



# REALSMART

## Newsletter

A QUARTERLY JOURNAL OF REALSMART IDEAS

### WITH '14 BEHIND US, WHAT WILL '15 BRING?

2014 was a feel good year for the American economy. Employment grew at it's fastest pace since 2006, the Dow Jones Index jumped about 1,000 points, and interest rates were at rock bottom levels for much of the year. The economy performed particularly well in the Bay Area, where unemployment bottomed out at 5%, and tech workers with healthy stock portfolios benefited disproportionately from DJI growth. All of this meant greater purchasing power for hopeful homebuyers, which led many into the market in search of a new home.

The Bay Area also saw a significant increase in the number of all-cash homebuyers in 2014 - mostly coming from Chinese investment. This coupled with booming domestic demand made for a housing market flush with eager buyers. Unfortunately, there simply weren't enough homes on the market to meet the demand, and so buyers were left to compete for what was out there - bidding wars ensued, and home prices sky rocketed. The perfect situation for sellers, but a nightmare for buyers, especially those who found themselves having to compete with cash offers.

The high demand and low inventory that tormented homebuyers in 2014 has followed us into the early part of 2015, and as a result, prices continue to grow - which has left many people wondering, **when will it stop? Are we perched atop a housing bubble like we were in 2008?**

Simply put, no we are not in a housing bubble, and while growth may slow, it will not stop any time soon. Interest rates are predicted to rise at some point this year, which could cool off demand slightly, but not much.

The Bay Area is full of real money, and real economic growth. You can see it in the new commercial and residential developments breaking ground in Redwood City, San Mateo and Mountain View, plus the rapidly expanding campuses of Facebook, Google, and LinkedIn. Additionally, many first time buyers are able to pay a 20% down payment on a \$1,600,000 3 bedroom home. I could be proven wrong, and it wouldn't be the first time. But as a broker and real estate investor, I can tell you with confidence that home values are still very much on the rise, and I have no good reason to think this will change in 2015. The best advice I could give to hopeful homebuyers is to stay engaged in the market. Consistency will prevail.



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## FIX & MIX

The Fixer Mixer for Iris was held at the beginning of February - and despite the rain, we had a pretty respectable turnout! If you didn't get a chance to make it, head to our website to see the finished product:

[230Iris.com](http://230Iris.com)

Iris was a perfect example of how much of a difference an open floor plan can make. When we first bought the home, it felt painfully cramped, dark, and congested. Once we tore down the walls separating the living room, kitchen, and family room, it felt like we could breathe again. We made the home feel like it doubled in size without actually adding any square footage.



## BEFORE



## AFTER



## WHAT'S NEXT?

Unfortunately we sold our properties at Oakview and Hillview too quick to throw fixer mixers. Our next fixers are on Hall St in San Carlos, and Ohio Ave in RWC - we'll keep you updated on their progress!

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## FACEBOOK STEPS UP TO THE PLATE

### OFFERS HELPING HAND IN HOUSING CRISIS

The economic boom in the peninsula - driven primarily by the tech sector - has had the consequence of dramatically increasing competition for a very limited supply of housing. As a result, rental prices in the area have been climbing at a pace many residents worry is not sustainable. But while city and county officials have been scrambling to find ways to remedy the affordable housing crisis, Facebook has come forward with a very simple solution - increase the supply of housing.

Facebook - which is already partially funding a 394 unit apartment complex near their headquarters in Menlo Park - recently reached out to city officials via email suggesting they work together to create thousands of new housing units. In the email, Facebook's director of campus facilities, Fergus O'Shea, wrote that "Housing not only would allow for our employees to live near the campus, but would also reduce traffic, increase the overall supply of housing in Menlo Park, and present an opportunity to deliver below-market-rate units". And while this is far from a formal proposal, and even farther from being realized, it shows not only is Facebook conscious of the effects their growth is having on the surrounding communities, but they're also proactive about mitigating these effects.

