RCFE resource

A Report for Buyers, Sellers and Investors

June 2020

WHAT'S THE VALUE OF YOUR RCFE?

For a **FREE** No Obligation Consultation CALL us at (949) 397-4506

Michelle J. London MBA, CPA, MICP
Advisor I Investment Specialist
DRE #01971087
Phone: (949) 397-4506
michelle@commlre.com

Melvyn D. Richardson
Advisor I Investment Specialist
DRE #01318955
Phone: (949) 500-3630
melvyn@commlre.com

Call or text "RCFE" to (949) 397-4506

M&M GROUP — PERSONALIZED WEALTH BUILDING IN REAL ESTATE — KW COMMERCIAL

Corporate DRE #01934115

REALTOR® MLS — KW MILITARY VETERANS

PROPELLED BY RECORD LOW MORTGAGE RATES, RCFE buyers are jumping back into the market.

Demand Spikes: Demand for RCFEs has increased in the last few weeks. COVID-19 has impacted the economy across the board. Prior to Coronavirus, the economy was phenomenal. After the virus broke, every economic indicator was impacted severely. With the institution of mandatory "stay at home" orders issued in March, RCFEs adopted strict "No Visitor" policies. Activity in the market for RCFEs slowed to a trickle.

Experts debate what the economic recovery will look like. Initially, some called for a quick rebound, a "V-Shaped" bounce. That's when the economy rises as fast as it falls. Most experts now agree that it will be a "U-Shaped" recovery, one that after hitting a bottom will slowly but surely turn upward. The best analogy is a dimmer switch. As the dial is slowly turned, the economy will continue to accelerate until one day it is pumping on all cylinders again.

Prior to the "stay at home" order mid-March, RCFE housing was sizzling hot, with extraordinarily little inventory and unbelievable demand. Low mortgage rates, averaging 3.75%, stoked the fires of demand. When the virus hit, demand plunged, and the market for RCFEs plummeted.

But now, more of the economy is coming back online. As a result, eager RCFE buyers who had been sitting on the fence waiting to purchase are jumping back in and are ready to take advantage of record low mortgage rates at 3.25%. Some would-be

RCFE sellers are gradually relaxing their "No Visitor" policies and allowing tours of their facilities under extremely limited circumstances.

While some thought the housing market, and by extension, the market for RCFEs, would take a major hit because of Coronavirus, that couldn't be further from the truth. The low mortgage rate environment has reignited demand. Local real estate is revving its massive engine once again, and we have witnessed considerable "pent up" demand for RCFEs.

Many are wondering where the RCFE demand is coming from. A lot of people are still gainfully employed, willing, and able to purchase. And many more individuals are receiving their Administrator's Certification and want to begin their new careers. With interest rates at a record low, RCFE home affordability has dramatically improved from earlier in the year. The RCFE market was hot back then and it is no wonder that it is heating up again.

Stay tuned for future updates.

M&M GROUP
PERSONALIZED WEALTH BUILDING IN REAL ESTATE
KW COMMERCIAL
Corporate DRE #01934115
23807 Aliso Creek Rd., Suite 100,
Laguna Niguel, California 92677

A Monthly Report for Buyers, Sellers, and Investors

Current Listings

Laguna Hills, CA - SALE
- Lovely 1800 sf
- Excellent Caregivers
- Spacious rooms
- Licensed for 6 Beds

Newport Beach, CA - SALE
- 7 Beds/6 Baths
- Vacant luxury RCFE
- 3,778 sf
- $1,995,000

****SALE & LEASE AS A PAIR****

South Orange County - SALE
- 6 bdr/2 Ba RCFE
- 2,246 sf
- $850K residence + $190K business

- AND -

South Orange County, CA - LEASE
- 6 bdr/4 Baths RCFE
- 2,349 sf
- $5000/mo + $190K business

South Orange County - LEASE
- 7 bdr/5 ba RCFE
- 2,400 sf
- 5,000/mo + $190K business

Lake Forest, CA - SALE
- 5 BR/2 Baths
- 2,212 sf
- $745,000
- Vacant RCFE

• Our Associates •

PAUL CRONIN
LOAN WORKS, INC.
949-289-9410
NMLS#: 220290

- RCFE Specialist
- Low rates and fees
- Refinance and Purchase
- Almost 40 years in finance experience!

A WORD FROM OUR LENDER

Confidence is back in the economy - but will it last?

Beatings Can Continue Until Market Morale Deteriorates

Need to overcomplicate the current narrative: the overall financial market is attempting to balance the reopening of the economy with the risk of COVID resurgence, all the while receiving a boost from massive global stimulus efforts.

No need to overcomplicate the current narrative: the overall financial market is attempting to balance the reopening of the economy with the risk of COVID resurgence, all the while receiving a boost from massive global stimulus efforts. No matter how pessimistic anyone wants to be about the longer-term economic damage associated with coronavirus, the Fed and Treasury are throwing so much money and accommodation at the problem that markets are chanting the age-old mantra "don't fight the Fed." And that can be extrapolated to include the world's other major central banks.

Bonds are realistic. They know there is massive economic damage that can't be immediately healed by stimulus efforts. That's why the 10-year yield is trading around 0.7% despite a massive glut of supply. Yes, Fed bond buying helps keeps yields low, but even without the Fed, yields would still be lower than at any other time before coronavirus. Thus, it was an easy call to move to extreme lows when the outlook was arguably the darkest in mid-April. Ever since then, bonds have grudgingly been trending higher.

At some point--perhaps "any day now"--traders will be ready to look for healing cues in the economic data. The more timely the data, the better the odds. That makes reports like Tuesday's Consumer Confidence survey, Wednesday's weekly mortgage apps, Thursday's Jobless Claims, and Friday's Chicago PMI (all either weekly releases or for the month of May) potentially more interesting/relevant compared to standbys like Thursday's Durable Goods (an April report).

Data aside, if stocks feel like they have what they need to continue pressing back toward a full erasure of coronavirus weakness, bonds should continue to feel the pressure. That was certainly the case in the overnight session that kicked the week off. Bottom line: bonds can continue to suffer until broader market morale deteriorates.

The takeaway here is that **there may not be a better time to refinance than now.** With income properties rates in the mid to low 3%'s the numbers speak for themselves.

If you are considering financing the purchase of a new RCFE or refinancing a currently-owned RCFE, please do not hesitate to **contact Paul Cronin at 949-307-1086 or emailing Paul at paul@gotyour6mtg.com.**