECTS

Obtaining an owner title insurance policy is the best way to be protected against unforeseen legal and financial discrepancies over the title of the property.

Some examples of unforeseen lawsuits include:

- *Pending mortgages and lawsuits or lien against the property for non-payment of taxes from the seller.*
- *Legal action pending against the property that could affect you.*
- *Undisclosed heir of a previous owner who claims ownership of the property.*
-

If a problem does arise, the insurance company will pay to have the problem resolved for the client. (Clear the title) If the problem can't be solved the insurance company will pay you the price you paid for the home. That's peace of mind.



What Lower Rates Mean for Sellers

If interest rates stay low, buyers will be more motivated to buy your home sooner than later. But if interest rates do start to increase later in the year, just plan for your house to be on the market a little longer. A mortgage is a big commitment, and adding higher interest rates to the mix will make many buyers pause.

An experienced real estate agent can help you set expectations for how much you can make, and how long you'll have to wait for the right offer.

What Lower Rates Mean for Buyers

Even though interest rates are relatively low, if you're not buying with cash, be smart and go for a conventional 15-year fixed-rate mortgage. That way, you know exactly what your payment will be over the life of the loan.

Real Estate Trend #3: The Majority of Home Buyers Are Still Millennials

That's right, our final trend is about who is buying homes. And once again, millennials took the lead as the largest group (37%) of home buyers last year.

What is a millennial exactly? Well, the nerdy answer is anyone born between 1980 and 1998. The easiest way to spot a millennial home buyer? They can't wait to post a pic of their new home on Instagram!



What Millennial Buyers Mean for Sellers

Here are three important words: Know your buyer. In a nutshell, millennials are internet savvy and do their research before house shopping. Here are some tips:

- **Upgrade your online listing.** Virtually all millennials (98%) use the internet for their home search—and more than 80% of them found their home on a mobile device last year.⁷ So, you need to make the best possible impression on the internet. Make sure you invest in high quality listing photos, and, for extra measure, consider taking video footage to give them a digital tour of your home.

- **Highlight perks over size.** Yes, square footage matters. But millennials are more concerned about their commuting costs and how close their new home is to schools. In fact, most millennial buyers said they were least likely to compromise on school and neighborhood quality when deciding which home to buy.⁸ So, highlight the benefits of your home's fabulous location instead of wasting time trying to sell on its size.
- **Know popular features.** Here are some of the top home features millennials want: laundry room (86%), hardwood front exterior (81%), patio (81%), garage storage (80%), and a walk-in pantry (79%).⁹ If you're thinking of making some upgrades to your home, choosing one of those might have millennials showering you with offers when you're ready to sell.



What Millennial Buyers Mean for Buyers

Okay, if you're looking for a three-bedroom, single-family home in the suburbs, expect to have a lot of competition. You may have to reprioritize what you want in a dream home. Follow these tips:

- **Know what you want.** Decide what you absolutely need in a home. If you're married and house hunting, you and your spouse need to agree on must-haves. Compare your individual lists and combine them for your real estate agent to use as the foundation of your home search.



- **Write a letter.** Sending a personal story to your seller might be just the thing that makes you stand out from similar offers. Nashville couple Abby and John included a personal letter when they made an offer on their home. “We sent the sellers a personal letter with our offer,” Abby said. “The best thing you can do is to include in the letter things you love about their house. If they have a deck or screened-in porch, tell them how you envision using the space. We did that and the sellers accepted our offer—out of multiple offers—within 24 hours.”
- **Hire an experienced pro.** Last year, nearly 90% of millennial home buyers used real estate agents to purchase their homes.¹⁰ Think they’re onto something? You bet! Save yourself the stress of trying to buy on your own. Get the help of a real estate pro so the home-buying process is smooth for everyone involved.

What If I’m Not Buying or Selling a Home This Year?

You may be thinking, All this is great, but I’m not going anywhere anytime soon. We hear you, and here’s what you should know for now:

1. Equity is unlikely to decrease through 2020.

With most housing markets at low risk for a downturn, the 2019 Housing and Mortgage Market Review estimates home prices will continue to rise for the next couple of years.¹¹ Woo-hoo for sellers! If you sell your house before 2022, you’ll likely still make a nice profit. Continue to monitor how much your home is worth to make sure your equity (what your home is worth minus how much you owe on it) is going up.





2. From what we can see, the real estate market is not going to crash.

With price growth slowing down, some folks are wondering if the housing market could collapse again. Well, it's impossible to know for sure, but a number of factors indicate a housing crash is unlikely—as long as tariffs and trade wars don't cause a dramatic ripple effect. But economists say we seem to be in good shape since people are spending money and new job opportunities keep popping up.

