

# APPRAISAL CORNER

## 2009 – DID WE FINALLY HIT BOTTOM?

If you care to think back to March of 2009, you were thinking that the world was coming to a swift end for sure. Not only did the DOW collapse to below 7000, but if you needed to sell your home, you couldn't give it away!!

Needless to say, the bulk of decline in prices occurred during the first two quarters of 2009 – maybe as much as 10%. Fortunately, the third and fourth quarters settled in and added to maybe just another 2 – 3% decline. Clarkstown, which is the town we have been charting for over 40 years, fared a bit better than the County in general – approximately 8% decline for the year. Therefore, the typical, bi-level of \$471,000 at year end 2009 is now \$433,000.

So, did we hit bottom? Most of the bleeding is over and 2010 should be a near level year. However, the lack of consumer confidence; the fear of losing your job; the rising unemployment rate; the amount of homeowners under water; and the failure of this administration to specifically attack the “real estate problem” will more than likely overwhelm the upside variables (low interest rates, stimulus money, etc.) and probably result in one more year of declines. They will, however, be much smaller – maybe in the 2 – 3% range. The earliest I see a rise in values is 2011.

The situation can change faster, if this administration would commit more money to the industry in a different way. Many say that the construction industry is only 5 – 10% of our economy. I believe it is more like 20 – 30%. The construction industry has many tentacles. Builders presently have their hands tied since it is impossible to compete with the discounted existing houses for sale. The key is to start moving existing inventory so builders can start building again. When a builder starts building, a domino effect begins: lumber yards thrive, excavators thrive, masons thrive, framers thrive, plumbers thrive, electricians thrive, etc. Now let's add furniture stores, carpeting stores, landscapers, equipment, etc., etc. – in short, America begins to move forward.

So, how do you deplete the existing inventory? You redirect money to where it will do well. For example:

- \$25,000 CASH to a first-time buyer who buys a new home
- \$20,000 CASH to a first-time buyer who buys any existing home
- \$15,000 CASH to anyone who buys any house, even an investor  
(All plans terminate 12/31/2010)

This will clear up the mess we are in quickly. The Government should redirect some of those hundreds of billions, most of which is wasted. They may need to redirect as much as 200 billion, but you will see results quickly.

So, in conclusion, write to your Congressman and tell them to spend money where it will do some good, otherwise we will stay in this mess for many years to come.

Happy New Year, Looking Forward to a Better Year and God Bless,

*Tony Balletta*

## MARKET PERFORMANCE CHART - 42 Years

The Chart below analyzes the market value of Rockland County's most popular home, the “**48' Hi Ranch**” from 1965 to the present. The typical house analyzed is a 20-30 year old 48' Hi Ranch with 4 bedrooms, 2 ½ baths, 2 car garage on a 1/3 – ½ acre site with no extras. The house is assumed to be in “average” condition and would be located in Clarkstown.

The figures below are not from a Federal or State Index or from the Local M.L.S. or Board of Realtors. The figures are a result of an annual personal study by Anthony Balletta (Licensed Real Estate Broker and an Appraiser). The figures are only approximate and are not to be used for appraisal purposes.

YEAR	APPRECIATION	MARKET VALUE
1965	0%	\$30,000
1966	6%	\$32,000
1967	6%	\$34,000
1968	7%	\$36,000
1969	9%	\$39,000
1970	9%	\$42,000
1971	9%	\$46,000
1972	10%	\$51,000
1973	7%	\$54,000
1974	0% RECESSION	\$54,000
1975	6%	\$57,000
1976	6%	\$62,000
1977	8%	\$67,000
1978	10%	\$74,000
1979	20%	\$89,000
1980	9%	\$98,000
1981	4% RECESSION	\$102,000
1982	3% RECESSION	\$106,000
1983	24%	\$132,000
1984	23%	\$163,000
1985	24%	\$202,000
1986	22%	\$246,000
1987	-3% CORRECTION	\$238,000
1988	-3% CORRECTION	\$231,000
1989	-4% CORRECTION	\$222,000
1990	-5% RECESSION	\$211,000
1991	-5% RECESSION	\$200,000
1992	0%	\$200,000
1993	+1%	\$202,000
1994	+1%	\$204,000
1995	+1%	\$206,000
1996	+1%	\$208,000
1997	+5%	\$218,000
1998	+14%	\$248,000
1999	+16%	\$287,000
2000	+16% UNPRECEDENTED	\$333,000
2001	+11% 8 YEAR PERIOD OF	\$370,000
2002	+14% APPRECIATION	\$422,000
2003	+9%	\$460,000
2004	+11%	\$511,000
2005	+9%	\$557,000
2006	-2% CORRECTION	\$545,000
2007	-3% CORRECTION	\$529,000
2008	-11% RECESSION	\$471,000
2009	-8% RECESSION	\$433,000

(Approximate 7% Annual Appreciation)