Real Estate Digest

TIGER ABSTRACT
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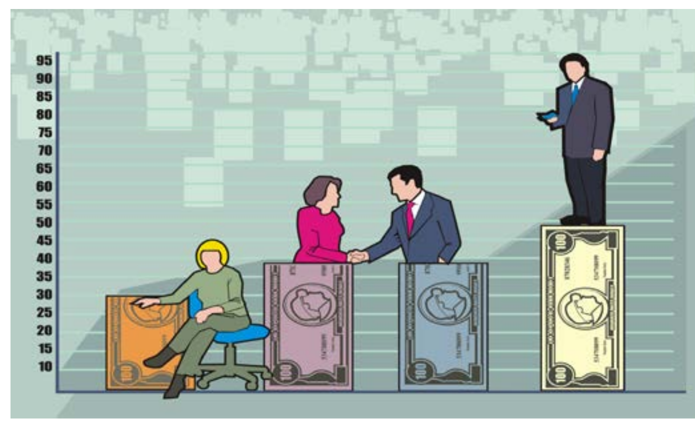
The New Star System: Online Agent Ratings Increasingly Drive Business

Consumers are voraciously reading and writing reviews for everything these days. Including you. And those reviews may go far in determining how much business you get and how hard or easy it is to acquire it.

As a result, managing your online reputation has become critical to nurturing your network and creating new opportunities. Consider that an agent with five or more reviews on Zillow gets nearly three times as many contacts as those without reviews, says Greg Schwartz, chief revenue office for Zillow.

Agent reviews have become extremely widespread — Zillow alone has 420,000 reviews (and counting) on its site. And over at Trulia, agents with 100 percent complete profiles get 20 times more views, notes Ginger Wilcox, Trulia's director of industry marketing.



Managing Reviews

Site policies differ on whether agents can manage their reviews and recommendations. Some sites let agents decide which reviews to include, while others don't. Busier agents are also more likely to displease some buyers, says Todd Hetherington, CEO of NM Management, the parent company of Century 21 New Millennium.

"If you are doing 80 transactions a year, it's more likely you'll get a negative review

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than if you're doing only eight transactions a year," he says, noting that his company does not enable agents to decide which feedback to include.

Schwartz explains that Zillow's reviews are moderated by a Zillow employee to ensure they remain robust, noting that the site moderates for fakery, such as agents reviewing themselves or reviewing other agents, as well as appropriateness of content. He notes that most reviews are positive, but Zillow does publish negative reviews, as long as they are in line with site policies.

Trulia gives agents the ability to manage their profiles and decide whether to include negative feedback, says Wilcox. "Agents can filter out negative feedback. We recommend that people leave in reviews that are negative, but we wanted to give agents the ability to eliminate a review if it might negatively impact their brand."

Call to Excellence?

Ultimately, most observers believe that online ratings encourage agents to deliver excellent customer service. The thinking goes that if agents know they're going to be graded and reported, they'll do a better job and offer better customer service.

You can set the proper expectations about reviews on the front end with clients. Let them know that your job is providing outstanding service, and you hope the just reward will be an honest rating at the end of the transaction.

TRENDS

Adios FSBOs?

For Sale By Owner transactions, once a thorn in the side of agents and brokers, are on the decline primarily because of difficulty in dealing with paperwork and sellers' inability to receive their asking price.

The NAR's Profile of Home Buyers and Sellers shows that FSBOs accounted for nine percent of sales in 2013, matching the record lows set in 2010 and 2012. The highest percentage was 20 percent in 1987, NAR said.

"Factoring out private sales between parties who knew each other in advance, the actual number of homes sold on the open market without professional assistance was six percent," the report said.

The median sales price for owners who used an agent was $230,000, well above the $184,000 median for a home sold directly by an owner. The most difficult tasks reported by FSBOs are getting the right price, preparing or fixing up the home for sale, and understanding and completing paperwork.

Investors Target 'Hipster' ZIPs for Rental Returns

Hipster just might be as cool as they think they are. Take a look at their effects on housing.

The hipster lifestyle can have a "major impact on local real estate markets, and mostly in a positive way," says Daren Blomquist, vice president of RealtyTrac. Neighborhoods that are branded as "hipster" often offer trendy restaurants, coffee shops and other amenities — and that's likely to prompt property values and rental rates to rise, Blomquist says.

Savvy real estate investors are even targeting hipster markets to purchase rental properties, betting that they will offer up steady cash flow and strong appreciation.

