

Boe Knows Real Estate

Your Questions from Real Estate Buyers, Sellers, & Agents

By Patti Boe

Q: End of year crystal-ball reading time again. Many people are asking me what I think is in store for real estate in general in the New Year.

A. As usual, the good and bad news. The bad news is on the international front. The only English language newspaper in China, China News, reported last week that China banks were no longer lending money except for state projects authorized by the Communist Party. (See article **"Lending dries up as China slams brakes in banks"** on my website at PattiBoe.com under Newsroom.) A friend of mine in Shanghai emailed this headline news report to me last Wednesday (Tuesday in China) and strangely enough, this news was not reported in the U.S. for 3 days. China wants to invest money so they can make money. They have been buying huge amounts of U.S. governments securities. They have about \$1 trillion in foreign-exchange reserves. About 70 percent of it goes into U.S. securities. Approximately half of that is U.S. treasury securities, with other investments in things like Freddie Mac and Federal Home Loan Bank Board securities. Economist Shi Weigan echoed Yi's comments. "with a possible burst in the housing bubble in the U.S., it's not the right choice for Beijing to spend foreign-exchange reserve funds on the U.S. mortgage-backed securities", Shi said.

Hopefully, U.S. home mortgages may not feel this one-more-blow while China gets its problems solved but this is a reminder to keep an eye on banking worldwide since all are interconnected with multi-national banks and industries.

The Good News is Really Good and it's on the local level in California. My good friend, Robert Schmidt, in San Diego specializes selling foreclosed properties. Robert has 25 years of experience in 7 southern California counties. I spoke with Robert this past Thursday 12/20/07 and he informed me that his team, Shepherd-Schmidt of Prudential CA Realty, was just awarded top #3 position in the state for total listings and sales. His clients are banks. Their prediction is that March through July 2008 values will stabilize for 4 months and then rise slightly. But, by no means will the REO market slow down due to the 2 to 3 year clean-out of the foreclosures already in the pipeline that need to be expelled. The forecast was also the opinion of Mahare Smith, a company that Banks outsource to when they want to find capable, experienced REO Brokers. So, for California at least, Summer 2008 real estate values look sunny. What does this mean to us in Santa Cruz? Even though we are pretty insulated from the ugly market in the swath of Central California from Sacramento to San Diego, we do have our own taste of foreclosures. With 916 default notices in Santa Cruz County (per Santa Cruz Record) and 465 foreclosures, we have felt some of the pain. The Valley mortgage problems spill over to our vacation home sales and tourist spending. So the future of real estate and Santa Cruz business looks much brighter in 2008 when we see the predictions of Schmidt and Smith discussed above.

I welcome your questions, comments and help. Please email patti@pattiboe.com or call Patti at 831-345-8040. Remember that Conde Nast's Travel-Leisure Magazine named Santa Cruz as one of the top 10 recommended cities to spend this holiday season. Have a sunny, Happy Holiday and a successful New Year! Namaste.

Call Patti Boe 800-738-3261, See PattiBoe.com for beachfront homes, commercial and income properties

***Send Questions to**

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