

RCFE Resource

MOST ACCURATE RCFE HOME AND BUSINESS VALUATIONS

WHAT'S THE VALUE OF YOUR RCFE?

For a **FREE** No Obligation Consultation **CALL** us at
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RCFE MARKET REPORT:

What a Difference a Year Makes

In comparing this year to last year, the housing market is profoundly different with higher mortgage rates, more available homes, lower demand, and significantly longer market times.



YEAR-OVER-YEAR COMPARISON

The RCFE housing market has downshifted considerably compared to 2021.

The tell-tale signs that the market has changed are all here. The number of price reductions is rapidly growing, indicating buyers' sensitivity to pricing. Sales prices are no longer stretching tens of thousands of dollars above asking prices. The heydays of 2020, 2021, and the first few months of this year are gone. The rapidly appreciating, insanely hot housing market has transformed into a completely different, much slower Slight Seller's Market that requires a much different strategy and approach to find success.

The Expected Market Time has risen, and we're in a Slight Seller's Market, where sellers still get to call more of the shots, but there are fewer multiple offers, home values are not appreciating that fast, the market is no longer instant, and properly pricing is absolutely crucial to find success.

What happened in just a few short months? When mortgage rates climbed from 3.25% at the start of the year to over 6% in June, home affordability took a massive hit, buyers backed off, and demand dropped. In fact, demand is at its lowest level since tracking began in 2004, slightly lower than the start of the housing meltdown in 2007. It is down in every price range, including luxury, due to Wall Street volatility. Demand is down the most (by more than 50%) in the lower price ranges, homes priced below \$750,000, where higher mortgage rates and qualifying for loans has had a deeper impact.

It took a while this year to feel the transformation in the inventory due to starting 2022 with a record low number of homes on the market. As rates continued to rise, demand diminished and the active inventory continuously rose, unabated, since January. In mid-May, there were more homes on the market compared to the prior year for the first time since August 2019. The unrelenting rise in rates slowed demand further and the inventory climbed significantly since May.

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5 REASONS TO BEWARE OF THE BA.5 OMICRON SUBVARIANT



Excerpted from AARP Daily

It's highly contagious and sweeping the U.S. Here's how to stay safe during the summer surge. More than 70 percent of adults age 50 and older haven't received a second COVID-19 booster shot, and if you're part of the pack, U.S. health officials say now is the time to roll up your sleeve. Cases of COVID-19 are once again on the rise – hospitalizations are double what they were in early May – and a highly contagious version of the omicron variant, known as BA.5, is behind the uptick, accounting for about 65 percent of coronavirus infections in the U.S. Those numbers could continue to rise, experts warn, largely due to BA.5's immune-evading abilities.

Here's what you need to know about BA.5, including steps you can take to help stay healthy this summer.

1. BA.5 IS "MAXIMIZED TO EVADE IMMUNITY. "When viruses replicate, they can mutate. Some of them shift into less menacing versions of themselves, while others pick up changes that make them more problematic. It's a process that we've seen play out throughout the pandemic with the emergence of alpha, delta and then omicron. BA.5 is what's known as a subvariant of omicron – think of it like a branch on the omicron family tree. It has several mutations that set it apart from other variants of the virus, including its parent variant. And these mutations – many of which are on the part of the virus that binds to cells – make it easier for the virus to dodge frontline defenses put in place by either vaccination or a previous infection.

2. IT'S VERY CONTAGIOUS. On top of its immune-evading skills, BA.5 also transmits from person-to-person more easily than others in the omicron family, including the original omicron variant (BA.1).

3. SYMPTOMS STILL SEND SOME TO THE HOSPITAL. "There's no evidence to suggest" that BA.5 causes more severe disease than its predecessors, though data is still being collected and reviewed. And the symptoms the subvariant causes seem to be similar to those brought on by its sibling strains. Fatigue, runny nose, sore throat, cough and fever are all common with BA.5.