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RealtyTrac analyzed ZIP codes across the country to identify "hyper-local hipster" markets that offer investors solid returns on rental properties and boast low vacancy rates. For its survey, RealtyTrac identified ZIP codes where at least 20 percent of the population is between 25 and 34 years old — prime hipster age. RealtyTrac also looked at densely populated neighborhoods that are walkable or use public transportation, and where renters account for at least 50 percent of all housing units and vacancy rates are five percent or less.

The following "hipster" markets offered some of the highest gross yields in rents for investors, based on fair-market rents and median home prices:

	(Gross Rent Yield)
St. Paul, Minn. (55101):	13.98%
Pittsburgh (15203):	10.84%
Norfolk, Va. (23510):	7.96%
Minneapolis (55401):	7.76%
Alexandria, Va. (22304):	7.66%
East Rutherford, N.J. (07073):	7.06%
Arlington, Va. (22203):	6.69%
Iowa City, Iowa (52246):	6.49%
Seattle (98121):	6.18%
Bellevue, Wash. (98007):	5.95%
Minneapolis (55408):	5.93%
Sunnyside, N.Y. (11104):	5.90%
Hoboken, N.J. (07030):	5.88%
Astoria, N.Y. (11102):	5.68%
Brooklyn, N.Y. (11232):	5.66%
Silver Spring, Md. (20910):	5.46%
Chicago (60625):	5.18%

North America Returns to Top of Relocation List

North America has traded places with China as the world's No. 1 destination for business relocations, according to a Cartus Corporation survey of 157 international mobility managers.

The poll of companies worldwide showed that 51 percent named the United States, Canada and Mexico as having the most business potential in the coming years. China came in second, followed by Europe, and Central and South America.

"In general, the United States is still at the top of the list of global destinations for transferring employees because it remains the largest economy in the world and, combined with the rest of North America, remains atop everyone's list of places where businesses need to move top talent," said Matt Spinolo, executive vice president of Cartus.

The companies again named "controlling costs" as their No. 1 concern in employee relocation. Finding suitable and affordable housing was the No. 2 concern.

Americans Moving Less

The Census Bureau reports that 35.9 million U.S. residents — about 11.7 percent of the population — moved between 2012 and 2013. The rate was slightly down from the 2012 rate of 12.0 percent.

The Bureau found that nearly two-thirds of movers stayed in

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the same county, and of those who left their county, 40.2 percent relocated less than 50 miles away. Only 24.7 percent moved 500 or more miles to their new location.

About 24.9 percent of renters moved between 2012 and 2013, compared with 5.1 percent of owners.

Other highlights:

- The Northeast had the lowest mover rate among regions (7.8 percent), followed by the Midwest (11.0 percent), South (12.8 percent) and West (13.4 percent).
- The single-race black population had the highest mover rate (15.0 percent) among ethnic groups, followed by Hispanics (13.9 percent), single-race Asians (12.6 percent) and single-race whites who were not Hispanic (10.3 percent).

MARKETS

Built-to-Rent New Homes on the Rise

Thousands of single-family homes are being built to rent rather than sell. More homebuilders and investors see it as an income-generating investment at a time when the pool of first-time homebuyers is shrinking.

The percentage of homes built specifically as rentals was 6.2 percent last year — a record high, according to Census Bureau figures.

For example, in the Atlanta area, a five-bedroom, three-bathroom new home that may have sold for less than $200,000 can fetch $1,300 a month in rent.

“New homes still command a premium with renters,” the New York Times reports.

For investors, a new home can offer “fewer repairs, lower maintenance, and it looks great to the tenants,” says Bruce McNeilage, the managing partner of Kinloch Partners, a Nashville-based real estate investment company that has been acquiring model homes in the Atlanta area to turn into rentals. “You can get maximum rents, and people are going to stay in them for a while because they’re brand-new.”

However, some homeowners say they’re concerned about investors turning their new subdivisions into neighborhoods of renters. They fear it will worsen property values.

Some firms say they try to avoid buying up blocks of rentals in one subdivision.

“We never do more than 20 or 25 percent of a subdivision — we like to spread it out as much as possible,” says James Breitenstein, CEO of San Francisco-based firm Landsmith, which has built about 1,000 homes for rent in Houston, Indianapolis and Kansas City. “We don’t want them to become rental communities.”

Are Short Sales Losing Favor With Lenders?

As home prices rise, lenders are showing less willingness to grant short sales, RealtyTrac reports. The number of short sales has been gradually dropping the last few months. Short sales represented 5.3 percent of all sales in late 2013, down from 11.2 percent in late 2012, according to RealtyTrac data.

NAR recently reported that short sales tend to sell at an average discount of 14 percent below market value.

