

NEXT MEETING

Monday

Nov. 15, 2010

6:30 p.m.

**FOOD
AVAILABLE!!**

Fort Stephenson
House
600 W. State St.
Fremont

WHAT'S IN STORE FOR OUR OCTOBER MEETING? ROUNDTABLE DISCUSSION

Be sure to join us on Monday, October 18th at 6:30 p.m. for a very informative roundtable discussion. If you have any issues/problems/ or situations you'd like to discuss, please feel free to put them out to our group and see what ideas or suggestions everyone has. With the many years of real estate experience in our organization, odds are very good that someone has already encountered your particular problem and can offer ways to help solve your dilemma. (And we will have FOOD too ☺).

REMINDER:

PLEASE BE SURE TO TURN IN ALL RAFFLE TICKET MONEY AND ANY UNSOLD TICKETS TO RADELLE AT THE OCTOBER MEETING. WE ARE RESPONSIBLE FINANCIALLY FOR ANYTHING THAT IS NOT TURNED IN.

THANKS!!

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happy



halloween

**OCTOBER IS BREAST CANCER AWARENESS MONTH
LADIES – BE SURE TO DO YOUR MONTHLY SELF EXAM**



Understanding Market Cycles

In order to make profitable investments, it's vital for you to understand the cycles of the real estate market because they directly affect the value of properties you may want to consider.

The first thing to understand that just like the weather has four seasons, so does the real estate market have four general cycles – an *up* market, a *peak* market, a *down* market, and a *bottom* market. In other words, just as temperatures fluctuate during spring, summer, fall and winter so do property prices in the residential real estate market go up and down in their cycles.

However, unlike weather seasons, market cycles tend to last longer – approximately seven to ten years. Keep in mind that these cycles are normal functions of dynamic markets and are affected by factors within those markets.

Now, let's take a closer look at the four general markets and what goes on in each of them.

An Up Market

This market occurs when home prices are rising. It's also called a "seller's market" because sellers can pretty much get the price they want since there are so many buyers who want to buy properties before prices get higher. In essence, demand exceeds supply. Here are the signs of an *up* market: to be aware of:

- Prices are appreciating.
- Inventory levels are low.
- There are multiple offers on properties.
- There are a short number of days-on-market (DOM).
- There is optimism and excitement "buzz."
- Investors feel good about investing.



A Peak Market

As the name indicates, this is when prices reach their maximum. It also has the name "bubble market" because prices can't go any higher and the "bubble" will burst, sending the market into the next cycle. Here are the signs of a peak market to look for:

- Demand and supply are in balance.
 - Prices are (or have) leveled off.
 - There is euphoria ("irrational exuberance") in the marketplace.
 - Offers on properties flatten and decline.
 - Days-on-market (DOM) increase.
 - Inventory levels start to increase.
 - Many investors feel the market will keep on going.
 - It's the point of maximum financial risk.
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Understanding Market Cycles (continued)

A Down Market

When prices start dropping, you have a “buyer’s market.” In a nutshell, more people want to sell their properties than there are buyers. Demand dries up, and supply exceeds demand. This creates downward pressure on prices, and buyers can find some great deals while sellers have to accept less money for their properties than they might like. Here are the characteristics of a down market to look for:

- Offers on properties decline rapidly.
- Prices decline due to lack of demand.
- Anxiety, denial, fear, desperation, panic – all emotions come into play.
- Days-on-market (DOM) lengthen considerably.
- Inventory levels increase substantially.
- Many investors get caught using the wrong strategy.

A Bottom Market

This is when housing prices hit rock bottom and can’t go down any more. There are an equal number of buyers and sellers in the market and supply and demand are back in balance. This situation starts the cycle all over again as prices start to rise. Here are the characteristics of a bottom market to be aware of:

- Prices reach a low point and flatten.
- Offers on properties are sparse.
- Days-on-market (DOM) are near the high point.
- Capitulation, despondency and depression occur.
- Bottoms usually last for a few years.
- This is the point of maximum financial opportunity.

You should also be aware of a *prolonged (“flat”) bottom* phase. This is a situation in which the market doesn’t recover and stays in a depressed state. Many “rust belt” states have found themselves in a prolonged bottom phase in recent years. However, remember, money can still be made during this phase using the right investment strategy!

QUOTE OF THE MONTH

“Success is there for the taking, so TAKE IT!”



SPECIAL THANKS TO LAST MONTH’S GUEST SPEAKER

Thank you to Mr. (and Mrs.) Sandless for their interesting business presentation. If you are contemplating refinishing your wood floors, be sure to contact them for a quicker and less costly alternative.

Also thanks again to Radelle and Leonard for allowing us to view their newly remodeled property and to actually see the professional work performed by Mr. Sandless.

2010 S.C.A.R.E.I.A. Board Members

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For further information,
you may contact
any of the
Board Members
at any time

About Our Organization...

SCAREIA was organized in October 2005. Our primary focus is to share information, to help educate and to motivate our members in their successful real estate endeavors.

Anyone interested in Real Estate Investing, whether you are just beginning or a seasoned investor, are welcome to join.

SCAREIA meets the 3rd Monday of every month at 7pm. Meetings are located in the basement of the Fort Stephenson House, 600 W. State St., Fremont, Ohio.

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