3. Regardless of your neighborhood, buyers are interested.

Since home prices have experienced rapid growth over the past few years, some buyers may be less choosy. In fact, determined ones might be willing to consider neighborhoods that don't have easy access to highways or aren't in close proximity to a big city. If you think you live in an unpopular neighborhood or believe your home isn't what buyers are looking for, think again. Now may be your perfect time to consider selling.

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TITLE PROCESSING

- Concierge Experience
- 100% Bilingual Staff
- Closings in English & Spanish
- Proactive Communications
- Exceptional Treatment
- *Check Entire Chain of Title*
- Check & Clear Liens
- Arrange Payoffs
- Conduct Closings
- Record New Title & Docs
- *Title Search*



CONTINUING EDUCATION

To succeed you must always be learning

We conduct seminars and webinars to keep you current with the industry and new sales and marketing techniques that are working for agents throughout the country.

MARKETING CONSULTING

Everyone can improve their marketing!

Expert marketing consulting covering the following:

- * Creation of a Presence
- * Branding
- * Lead Generation
- * Follow up
- * Marketing Tools

Programs are provided on a case by case basis for individuals or groups.





Is investing in single-family rentals a bad idea?

Wealth manager's scathing critique of the asset class comes after Blackstone liquidated its position in the market

A few well-funded tech startups have sprung up recently to help everyday people invest in single-family rentals, touting such homes as an under-appreciated, high-performing asset class.

However, the CEO of a money manager with \$22 billion in assets under management, WealthFront, recently published a blog post that warned against parking capital in single-family rentals. Bear in mind that this CEO, Andy Rachleff, has an interest in bashing single-family rentals. WealthFront is in the business of funneling people's wealth into the stock market. But there is another sign that the investment's heyday may also be drawing to close: namely, private equity giant Blackstone's full exit from this market.

Rachleff ripped into single-family rentals on the basis of what he said are their four primary shortcomings: no guaranteed income, low returns, lack of diversification and lack of liquidity.

In the post, he says single-family rentals aren't certain to generate income because they may take some time to command enough rent to offset acquisition and holding costs, including mortgage payments and property taxes. And even when rent begins to generate a profit, returns tend to be low compared to the stock market, he said. That's in part because publicly-traded equities historically appreciate at a significantly higher rate than home prices, according to Rachleff.

Rachleff also points out that it can be much more difficult for single-family rental investors to diversify their portfolios. Buying shares in a real estate investment trust (REIT) effectively spreads an investment across thousands of properties. And pouring money into ETFs (Exchange Traded Funds) distributes capital across many corporations. But buying a single-family rental concentrates funds in a single property. This puts a considerable amount of capital at the mercy of a single local housing market, as well as the vagaries of individual tenants.

Rachleff's last argument against directly investing in single-family rentals (you can do this indirectly by investing in a REIT that owns thousands of single-family rentals) is that the assets are not liquid. Selling a home is much more time-consuming and expensive than cashing out a stock.

While Rachleff's arguments are targeted at individuals, there's little denying that giant investors made a killing off single-family rentals. They binged on homes — many of them foreclosures — during the housing slump to capitalize on bargain-basement prices and heightened rental demand.

But as these investors have slowed their purchases of single-family rentals, they have created side businesses to finance loans for smaller investors to buy such properties, helping with the task of offloading their own holdings. Startups such as Roofstock, meanwhile, have also emerged in large part to help Wall Street sell these homes to smaller investors and individuals.

And in something of a turning point, Blackstone, the first Wall Street player build a single-family rental empire, recently left the market entirely, according to Bloomberg. It sold its remaining stake in the single-family rental behemoth that it created, Invitation Homes. These developments suggest that the most sophisticated investors have decided that higher returns lie elsewhere — consonant with the Rachleff's self-interested argument.

But Roofstock CEO Gary Beasley says Rachleff's assessment ignores the data.

"In fact, over the past 30-years single-family rentals have performed in line with stocks, with much less volatility and in a manner that lacks correlation to equities," he said.

Citing the performance of single-family rentals during the housing slump, he added that "there is actually a defensive element associated with owning rental homes, since fundamental demand for the product (from renters) can actually increase during recessionary periods as fewer people are in a position to own homes."

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GIVING JOY THIS CHRISTMAS!

At All Real Estate Title Solutions we were committed this year to the neediest of children. We decided to make a toy collection during our annual Christmas Party.

Many times doing something different is the best way to do something good, in this case, we ask all party guests to bring a toy for donation. This initiative was very well received by our community, because it gave joy to many children this year.

After a difficult decision, the toys collected were donated to Shriners Hospital for Children in the city of Tampa. We want to thank all the people who collaborated and helped us to Give Joy this Christmas! This initiative will continue from now on to give smiles to the neediest of children.



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