If Facebook is able to demonstrate they can invest in housing to benefit the public as well as themselves, then perhaps other corporations will follow suit. If so, it could help shift some of the burden of providing affordable housing from local government and private landowners, onto the rapidly expanding corporations contributing to the current housing crisis.

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# REMODELING WORKSHOPS

A FUN WAY TO GAIN A FRESH PERSPECTIVE

For people who regularly take on home renovation projects, sometimes it can help to get some outside perspective, even if you consider yourself a seasoned veteran. One way that I have done this in the past is through attending workshops held by our friends at Harrell Remodeling. They are first and foremost a full service design and build remodeling company, but they periodically offer educational workshops, during which they impart some of their 30+ years of wisdom and expertise to the attendees. Each workshop focuses on a specific aspect of home renovation, so you can pick which one interests you the most. Below is a list of the workshops they will be offering in 2015:

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DATE	TIME	WORKSHOP	LOCATION
Wednesday, April 29th	6:30-8:30pm	Your Forever Home: Universal Design	Mountain View
Saturday, May 16th	9:30-11:30am	Kitchens & Bathrooms	Mountain View
Wednesday, May 20th	6:30-8:30pm	ReFresh, ReFace, or ReDesign	Mountain View
Wednesday, May 27th	6:30-8:30pm	Trends in Design, Finishes & Products	Los Gatos
Wednesday, July 15th	6:30-8:30pm	Whole House & Additions	Mountain View
Saturday, July 25th	9:30-11:30am	Trends in Design, Finishes & Products	Mountain View
Wednesday, September 23rd	6:30-8:30pm	Whole House & Additions	Mountain View
Wednesday, September 30th	6:30-8:30pm	Whole House & Additions	Los Gatos
Saturday, October 24th	9:30-11:30am	Kitchens & Bathrooms	Mountain View
Wednesday, November 4th	6:30-8:30pm	Kitchens & Bathrooms	Los Gatos

\* To register for a workshop, head to [www.harrell-remodeling.com/homeowner-education/workshops/](http://www.harrell-remodeling.com/homeowner-education/workshops/)

## YOUR MORTGAGE TEAM

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## MORTGAGE UPDATE: NEW CFPB DISCLOSURE RULES

Starting August 1st, the disclosure forms created over 30 years ago under the Truth in Lending Act (TILA) and the Real Estate Settlement Procedures Act (RESPA) will be integrated into more consumer friendly, concise forms. Along with the introduction of new forms, timing regulations will be put in place to ensure borrowers are given sufficient time to process the information enclosed in the documents.

The good news for borrowers is these forms will make it much easier to understand what charges they are incurring and where they're coming from. The bad news is the new timing regulations will actually push back closing times by a minimum of three days. This is because one of the regulations states 3 days must pass between the time the borrower receives the final disclosure and the time the loan funds. Currently, a borrower can receive the final disclosure, sign it, and have the loan fund all in the same day.

This extended closing time feels like a step backwards for borrowers, who over the past couple of years have seen shortened closing times due to looser lending requirements. With the implementation of these new rules, the playing field will be tilted back in favor of cash buyers, whose closing times will not be affected by the rules.

Fortunately, there are options out there for borrowers who feel the longer closing times will adversely affect their chances of getting a home. "If the longer closing times prove to be problematic, home buyers can start to look into options like delayed financing, where the buyers taps personal funds to purchase all cash, and then refines post-close. This will help keep your closing times competitive with cash offers" - George McFaden, Loan Advisor. As always, feel free to call us with any mortgage or financing related questions.

## THE REALSMART TEAM



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## FEATURED LISTING

NORTHVIEW WAY,  
REDWOOD CITY



Luxurious new construction in a beautiful Emerald Hills neighborhood. 4 bed, 4 bath with an expansive open floorplan and breathtaking panoramic views of the bay. Great room concept on the ground floor, with a large uncovered deck looking over the sprawling back-yard. Keep an eye out for this gem in the coming months.