

Random real estate ramblings

With so much going on in the world, this week's column will touch on a few different issues affecting real estate at Lake Tahoe. Let's start with the federal government shutdown, which has temporarily ended due to the continuing resolution passed Friday by Congress.



Don Kanare & Sabrina Belleci
Special to the Tribune

Regardless of your political views, government shutdowns are not something to be taken lightly. Over 800,000 federal government employees were either put on furlough or worked about five weeks without receiving a pay check. Fortunately, the shutdown did not seriously affect Fannie Mae, Freddie Mac, FHA or VA loans.

So, we have not yet seen direct impacts from the shutdown on real estate sales at Lake Tahoe. However, confidence is the most important thing when it comes to making big-ticket purchases. If consumer confidence starts to decline due to uncertainty in the economy or other factors, we could potentially see a

slowdown in purchases of vacation homes.

However, the rural loan program was pretty much stopped dead in its tracks as all of the loan processors were furloughed. This could potentially have a ripple effect especially relating to agricultural properties and the annual cycle of farm lending. If farmers can't get financing in a timely fashion it could affect crop production in 2019. Ultimately this could have an impact on food and grain supplies and prices.

We won't know the impact on rural properties until later in the year.

Weekly real estate update

	Houses	Condos	PUDs
For Sale	80	38	14
Under \$1 million	15	28	9
Median Price For Sale	\$2,199,000	\$640,000	\$699,000
YTD Sales 2019	10	10	3
YTD Sales 2018	9	10	3
New Listings	2		
In Escrow	6		
Closed Escrow	9		
Range in Escrow	\$599,000 - \$1,275,000		

These statistics are based on information from the Incline Village Board of Realtors or its Multiple Listing Service as of Jan. 27.

INVENTORY

Inventory levels remain extraordinarily low with approximately 132 houses, condos and freestanding condos currently listed for sale on the Incline Village MLS. Prices have increased significantly during the past six years for all types of properties in our market. We are near or above historical highs in all market sectors.

With inventory low and prices high, 2019 could be a good year to sell your property if this is something you have been contemplating. The Northern California economy remains robust

and that is the economic engine that drives real estate purchases at Lake Tahoe. We have seen some people cashing out of the stock market and purchasing real estate either for investment or enjoyment purposes.

If you are considering selling in 2019 now is the time to talk to a local agent to consider the pricing, timing and marketing of your property. Traditionally, a large percentage of sellers have waited until sometime between mid-April and late June to put their property up for sale. However, with inventory levels so low, many property owners will

benefit by listing their property for sale before there is a lot of competition.

Mortgage rates appear to have stabilized after going through a significant uptrend during the past two years. Whether we see another uptick in mortgage rates will depend on a number of factors.

The Fed has signaled that we will likely see one or two rate increases in 2019. However, if we start to see a resurgence of inflation the Fed could tighten more rapidly which would probably lead to higher mortgage rates.

On this issue we will just have to wait and see what the future holds. One thing is certain; the days of getting a 30 year fixed-rate fully amortized loan at less than a 4 percent interest rate are in the rearview mirror.

Don Kanare is the founder and Sabrina Belleci is the owner and broker of RE/MAX North Lake in Incline Village. You can follow their blog at www.INSIDEINCLINE.COM.

US home sales plummeted 6.4 percent in December

Associated Press

WASHINGTON — U.S. home sales cratered in December, causing price growth to slip to the lowest level in more than six years as the housing sector ended 2018 on a decidedly weak note.

The National Association of Realtors said that sales of existing homes plunged 6.4 percent to a seasonally

adjusted annual rate of 4.99 million last month, the worst pace in almost three years. For all of 2018, sales of existing homes fell 3.1 percent from a year ago to 5.34 million units, the weakest total since 2015.

"Looking ahead to 2019, expect weaker existing-homes sales as the new year ushered in a government shutdown and worsening economic

uncertainty," said Cheryl Young, a senior economist at Trulia.

Home sales have slowed after years of strong price growth and modest inventories hurt affordability. More properties are sitting on the market, as days until a signed contract increased to 46 from 40 days a year ago.

Higher mortgage rates initially triggered a softening in sales around May and

climbed through November when many of the contracts were finalized for December sales. But rates have stabilized in recent weeks amid concerns about the U.S. stock market and a deterioration in global economic growth.

The median sales price in December was \$253,600, up just 2.9 percent from last year. In a rarity, the modest price growth was eclipsed

by the December increase in average hourly wages. If income gains begin to outstrip home price growth, some of the recent affordability pressures could disappear.

December's price gains were the worst since a decline was posted in 2012.

Sales last month fell in all four geographical regions: Northeast, Midwest, South and the West.

But there is a regional divide in price gains. The Northeast posted an 8.2 percent jump in median home prices, and the South enjoyed a 2.5 percent gain.

The partial U.S. government shutdown has yet to hit the housing market, although Lawrence Yun, the chief economist for the Realtors, said it could hurt sales in upcoming months by 1 percent.



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