

RCFE Resource

MOST ACCURATE RCFE HOME AND BUSINESS VALUATIONS

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RCFE MARKET REPORT: Low Supply vs. Low Demand

Match weakened demand due to the sharp rise in mortgage rates with a relentlessly low supply of homes, and the result is a substantial slowdown in housing that still favors sellers.

A SHOWDOWN BETWEEN SUPPLY AND DEMAND

Even with lower demand, the RCFE housing market lines up in favor of sellers due to the persistent lack of supply.

In the past week there has been a lot of noise about a "housing recession." It was revealed that closed sales plummeted in July. As a result, proclamations from experts across the nation exclaimed that the housing market is officially in a recession. Unfortunately, way too many people will jump to the conclusion that values are going to plummet like they did during the Great Recession. The recession that experts are alluding to is a major drop in sales, fewer purchase and refinance loans, and an overall limited number of transactions for all those involved in the real estate industry. Yet, a recession does not mean that housing is in crisis and that values will plummet. Only two of the last six recessions prompted a drop in home values, the Savings and Loan Scandal of 1991 and the Great Recession, both instigated by the missteps of the housing industry. The other four recessions resulted in an appreciating housing stock.

Every recession is different. During the Great Recession unemployment



skyrocketed and housing was a huge "house of cards" built on years of subprime loans, pick-a-payment plans, teaser rate adjustable mortgages, and fraudulent lending practices. It was not a shock that housing values sank. This "recession" will be entirely different. To understand why housing has shifted but is not on the verge of collapse, look no further than to good old-fashioned supply and demand.

On the demand side of the equation (a snapshot of the number of new escrows over the prior month), buyer activity has been muted all year. Compared to the 3-year average peak prior to COVID (2017 to 2019), this year was 19% less. Even with the recent rise, today's reading is the lowest level for this time of year since 2007, the start of the Great Recession.

Today's demand levels are significantly muted due to mortgage rates rising from 3.25% at the start of the year to 5.72% where they stand today, according to Mortgage News Daily. The mortgage rates for care homes are higher, depending on type of financing. The buyer pool has been impacted and reduced by the massive drop in affordability that accompanies such a steep rise in rates.

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REVERSIBLE CONDITIONS THAT CAN BE MISTAKEN FOR DEMENTIA

Excerpted from *AgingCare* by Grace Styron



How do I know what's causing my loved one's symptoms?

Dementia is caused by progressive damage to brain cells. Certain types of dementia, including Alzheimer's disease, vascular dementia, Parkinson's disease related dementia, Lewy body dementia, and frontotemporal dementia aren't reversible.

However, it's important to remember that just because a senior has dementia-like symptoms, it doesn't mean they actually have dementia.

There are various conditions, diseases, injuries, and infections that can cause seniors to experience dementia-like symptoms, including confusion, memory loss, and difficulty concentrating. Because the brain and organs are so dependent upon each other, it's not surprising that many different physical disorders can cause cognitive problems.

What conditions cause reversible dementia-like symptoms?

Certain conditions that cause dementia-like symptoms can be treated. In fact, according to Harvard Health, there are more than 50 conditions that can cause or mimic the symptoms of dementia. Some of these potential conditions can include the following:

Alcohol abuse

Leading a healthy lifestyle with a memory-supporting diet may be able to partially restore their mental functioning in the long term and help prevent dementia development.

Cancers and tumors

Early symptoms of a slow-growing brain tumor can often mimic those of dementia. Depending on their location, brain tumors can affect cognitive function and cause confusion, memory loss, and changes in personality. They can also sometimes trigger other symptoms like headaches, seizures, or vomiting.

Delirium

Delirium is a change in mental state that develops quickly and can become very serious. It's often caused by a sudden

illness or infection. Proper diagnosis and early treatment of delirium can help offset and reverse uncomfortable symptoms.

Depression

Depression is a mental illness that causes people to experience continuous low moods and a loss of interest in daily life. Depression and dementia are both common in later years, and each can lead to the other, according to Harvard Health Publishing. However, not everyone who has depression will develop dementia, and vice versa. Treatment and controlling for depression through lifestyle or other changes can help improve symptoms.

Medication interactions and side effects

Commonly prescribed medications may cause symptoms that mimic dementia. Some of these medications include statins, which are used to treat high cholesterol; acetylcholine blockers, which are often used to treat medical conditions like insomnia and irritable bowel syndrome; benzodiazepines, used to treat anxiety or insomnia; pain medications, such as opioids; corticosteroids, such as prednisone; and chemotherapy, which is used to treat cancer.

If necessary, a doctor may be able to reduce, replace, or eliminate certain medications in order to help reverse dementia-like symptoms.

Sleeping problems

A good night's sleep is critical for healthy brain function. A sleep disorder, such as sleep apnea, can negatively affect a senior's attention and working memory. In order to reverse these dementia-like symptoms, it's important to train your body to have natural, healthy sleep patterns.

