



REALSMART

A QUARTERLY JOURNAL OF REALSMART IDEAS

Newsletter

ZILLOW ZESTIMATES®: A BAY AREA BLUNDER

By now you've probably heard the big news making the rounds through the real estate press: online real estate giant Zillow and their slightly-less-gargantuan rival Trulia are officially merging. The duo will collectively own about 60% of all real estate related web traffic, which often includes curious home owners eager to see what their home is worth, usually through the use of Zillow's Zestimates®. The problem is, Zillow doesn't know the answer, at least not in the SF Bay Area.

According to Zillow, the "Zestimate® home valuation is Zillow's estimated market value, computed using a proprietary formula." The number shows up on their website directly next to the image of the home. By Zillow's own admission, accurate Zestimates® are not its strong point in the Bay Area market. In fact, below are the "star ratings" Zillow gives itself for each of our home counties:

San Mateo - ★★
 Santa Clara - ★★
 San Francisco - ★★

Further, according to the same data, Zillow Zestimates® lie within **10%** of the actual sales prices only about **half the time**. This mere 2-star accuracy across all counties spells confusion and frustration for home owners.

As a real estate company, RealSmart's job is to not only give our clients the most up to date data, but provide them with the most accurate price that is appropriate for the current market based on comps, history, and factors specific to each proper-

ty - we believe this is a human skill that a computer just cannot replicate in our market.

Take for example RealSmart's listing on E St in Redwood City. The property's Zestimate at the time of sale was **\$735,296**. The property, however, sold for **\$820,000** - that's a difference of **\$85,000!** Another property in San Carlos had a Zestimate of **\$895,568** at the time of sale and sold for **\$1,010,000** - a difference of **\$114,000!**

A similarly confusing discrepancy arises when Zillow Zestimates predict a home value much higher than reality:

"It's difficult for a home seller to be told that their home isn't worth as much as Zillow's Zestimates®, especially after seeing those big-numbered price tags. An unrealistically high Zestimate® can get a person's hopes up, and bring deep disappointment when the homeowner realizes their home is unlikely to sell for that price. It's important to talk to your real estate agent before making a judgment on the value of your home." - Bryan Jacobs, RealSmart Broker

RealSmart prides itself in its accurate pricing strategy and we urge all clients and potential clients to take Zillow's Zestimates with a hefty grain of salt.

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IN THIS ISSUE

| | |
|-------------------------|------|
| ZILLOW INACCURACIES | P. 1 |
| SUMMIT FIXER MIXER | P. 2 |
| VALUE OF ONLINE REVIEWS | P. 2 |
| MODERN KITCHEN TRENDS | P. 3 |
| MORTGAGE UPDATE | P. 3 |
| FEATURED NEW LISTING | P. 4 |

FIX & MIX

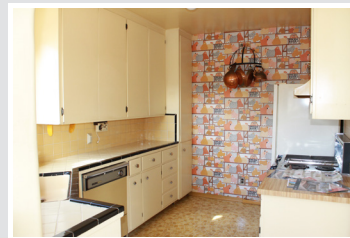
The Fixer Mixer for Summit was held last month. Many commented on the rustic beamed ceilings, lovely arched doorways and overall cozy atmosphere of the home. However, the real piece de resistance of the night proved to be the “secret” garden tucked at the back of the house complete with lush greenery and a boxed vegetable garden bursting with blooming eggplants, tomatoes, and peas.

The charming home was a hit with clients, friends, and neighbors and we were glad to be able to share a great evening with all who attended. If you'd like to see a recap of the event, the url for the video is:

realsmartgroup.com/SummitFixerMixer



BEFORE



AFTER



WHAT'S NEXT?

We're nearing completion of our fixer property on **Barclay Way in Belmont**. The Fixer Mixer is scheduled for September 12th, hope to see you there!

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ZILLOW, TRULIA, & YELP

THE EVOLVING REFERRAL LANDSCAPE

Word of mouth and referrals has been, and continues to be, the main source of RealSmart Group's business. Many of you who are reading this, have been active in referring friends, family and associates, which we are sincerely thankful for. With the growing power and popularity of Zillow, Trulia (which will be one in the same soon), and Yelp, the landscape of introductions is evolving. A few years ago, you might tell a friend who was looking to buy a home, "you should call my agent, Bryan...." and they would call. Today, many clients are on Facebook sending out mass requests looking for professionals to hire. Once they get some names, they do recon-naissance work on Yelp or Zillow checking out reviews; maybe visit the LinkedIn page, then investigate their website before they pick up the phone (or email) your recommendation.

