



Affordability: the Industry's Next Crisis



Welcome to Title Wise

The trajectory of the New Jersey real estate market continues to scale higher. The good news is that demand remains strong, supply is improving in some markets and the economy continues to steam ahead. As builders scramble for buildable lots and skilled workers, Millennials continue to dip their toes into the market, comprising nearly a 40% share of sales.

Finally, the state is making strides when it comes to building out its infrastructure and new multi-family projects continue to appear along its mass transit routes.

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Housing Inventory Shortage Impacting Affordability

As the nation continues its economic recovery from the Great Recession, the industry most impacted from a negative standpoint, real estate, is facing another crisis: unaffordability. Granted, the economy is stronger than ever, but there seems to be a shortage of homes available for sale on the market. This shortage crosses all boundaries.

Housing inventory has crashed in part due to the shortage of skilled labor and buildable lots, as well as the construction industry's willingness to build, especially affordable housing.

The affordability index is reflected in the recent report published by Attom Data Solutions indicating that in 74% of the counties surveyed, the average family can't afford to buy the median home. Unfortunately, this trend is going in the wrong direction since this is up from 71% reported for the same sample counties surveyed by the group in 2018.

Affordability isn't because credit scores have fallen either. The average U.S. credit score hit 680 in 2018, up from 675 the year before, the report found. That's the biggest one-year jump since 2008.

Even though U.S. homebuilding and build permits have increased recently in a year-over-year analysis as reported surging to more than a 12-year high in August, the supply is still not enough.

In 40%, or 192 of the 480 counties analyzed by Attom Data, home prices out-paced the average weekly wage growth, while 67% of markets required buyers to put down more than 30% of their weekly income on their home.

Still, there is some good news: 82% of markets surveyed in the report showed better housing affordability than in 2018.

2020 Forecast

Here are some of the trends and features the New Jersey real estate industry will face in 2020:

- A continued shortage of available housing, especially for the first-time buyer
- Higher existing home sales
- A battle with state and local municipalities over the highest property taxes in the country
- A continuation of a strong economy
- A strong jobs market
- Higher wages
- Higher real estate values
- A robust tourism market
- Improvement in infrastructure
- A solid educational system





Increasing Your Aptitude for Quality Customer Care



Customer Disloyalty?

Ways to defend against customer defection



According to Nielsen, customer disloyalty is on the rise and this is going to affect growth and return on investment.

In order to combat disloyalty and maintain customer retention a specific strategy must be followed to avoid any disruptive sales cycles.

Brand Position: The first aspect that helps prevent customer defection is the maintenance of brand position. It will be critical to maintain a unique brand positioning throughout your market; this includes brand awareness. Price isn't the only determining factor, especially when it comes to a customer's perception of service delivery.

Price and Size: Of course, every customer is price sensitive and that means maintaining the value proposition within every

transaction. Ways to position a price differential when delivering a service is the return on the investment, the speed to market, and even the higher percentage a price gained by the seller, as it relates to agents who are the listing agent.

Especially with listing agents, the ability to present a full platform to market and position any property listing is key. Not only including a wide and quality assortment of photographs taken by a professional but also a video tour and even drone video photography is a must now.

It's all about success rates.

Specialization: In the retail industry variety is important. But in the real estate industry, specialization is critical to establishing one's unique selling proposition.

Every property is unique. Every property requires a unique staging and selling strategy. Buyers and sellers need to have access to what they need and when they need. Agents need to maintain high visibility to attract new buyers to listings using a variety of

means and strategies.

Expertise: Not all properties can be treated equally. Before listing the property, consider if the agent and the location are a good fit. Too often a listing agent may be brought in from another region but does not have a following within the area being sold. This makes for a disparate and dysfunctional listing process. The agent you select needs to have a good reputation and a good following within the particular area.

Responsiveness: Markets change, and as markets change there may have to be adjustments made to the listing of the property. This may include a change in price, a different staging approach, and even a different advertising campaign initiative. Some platforms, especially within the social media markets, are more conducive to attracting and bringing in potential buyers and sellers.

All of these factors are critical when delivering a unique customer experience that not only can promise but deliver upon the expectations of the home buyer and home seller.

Real Estate Terms

■ **Days on Market (DOM)** – The number of days a property has been listed on the market. Higher DOMs can signal an unrealistic sales price.

■ **Inventory** – The number of homes for sale on the Multiple Listing Service (MLS). A small inventory indicates a high demand; therefore, higher prices.

■ **Buyer's Market** – Occurs when sales slow and inventory accumulates. This market is characterized by high DOM and falling sales prices, giving buyers greater opportunities.

■ **Balanced Market** – A transitional phase between a Seller's and Buyer's Market when neither party has an advantage over the other.

■ **Seller's Market** – A real estate market characterized by small inventories and short DOM.

■ **Median Sales Price** – The midpoint between the most expensive house and least expensive house sold in an area.

Counsellors Title Agency, Inc. specializes in providing title insurance, title search services and loan closing services serving attorneys, Realtors, banks and various mortgage companies throughout the State of New Jersey. CTA offers full search and insurance capabilities within all 21 counties of New Jersey for commercial, residential and new construction purchases in our four locations: Morris, Ocean, Monmouth and Union counties. CTA is equipped with the latest digital technologies to ensure a complete and timely transaction.

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