Urinary tract infections

Urinary tract infections (UTIs) manifest differently in seniors than in younger adults. They can become systemic and wreak havoc on a person's mental clarity, potentially causing agitation, sudden confusion, or withdrawal. Getting systemic infections like UTIs under control can help prevent dementia-like symptoms.

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Ask The Broker

CONFIDENTIAL INFORMATION

Q: I'm buying an RCFE business. The sellers have provided me with 3 years' P&Ls, but refuse to furnish anything more until there is an accepted offer. Why are they being so stingy?



A: They AREN'T! Selling an RCFE is a highly confidential enterprise, and sellers want to know that they have a bona fide, qualified buyer before they disclose their most private business documents. For all they know, you could be a competitor!

Once there is an accepted offer, the sellers have a certain number of days, as stipulated in the purchase agreement, to provide vital business information. Once the documents have been given to the buyer, the buyer typically has about 17 days to perform their due diligence. This means that the buyer has the right to examine the primary business information of the RCFE in order to make a determination whether to continue with the purchase.

During the due diligence period, the buyer has the right to cancel the purchase without penalty (less escrow fees already incurred) if they learn anything about the business that is unfavorable or not as expected. Typical documents furnished to the buyer include bank and credit card statements, tax returns, rent rolls, payroll runs, insurance Loss Run reports, and so forth, in order to determine the accuracy, reliability, and validity of the P&Ls.

Also, during the due diligence period, if the buyer is purchasing the home, they have the right to make any physical inspection of the home they deem necessary in order to satisfy themselves as to the condition of the property.

**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

TUSTIN - RCFE FOR SALE

- Home and business
- Two story home
- 4 resident rooms downstairs
- Upstairs 3BDR Owners Suite
- Beautiful and comfortable
- Home \$1.50M; business \$75K

FRESNO - PORTFOLIO OF 3 RCFES

- Homes and businesses for sale
- Each home has 7+ BDR
- All homes spacious at 3,400+ s.f.
- Homes \$2.040M; businesses \$360K

MISSION VIEJO - RCFE FOR SALE

- Home and business
- 6 BDR/3 BA, 2,439 s.f.
- Charming home; great neighborhood
- \$1.20M home; \$150K business

VISALIA - RCFE FOR LEASE

- 6 BDR/3 BA 2,800 s.f.
- Inviting and welcoming
- Lease \$4,500/mo
- Business \$185K

COMING SOON

(please call for details)

ANTIOCH - RCFE FOR LEASE

- 4 BDR/3 BA, 1,782 s.f.
- Charming and cozy
- Call for details

ANTIOCH - RCFE FOR SALE

- Home and business
- 6 BDR/3 BA, 2,237 s.f.
- Well-maintained neighborhood
- Call for details

RCFE MARKET REPORT: Low Supply vs. Low Demand

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Yet, muted demand is being matched up against a muted supply of available care homes to purchase. The inventory dropped to a record low level on January 1st of this year. Yet, the inventory reached what appears to be a peak a couple of weeks ago.

With muted demand, how has the RCFE housing inventory already reached a peak? The first factor is that demand has reached a cruising altitude, stabilized after slowly dropping since the end of March. The second factor, and more importantly, there are fewer care homeowners opting to sell. Fewer homes coming on the market impacts the ability for homes to accumulate on the market and allow the inventory to grow faster. This is a new trend that started in January as mortgage rates were rising.

The giant drop in demand is being matched up against an extremely anemic supply of available care homes. There are fewer buyers participating today, just as there are fewer care homeowners participating. This will continue until mortgage rates shift either higher or lower. Until then, the battle between supply and demand continues.



REVERSIBLE CONDITIONS THAT CAN BE MISTAKEN FOR DEMENTIA

Continued from Page 2...

Hearing and eyesight problems

An issue with a person's ability to hear or see can reduce their ability to take in information. This can cause confusion that makes it look like their mental abilities are affected. To alleviate and even reverse symptoms, make sure your loved one receives professional vision and hearing tests.

Various diseases

Other conditions that may cause dementia-like symptoms include thyroid disease, diabetes, hypoglycemia, Lyme disease, heart and lung disease, and respiratory infections. Early diagnosis and proper treatment of these diseases can help prevent dementia-like symptoms from worsening and, in some cases, reverse the symptoms altogether.

What are my treatment options?

If your loved one has been showing dementia-like symptoms, schedule an appointment with their doctor. The earlier the diagnosis and treatment, the better. If these conditions have appeared suddenly, be sure to get to the root of the problem.

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OUR FEATURED LISTINGS

FOR SALE

TUSTIN: RCFE FOR SALE - 7 BDR, 3 BA, 3,178 S.F.
PROPERTY: \$1.5M - BUSINESS: \$75K



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FOR MORE DETAILS!

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