



The Rich Life

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The Sun Returns?

Hello!

We're finally getting close to summer. The weather should be improving any minute now, although with the rain in the past few weeks, one would wonder why it has been feeling more like Autumn or early winter.

The real estate market has seen an increase in activity, but prices in some areas have continued to slide downwards. Part of the reason is that sellers are getting anxious to sell, as the time necessary to find a buyer and close on their properties has increased when compared to the past few years.

Additionally, problems in the mortgage industry have meant that ready and willing buyers are having more difficulty obtaining loans and are taking more time to close on their purchases.

Core Seattle and eastside markets remain stronger than counterparts farther north and south. In some neighborhoods, prices have continued to increase as inventory remains low. In general, more and more good deals are showing up, though, especially from owners who must sell.

- Rich

Another Postage Rate Increase. . .



If you've been noticing that the frequency of stamp price increases has been going up, you're paying attention!

In 2006, legislation was passed to allow the post office to increase the price of stamps every year to account for inflation. In 2007, the CPI inflation measure was 2.9%, corresponding to a roughly 1 cent increase in the cost of stamps.

The rate change became effective last month. If you've got a stack of the forever stamps, you have nothing to worry about, as those stamps will always be good for letter-weight, first-class mail.

If you're still holding onto 41 cent or even 39 cents stamps though, fear not. I've included a sheet of 1 cent stamps here to save you the hassle of standing in line at the post office to get them.

I do recommend picking up some forever stamps though—they will be handy for future rate increases.



This new construction home in South Seattle dropped in price from a high of nearly \$700,000 to just under \$475,000.

Great deals? They're out there as sellers become more motivated to sell. Contrary to conventional wisdom, there are deals that are good AND true.



As I travel around the greater Seattle area for my business, I get a good sense of how different communities are faring in the changing economy. Gas prices, for one, can be vastly different depending on what part of town you drive through.

The Local Real Estate Market

And so it is with real estate prices too. The media has continued to report a downward trend in pricing for the greater Seattle area.

There are particular neighborhoods that have been hit hard due to high inventory levels, owners who must sell, and a lack of buyers. But there are also communities and types of properties in Seattle that are doing relatively well. Generally speaking, some of the northern neighborhoods are faring relatively well in this market, as are condominiums. Many

new construction properties are offering very enticing deals to attract interest from buyers.

Willing and able buyers are out there. Great deals are becoming more common, so for sellers, it's not enough to just have a competitive price, you must have a compelling price that draws buyers to your property.

It's a changing economy, but it's also during these times of change that opportunities arise.

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For comprehensive real estate news and info, visit my website at www.richtao.com

Should you buy, sell or hold? And When Should You Start Buying Again

– By Matt Scott www.dealmakerscafe.com

[Matt is an intelligent and experienced property investor that keeps one of the best real estate investment sites on the web. I've been reading his stuff for years and find his information and his forums to be true goldmines for real estate investing information. Below, I've reprinted a recent article of his that deals with the current real estate market. Do visit his site and sign up for his complimentary e-newsletters—they are wonderful sources of information.]

Over the last 18 months, some investors and developers told me they have abandoned projects, deals and even liquidated their entire portfolio. Some have jumped to different sectors and a few are just getting started. And the crazy ones (like me) have never stopped buying. So what is the fuss all about? What should you do?

If you have a portfolio right now, I would ask you one question. "Do you have cash flow and reserves?"

If so, hang in there. One thing I've been shouting from the pulpit is with the increasing foreclosures - where will these defaulted homeowners go?

Rental homes are the answer! Most will not move back to apartments. Over the last 12 months, we have seen an increasing demand in residential rentals. Therefore we've increased rent without any resistance.

Another benefit for staying in the game - inflation.

Whenever the single-family residential sector turns around, I'll forecast the cost-per-square foot for new construction will be 15% to 25% higher due to transportation and increased production costs.

So what's the benefit?

Appreciation - I'll forecast the appreciate rate for existing homes will not rise... but jump when the market begins to turn around.

For those not in the game now - I heard the reasons but I'll warn you about being a 'momentum investor'. Yes - MI (momentum investors) did make a lot of money in the mid 90's and early 2000's. And yes, you can make great returns being a MI.

But would you rather generate a lifetime of wealth in a shorter period of time? (say YES)

Then become a Contrarian Investor (CI). See, being a CI, you'll make the choice to go against the market trend. Such as buying when everyone avoids real estate.

CI's will buy real estate in the bear markets. They are truly the buy real low - sell high investors. MI's are the buy low or mid priced real estate - sell high or even buy high - sell higher.

So what you doing? Are you waiting for the cycle to bounce then buy with the momentum? Or are you buying before the V or U bottom? If so, you're a contrarian investor.

So - shoot me an email and tell me about your plans. Either you're buying, liquidating, or holding.

Enrich Your Life
Rich Tao