4. MOST AMERICANS ARE UNDERVACCINATED. Still, vaccine effectiveness against severe disease and death from COVID-19 remains high for omicron and its other subvariants, and likely also for BA.4 and BA.5.

5. REINFECTIONS COME WITH RISKS. Reinfections are becoming more common now that we're two-plus years into the pandemic. And that will likely continue as immune-evading variants such as BA.5 tear through the country. But reinfections come with risks, experts caution. Emerging research shows that with each infection, even an asymptomatic one, your risk of developing complications – heart attack, stroke, diabetes and long-term cognitive impairment – increases. Another concern: (It's unknown) how reinfection is going to affect things like long COVID, a term used to describe new or worsening symptoms that persist well after an initial coronavirus infection.

STAYING SAFE FROM THE SUMMER WAVE: Don't sleep on your booster. BA.5 may sound like a lot of doom and gloom, but health experts say we have the tools we need to help protect us from some of the worst outcomes. Topping the list are the vaccines. Everyone 6 months and older is eligible for a primary series; people 5 and older can get a first booster; and adults 50 and older can get two – so can people with certain health conditions. Both Pfizer and Moderna are working on newer versions of their vaccines that target the original coronavirus strain, as well as the omicron variant, including BA.5.

The prescription antiviral pill Paxlovid is still effective against an infection caused by BA.5. The treatment has been shown to reduce the risk of hospitalization or death from COVID-19 by nearly 90 percent in high risk patients. Starting the drug shortly after developing COVID-19 symptoms is key to its effectiveness. Doctors say if we do the things that we know, that we have learned over the last two years, we can get through whatever Mother Nature throws at us in the next four, six, eight weeks ahead. And also, whatever Mother Nature throws at us this fall and winter.

Ask The Broker LEASE VS BUY

Q: Is it better to lease or buy a care home?



A: If you have good credit, and especially, if you have prior experience operating a care home, you may find that you will have a lower cash down payment if you use SBA financing to purchase the home and business, as opposed to paying all cash for the business and leasing the home.

This is particularly true for care homes with moderately-priced businesses, over about \$150K.

SBA financing is attractive because it enables the buyer to come in with a cash down payment of just 10% on the home, and 20% on the business, in most cases.

If you lease a home, you will invariably need to pay all cash for the business, as few, if any, lenders will lend on a business only, without collateralization with real estate. And that cash down payment is usually larger if you lease instead of purchasing.

Add to that the benefit of earning future price appreciation and growth of equity if you purchase the home. While there are tax breaks if you lease or own real estate, there is added tax relief if you own.

Think of it this way: If your lease is \$5,000/month, over a typical 60-month lease, you will shell out \$300,000 during the term of the lease, a not inconsiderable sum you could be investing for the long term.

Owning real estate is a hedge against inflation, and over the longer term, real estate has proven time and again to outpace most other investments in terms of appreciation.

Please text your questions to: Michelle J. London at 949-397-4506. Your inquiry may be featured in an upcoming edition of this newsletter.

Current Listings



To view our current listings visit our website at

www.rcferesource.com

CURRENT LISTINGS

Fresno - PORTFOLIO - 3 RCFES FOR SALE

- Wonderful Homes and Businesses
- Located close to one another
- All homes have 7+ BDR
- Spacious dwellings - 3,000+ s.f.
- May be sold separately
- Portfolio \$2.40M

Lake Forest - RCFE FOR SALE

- Beautiful Home and Business
- 5 BDR/3 BA
- Large backyard
- Gated front porch
- Home: \$1.199M; Business: \$120K

COMING SOON

(please call for details)

Roseville - RCFE FOR SALE

- Home and business
- 5 BDR/3 BA 2,458 s.f.
- Owner's suite upstairs
- Charming home

Sacramento - RCFE FOR SALE

- Home and Business
- 7 BDR/4 BA, 3,250 s.f.
- Great home

Tustin - RCFE FOR SALE

- Home and business
- 7 BDR/3 BA, 3,200 s.f.
- Lovely garden
- Home \$1.5M; business \$75K

RCFE MARKET REPORT: What a Difference a Year Makes

Continued from Page 1...