“After a surge in short sales in late 2011 and early 2012, the

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favored disposition method for distressed properties is shifting back toward the more traditional foreclosure auction sales and bank-owned sales," says Daren Blomquist, vice president at RealtyTrac. "The combination of rapidly rising home prices — along with strong demand from institutional investors and other cash buyers able to buy at the public foreclosure auction or an as-is REO home — means short sales are becoming less favorable for lenders."

Foreclosure auction sales to third parties accounted for 2.5 percent of all sales, nearly double the rate of a year ago, when at 1.3 percent, RealtyTrac reports. Sales of REO homes repossessed by banks made up 9.6 percent of sales, about the same percentage as a year ago.

In some states, short sales still remain a high proportion of all sales. RealtyTrac notes that the states with the highest percentages of short sales were: Nevada (14.2%); Florida (13.6%); Maryland (8.2%); Michigan (6.7%) and Illinois (6.2%).

INDUSTRY

Time Is Now to Sign Up For ".realtor" Domain

If you're an official member of the National Association of Realtors, now is a great time to sign up for a top-level web domain at ".realtor". The .realtor domain could be used as an alternative to the more familiar ".com" or ".net" domains common on the Internet.

NAR said the first 500,000 Realtor members to sign up would receive a one-year license free. Realtor members in the United States and Canada will be permitted to use the .realtor domain. Realtor boards and associations also will be granted permission.

For more info go to: www.signupfordotrealtor.com. Actual sites are expected to launch by spring 2014.

Freddie Mac Teaches Agents to Sell REOs

Freddie Mac has launched an innovative effort to train real estate agents to preserve local home values and stabilize communities through more effective sales of properties in its "HomeSteps" REO program.

HomeSteps Vice President Chris Bowden said, "The new Certified Community Stabilization Expert certification program distills the REO sales and community preservation lessons of the past four years to give brokers a practical guide for boosting REO sales and stabilizing communities."

The CCSE program is an eight hour online course teaching the latest lessons for selling REO homes, stabilizing property values and revitalizing communities hit hard by the foreclosure crisis.

The program is approved for six hours of continuing education credit for real estate professionals in eight states: California, Florida, Georgia, Nevada, Ohio, Pennsylvania, Texas and Washington. For more, visit www.freddiemac.com.

AGENTS' CORNER

Mid-Winter Blues? Tips to Heat up Sales

Sellers tend to avoid listing in the midst of winter because of the short days, wintry weather and conventional wisdom that says buyers are waiting until spring to look. But winter is a great time for buyers

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and sellers, says Tim Deihl, associate broker at Gibson Sotheby's International Realty in Boston.

"A seller who's looking to move a piece of real estate during the winter is a seller who needs to sell, because nobody in their right mind would pick that as the most convenient time to list their property," Deihl says.

The biggest downside is the limited supply of for-sale homes, which occurs mainly because sellers are so uninterested. But if buyers can't find a home they like, you might be able to tap into homes that aren't on the market with these techniques:

- Research what brokers call "old expires" — homes that were listed several years ago but weren't sold.
- Send letters to homeowners in your preferred neighborhood, trawling for someone willing to sell a home that meets your criteria.
- Call brokers who sell a lot of homes in your target area and ask about homes that aren't yet listed, but are being prepped for sale and are "coming soon."

Less competition from other buyers might mean you'll be able to negotiate a favorable price.

"Those properties often times are priced to sell," Deihl says. "It could be an opportunity to invest a little bit of time during an otherwise very slow time of the year to get a better investment opportunity."

One pitfall in mid-winter house shopping is that homes in cold-weather states might have defects hidden by snow, only to be discovered by thaw in spring. Photographs of the home taken earlier in the year and a home inspection can help mitigate some of that risk.

It Pays to Pay for Professional Photos

Professionally photographed homes tend to sell for more money and sell faster than homes listed with point-and-shoot cameras, according to a new study by the real estate brokerage Redfin.

The study found that homes priced between $200,000 and $1 million sold for an average of $3,400 to $11,200 more than their list prices when professionally photographed than homes with amateur photos. For homes priced between $400,000 and $499,999, the study found that homes professionally photographed sold for $11,200 more.

In an analysis of 22 markets, the Redfin study evaluated the sales success of homes shot professionally with a digital single-lens reflex camera versus homes shot with amateur point-and-shoot cameras. The study evaluated homes priced between $200,000 and $1 million.

The study also found that homes that were professionally photographed also tended to sell faster. For instance, homes in the $400,000 range that were professionally photographed sold 21 days faster than those photographed with point-and-shoot cameras.

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