



From the desk of
William C. Ring, President

Real Estate Newsletter

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HAPPY NEW YEAR



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Values Keep Plummeting – a Macro View...

“Just when you thought the news about home values couldn’t get any worse, it does”, said Daniel Taub in Bloomberg.com. Various sources of real estate data reported recently that U.S. home values plunged a jaw dropping \$1.9 trillion through the first 3 quarters of 2008 and “are likely to fall further in the final quarter”. The losses already exceed the \$1.24 trillion in real estate value that vaporized in all of 2007. About 11.7 million people (or 1 in 7 homeowners) now owe more on their homes than those homes would fetch on the open market.

Prices dropped in 133 of the 163 nationwide markets tracked. The three worst areas hit were all in California: Sacramento, Merced and Southern California’s Inland Empire.

Surprisingly, most of those houses were not financed by subprime mortgages. That is scary because it suggests that “there are other toxic mortgage products whose default rates probably have not peaked”.

This Year’s Ebenezer Scrooge...

The legislation that offers relief to credit card holders by preventing issuers from jacking up rates on consumers who have made their payments on time, does not take effect until 2010. In the meantime, many consumers will have their new debt service ratios excluding them from home buying, refinancing, and other purchases. The credit card companies are adding fuel to the credit crisis fire and Washington is their accomplice. Perhaps we have more than one Scrooge this season.

Editor’s Note...

Throughout my many months of producing this newsletter, I have always made an attempt to be positive and to mostly report the optimistic viewpoint. This month’s letter, as you will note, is quite the opposite. But, in all the gloom and doom, remember that real estate and financial markets are cyclical. They will bounce back. When? No one knows. But you can be sure you will not know when the bottom of the market hits until months afterward.



Please contact me anytime regarding your real estate needs or questions; commercial or residential. And, remember that the highest compliment I, or anyone, can receive is the referral of my name to your family, friends, and business associates. Thank you for your trust.

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