Many sellers are approaching housing as if nothing has changed. They are stretching the asking price and testing the market as if home values are continuing to rocket higher.

Unfortunately, OVERPRICED homes are now quite common. An astonishing 35% of all homes available to purchase today have reduced their asking price at least once. It was at 19% in May. These price reductions are not indicative of a drop in home values; instead, it illustrates the volume of sellers who initially price their homes out of bounds, much higher than their true Fair Market Value. In the process these overpriced sellers lose out on the most valuable marketing period, the first couple of weeks after placing their home on the market.

ATTENTION SELLERS: Carefully arriving at the Fair Market Value by scrutinizing the most recent comparable and pending sales is essential to be successful, meticulously taking into consideration the condition, location, and amenities. Overzealous sellers who require future price reductions will procure fewer interested buyers, fewer offers to purchase, and, ultimately, will net less money.

ATTENTION BUYERS: While the market is slower than the start of the year, it is NOT a Buyer's Market where values are going down. Homes that are upgraded, in great condition, and priced well will fly off the market. The longer a home has been on the market, the more willing a seller is to negotiate.

OUR FEATURED LISTINGS

FRESNO: MAGNIFICENT PORTFOLIO OF 3 RCFES!!!

THREE LOVELY HOMES AND BUSINESSES FOR SALE
PORTFOLIO PRICE: \$2.40M



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Buying or Selling?**
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MOST ACCURATE RCFE HOME AND BUSINESS VALUATIONS

A WINDOW OF OPPORTUNITY FOR CARE HOME BUYERS

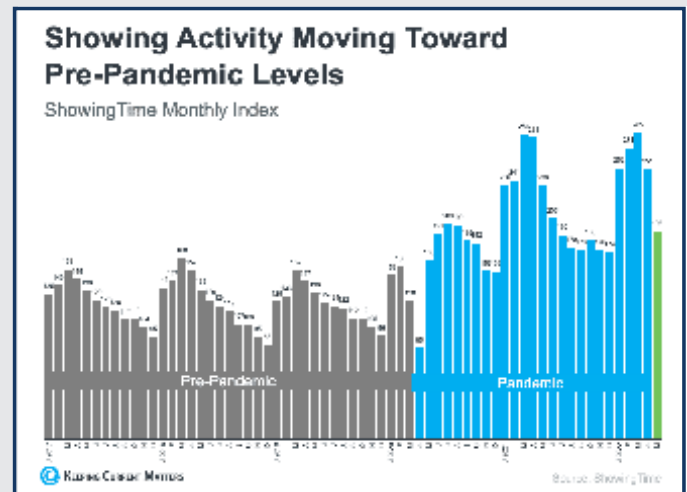
Mortgage rates are much higher today than they were at the beginning of the year, and that's had a clear impact on the overall housing market. It's also had an effect on RCFE, ARF and ALF care homes. As a result, the market is seeing a shift back toward the range of pre-pandemic levels for buyer demand and home sales. As the market undergoes this shift, it's important to compare today not to the abnormal pandemic years, but to the most recent normal years to show how the current housing market is still strong. The same is true for care homes.

Higher Mortgage Rates Are Moderating the Housing Market

The ShowingTime Showing Index tracks the traffic of home showings according to agents and brokers. It's also a good indication of buyer demand over time. From the trenches, this pattern correlates with the demand we've witnessed for care homes over the past few years. Here's a look at their data going back to 2017 (see graph to the right):

Why Is All of This Good News for You?

Both of those factors have opened up a window of opportunity for individuals desiring to purchase a care home. As demand moderates and the pace of care home sales slows, care home housing inventory is able to grow - and that gives you more options for your care home search. Buying a care home right now isn't easy, but there is more opportunity for those who are looking.



THINKING OF BUYING OR SELLING?

Let our RCFE Resource team of professionals bring proven expertise to help you get the highest sales price for your RCFE or ARF!

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