

BoeKnows Real Estate

Your Questions from Real Estate Buyers, Sellers, & Agents

By Patti Boe

Wow – what a week! This year, the World Economic Forum in Davos, Switzerland actually will be about the world economy - which is not to say that there won't be fun. The guys from Google – Sergey Brin and Larry Page – will host a dance party likely to be the biggest hit of the conference. This was a far cry from Tuesday afternoon when high anxiety pervaded even before the movers and shakers landed in town.

The Fed cut the rate 75 basis points, and the stock market still dropped. Locally, even Plantronics and Apple had a healthy profit from holiday sales, and their stocks still took a dive in the beginning of the week. Now, at the end of this very wild week – most markets are rebounding.

It is a wild mouse ride across the board for all world economies. On one side today (Jan. 25, 2008), reports from the BBC say US home sales are seeing 25-year lows, and the other extreme is China where growth hits a 13-year high. PC sales lift Microsoft profits; Wall Street recovers; General Dynamic profits rise.

The “Rich and Powerful” gather for the World Economic Forum (Jan. 23 – 27) that includes 2,500 people from 88 countries. They are here to discuss the most pressing issues of the day: the world economy, terrorism, and climate changes. The attendees include 27 heads of State, 113 Cabinet members, and over 1,000 CEO's of the largest multinational companies. Founder and executive chairman of the Forum, Klaus Schwab, is leading talks regarding the US subprime mortgage crisis and the resulting fall-out that have dominated the economic climate of late.

Until the past few weeks, most European and Asian countries thought that US woes would not affect their economies with such impact, but it is very clear that even more than ever, we are all connected in this world today - in economics, in climate, and in humanitarian efforts. The “decoupling” notion being talked about in economic and governmental circles seems more unrealistic than ever.

It is amazing to me how our local businesses here and in Silicon Valley have such huge global impact. It is apparent when you review the talks in Davos. Bill Gates calls for “kind capitalism”. Google and Apple execs are influential players in the agenda. Also close to our turf is the role of banks in fueling a subprime lending crisis which broadened into a trans-Atlantic credit crisis and spurred a lack of confidence in global markets. These events are likely to raise questions about the need for better regulation of the entire world-wide financial system (see reports today as French bank Société Générale lost 7 billion dollars through fraud by one of its Paris based traders). Other attendees include Bono, Tony Blair, and Al Gore.

The good news here is that “consumers with good credit and fixed rate mortgages should re-finance ASAP” says Mark Zandi, chief economist for Moody's Economy.com. Also a good time to pick up great real estate bargains. **SHOP NOW. If the Fed eases rates a further 1/2 point, it can make a real difference in monthly payments.**

Back to the party in Davos: Competing with the “Google Guys” for the richest party hosts will be oil producer Bahrain that is sending a large delegation, including the Crown Prince, Shaikh Salman Bin Hamad Al-Khalifa along with the heads of several companies. They will host a lavish party and art exhibit.

Global anxiety still doesn't mean you can't party. It is a wild crazy ride that continues. If you need help SHOPPING for a property at a good price with value to weather the storm, email patti@pattiboe.com or call Patti at 831-345-8040. Comments and questions are welcomed. **FOR OUR OWN LOCAL RARE COMMODITY, GO PLAY IN THE SNOW WHILE IT'S STILL THERE IN THE SANTA CRUZ MOUNTAINS.**

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