

# REAL ESTATE UPDATE

2018 In Review



Good news on the mortgage rate front with the 30 year fixed dropping to/near 4.5% over the past couple weeks. Lower mortgage rates are always a welcome sight but what I'd prefer to see is more inventory of homes for sale, especially on the first time buyer end of the price spectrum. More inventory means more choices and, usually, softer pricing. It is difficult to have a robust real estate market if the first time buyers aren't invited to the party...they are the linchpin to a good market so whatever is good for them is good for the rest of the market.

In addressing the challenges faced by first time buyers, the national media cite lack of down payment, high prices and spotty credit as the main problems. I think these concerns are more prevalent in markets like San Francisco and Seattle than in Lakewood or North Olmsted. While these issues play a part in our local market, I think our most significant challenge is inventory, particularly on the first time buyer end of the price range.

When I started selling real estate in 1982, 30 year mortgage rates were over 15%. Of my 17 sales in my first year, none of the buyers went to a bank for their mortgage money. The financing alternatives/options included land contracts, lease options, lease purchases and, occasionally, cash. Two of the other options are worth repeating here...one was a SAM (shared appreciation mortgage) where the buyer and another party both participated in the down payment...their percentage share of the down payment corresponded to the percentage share of the future value of the property. Thus, if mom and dad contributed 50% of the down payment and closing costs, upon the sale of the house, mom and dad would get 50% of the net gain. The devil's in the details but the concept is sound and worth considering. Another option is for a private party to be the mortgage lender. For example, the buyer purchases a \$100,000 house, puts 20% down and instead of Third Federal Savings and Loan providing the \$80,000 mortgage, a private entity provides the mortgage money. Perhaps the rate is 5% and includes a 5 year balloon payment (entire balance is due within 5 years). A 5% return (secured by a first mortgage on a local property) is attractive, especially in light of how the stock market finished the year. In either case, if these options are being considered and involve family, be very careful. What do you do if the borrower defaults? Foreclosures are never pretty but they are especially ugly when the mortgagee and the mortgagor are related.

I get an insight into the condition of today's market several times a day when I run the multiple listing service update sheets for our market. This tells me how many new listings there are, how many houses went under contract or transferred and...how many houses have had price reductions. In the summer, there were very few price reductions. Since about October 1<sup>st</sup>, the number of price reductions has been higher than the number of homes going into 'contingent' status. (A house is marked as 'contingent' within a day of the formation of a purchase agreement.) In my opinion, this is a sign of house prices beginning to out pace demand for those houses at the higher prices. Sometimes this is the start of a softening market (general price decline) and sometimes it is just a minor and passing price correction (as in the stock market). I think it is the latter.

Please call or email if you have any questions about the local market and please keep me in mind if you know someone who could use my services. Personal referrals are a significant part of my business and as with all my opportunities, I treat them with great care.

Sincerely,

*Bill Reilly*



Bringing people and houses together since 1982



# Homes Sold by The Bill Reilly Team in 2018

12900 Lake Ave #710, Lakewood  
 18187 Clifton Road, Lakewood \*  
 17822 Lake Road, Lakewood \*  
 16514 West Park Rd, Cleveland  
 18904 Mitchell Ave, Rocky River \*  
 20290 Marian Lane, Rocky River  
 1851 King James #311, Westlake \*  
 3033 Canterbury Road, Westlake \*  
 2185 Berkeley Drive, Westlake \*  
 24510 Meadow Lane, Westlake \*  
 2611 Piedmont Ct #44, Westlake  
 28037 Sherwood Drive, Westlake \*  
 29956 Yorktown Drive #67, Westlake  
 30611 Mallard Cove, Westlake  
 1991 Clarendon Ct, Westlake \*

3028 Waterfall Way, Westlake  
 4497 W 227th Street, Fairview Park \*  
 26743 Knickerbocker, Bay Village\*  
 482 Lake Forest Drive, Bay Village \*  
 289 Longbeach Pkwy, Bay Village  
 462 Forestview Rd, Bay Village \*  
 527 Bradley Road, Bay Village  
 484 Fordham Pkwy, Bay Village \*  
 246 Saddler Road, Bay Village  
 322 Bradley Road, Bay Village \*  
 608 Revere Drive, Bay Village  
 29485 Goulders Green, Bay Village \*  
 28107 W Oakland Rd, Bay Village \*  
 359 Oak Cliff Drive, Bay Village \*  
 25248 Lake Road, Bay Village \*

4465 W Ranchview Ave, N Olmsted \*  
 4866 Lansing Drive, N Olmsted \*  
 28087 Angela Drive, N Olmsted \*  
 7296 Pine Woods Way, Olmsted Twp\*  
 38125 Kerrington Way, Solon \*  
 762 Robinwood Ave, Sheffield Lake \*  
 2635 Nagel Road, Avon \*  
 115 Lear Road, Avon Lake \*  
 146 Avon Point Ave, Avon Lake  
 123 Beck Road, Avon Lake \*\*  
 221 Inwood Blvd, Avon Lake \*  
 165 S. Point Drive, Avon Lake \*  
 189 Sunset Road, Avon Lake \*  
 771 Lakeside Drive, Avon Lake \*  
 401 Bounty Way #249, Avon Lake \*

837 Wildberry Circle, Avon Lake \*  
 210 Ashwood Drive, Avon Lake \*  
 509 Waterfall Way, Avon Lake  
 31824 Lake Road, Avon Lake  
 5743 Carolyn Drive, N Ridgeville \*  
 1099 Arrowhead Drive, Vermillion \*  
 4925 Treeline Drive, Brunswick \*  
 824 Nola Drive, Brunswick

\* Buyer side  
 \*\* Buyer and seller side









## Arctic Cold in Cleveland

Mother Nature was hard at work last month during January's arctic plunge. It was cold—really cold—the ice display at Bay Boat Club was amazing.



## Fundraiser is a Huge Success!

Our First Annual Father Daughter Dance was a sold out success! One hundred and twenty dads and daughters joined us at the Bay Village Community House and danced the night away. With proceeds benefiting The Village Project, we were happy to have a full house. As I checked in guests at the front door, I was amazed to see that every single young lady was dressed in their finest. All of them were set for a fancy night out with Dad!

Catering included homemade cup cakes, cookies and candies with plenty of juice boxes and waters. A great DJ with balloons and a light show added to the fun! I watched one dad gather coats and a balloon, then go to the dance floor to tell his daughter it was time to leave. She then ran to another part of the dance floor and continued to dance. He approached her two or three more times with the same suggestion and the same result—each time she ran away and continued to dance. They were the last to leave at 9:15pm!!

Congratulations to Jeff Goggins who won the raffle for a very nice gift basket including free massages at Elements Massage in Avon.



Bill Reilly



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