The evolution of referrals and introductions, of course, isn't limited to real estate, it's happening in every client service business. In my line of work, I rely on the service of many different vendors, all of whom are undoubtedly working to adapt to the same changing referral landscape as I am. Until reflecting on my own experience in real estate, I had taken for granted just how important these online reviews really are, not just to me, but to the vendors who have been making my job possible for all of these years. It only takes a few minutes to write one and it could mean the difference of a few clients for the person or company you are writing it for.

It is crucial to establish credibility online, even in the real-estate industry where old-fashioned concepts like face-to-face contact and interpersonal communication have long been highly valued. With that being said, I would like to thank all of you who have taken to Yelp, Zillow or Trulia to write about your experience (or experiences) with RealSmart, and I encourage those of you who haven't yet, to please do so. Your input into the quality and character of the services we provide is essential for us to remain among the top competitors in today's ever-evolving marketplace.

MODERN KITCHEN TRENDS

A LITTLE DRAMA ADDS MAJOR DESIGN VALUE

Design trends come and go, and while some are more enduring than others, it's interesting to watch the change in direction they travel over time. At the moment, stunning yet functional kitchens are all the rage. With the popularity of the open floor plan, the kitchen is more than ever the hub for home entertaining, as well as an extension of the living area.

This concept is reflected in attractive cabinetry that is more like furniture than just a place to store things. Concealed workstations and the use of bold and oversized light fixtures and light fixtures you wouldn't normally think to put in a kitchen, are in vogue as the kitchen becomes a visible part of the rest of the house. Hardware is trending towards warmer metals like copper, aged gold and black, and stains for natural wood cabinetry are gravitating to the darker end of the spectrum, while in lighter kitchens, grey is the new white. Don't buy into the myth that dark colors make a smallish kitchen smaller...when balanced with light colored counters and backsplashes, dark cabinetry creates drama and interest.

While the ever popular granite counters and stainless appliances aren't going anywhere soon, natural materials and color are gaining in popularity. Wood counter tops, brick veneer façades for focal walls, and a range of color choices for appliances and sinks add warmth and character. A red Viking range can pack a punch in an otherwise mundane kitchen. Backsplashes are going bigger, and they don't have to be tile, or a neutral color scheme; trending now are large slabs of marble or colorful glass. Why not cover the entire wall behind the cooktop? A vibrant backsplash juxtaposed with minimalist design creates a striking focal point.

Mixing and matching old with new, and throwing different materials together can create a unique and interesting space; think about using different colors for the cabinets above the counters than the ones below, or even different materials. All of the cabinets in the room don't have to be the same material; mixing metal with natural wood creates an interesting and eclectic look that breaks from tradition.

As long as you have a common theme that pulls everything together, you can let your imagination fly.

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MORTGAGE UPDATE: HOME EQUITY LINES OF CREDIT

YOUR MORTGAGE TEAM

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When the real estate market pulled back in 2008, many homeowners with a Home Equity Line of credit, or HELOC, received notices their lines were closed, eliminating access to the equity. Over the following years, obtaining an equity line became near impossible; however, the restrictions are easing up. While we do not have the "fog the mirror" underwriting standards of 2007, rules for HELOCs have loosened quite a bit in the last 6 years. Home purchasers can now put 10% down and finance 80% in a 1st mortgage and 10% in a 2nd mortgage, avoiding the costs of PMI. The "80-10-10", using mortgage jargon, was a common and widespread option decades ago, and it's making a comeback.

With the new purchase options, comes retro refinance options too. Lenders are more willing to lend a client up to 80% and in some cases 85% of the value of their property using a HELOC on the home.

Keep in mind, HELOC's should not be used as a long term borrowing solution. In other words, if you plan on having the balance for more than 5-7 years, a HELOC could present some significant risks. We can discuss some very good, and not so good uses for HELOCs in our next newsletter.

In the meantime, one thing to contemplate: If you have a HELOC with a balance you don't plan on paying off in the next 5 years - consider refinancing and combining your 1st and 2nd - interest rates are still favorable enough to make this a cost saving option. If you are curious about any other scenarios, don't hesitate to call our Mortgage Team!

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FEATURED LISTING

2617 BARCLAY WAY
BELMONT



www.2617Barclay.com

MARKET-BOUND!

We are proud to announce that this 5bed/3bath fixer is almost finished, and will soon be making it's market debut. The home is perfect for an extened family, and boasts two indoor fireplaces, and two decks in the back yard overlooking a grove of trees. Some finishing touches are being made and some details are being fine-tuned, but we will be having our first open house on September 14th!