

HOUSING HEADLINES

Home prices surged across the country to the highest level in 7 years, 10.2%, according to the 1st Quarter Case-Shiller Index report. The S&P/Case-Shiller index is widely regarded as the barometer for the US housing market, monitoring 20 metropolitan cities nationwide. Locally, nay-sayers were quick to point out that New York had the smallest gain of 2.6% while San Francisco and Phoenix posted 30% gains. The simple reason... their markets had collapsed by as much as 50% or more, while New York, on the other hand, did not collapse and did not see losses of even half that. New York has a strong and stable foundation.

On Tuesday, May 28th Wall Street Journal featured three different articles regarding housing market trends.

The first, "Flippers Ride Housing Wave" by Nick Timiraos, highlighted investors flipping homes or contracts within 6 months. Nick delves into the latest trend focusing on California, where his article showed the number of flipped homes sold in recent months reached its highest level since late 2005, as published by Property Radar, a real estate data firm.

The second gets closer to home — "Homes Swell in Suburbs" by Josh Barbanel. Josh's graphs demonstrate price increases in areas around New York City as, he states, "Buyers feel urgency again while looking at statistics for Long Island, Westchester, Connecticut and New Jersey."

Lastly, on the front page of the Money & Investing section, Jonathan Cheng and Matt Jarzemsky report on "Investors Spread Their Housing Bets". Here Jonathan and Matt take the new housing boom market one step further, and dig deeper to see how the markets are anticipating rising stocks for related publicly held corporations such as home builders, paint manufacturers, roofing and other building material companies, Home Depot, Lowes, and others. They quote Mitch Ruben, chief investment officer at New York based River-Park Fund, "There are a lot of derivative plays on housing, but this is sub direct play" relative to his purchase of Reology stock, which owns franchises and real estate firms Coldwell Banker, Corcoran, Century 21, Sothebys and ERA. Kevin O'Keefe of Brown Advisory was quoted as saying "The housing market is one of the best investible themes out there for 2013 and for 2014 as well."

Back in November Town & Country blogged an article titled "Housing Will Save Us" - predicting just what is now in full swing.

A further stoke to the heat we are experiencing was confirmed by Conference Board's Consumer Index increase of 7 points this month to 76.2% — a five year high. Consumer confidence opens the door to consumer spending and consumer spending is responsible for 70% of the overall US economy.

America is setting its own pace in this global economy.

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