



From the desk of
William C. Ring, President

Real Estate Newsletter

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How High is Up?...

Ron Baron, founder of the Baron Funds, has paid \$103 million for residential property in East Hampton, NY. And, get this, that number does not include the cost of the house he wants to build! To put it in perspective, that number is what the state of Texas plans to spend on border security in 2007. This is clearly close to the highest end of the residential market but Baron's bragging rights might not last long because, according to *USA Today*, real estate baron, Tim Blixeth is boasting ground breaking of the "world's most expensive house" in today's market. This project in Big Sky, Montana will include a 32,000 square foot home on 160 acres complete with an 8,000 bottle wine cellar, a 26 seat cinema, hair and nail salon, private gondola to ski lifts, a fleet of Suburbans in the underground garage and a helipad with pilot quarters. As we know here in Southern California, residential properties over \$10 million are commonplace. According to Dataquick, while home sales under \$1 million slid 8.4% nationwide last year, sales of residences priced over \$5 million soared 18% for 2006 and 31% in the first quarter of 2007 – both record highs.

The Foreclosure Debacle...

At last the media have just what they have been looking for...a real story of misfortune and tragedy. But the problem is the statistical services which claim to gather data from county recordings are being misinterpreted by the press reporters. One such service, for example, will report a "foreclosure" as many as 3 different times on one property based on the status of the foreclosure. If you want the real scoop, use my method known as the "dandelion count". Let's face it, a homeowner who is about to move under "foreclosure" circumstances will not be paying much attention to his or her yard work.

Entry Level Affordability at 25%...

The percentage of households that could afford to buy an entry-level home in California stood at 25% in the first quarter of 2007 compared to 26% a year ago, according to California's First-time Buyer Housing Affordability Index (FTB-HA). The minimum household income needed to purchase a \$480,670 home in the state was \$96,910. This assumes a 6.3% adjustable rate mortgage with 10% down payment. At 44%, the High Desert region was the most affordable followed by the Sacramento region at 43%. Santa Barbara was the least affordable region in the state at 12% followed by the Monterey region at 19%.

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