

# Opinion: Glimmers of hope in Tahoe real estate market

By Joe Salcedo

2010 gave us a steady progress for the Lake Tahoe real estate market as units and volume increased significantly, 28 percent and 37 percent, respectively. It was a breath of fresh air from the suffocating 2009, where median home prices went down 24 percent.

So what do we make of this? Continue to proceed with caution. Units and volume are up, but home prices are still going down. If you hear us Realtors unrolling the red carpet and shooting glowing press releases – please don't mock – know that the last time we saw anything positive, Bear Sterns and Lehman Brothers were still listed in the stock exchange.

“The test of a first-rate intelligence is the ability to hold two opposed ideas in the mind at the same time, and still retain the ability to function” – you will need this dear reader; as news media and real estate people will frustrate the daylights out of you (as you probably know by now), for they're peaceful when it's calm out to sea and bicker when the storm comes.



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But you can't depend on perpetual cynics either; those who seem to believe that they are smarter than the market. When it comes to the market, the curious observer wins. And don't

worry, unlike the stock exchange where 10 percent weekly price fluctuations occur, in real estate you rarely get left behind; if you pay attention.

Historically, home prices increase at an average of 5 percent per year, and that doesn't happen overnight. Real estate markets fluctuate in a shape of an elongated "W" not a "V", so even if you miss the exact market bottom, consistent stronger home prices (two to three years) will nudge you that it's a good time to buy.

Any market recovery is led by an increased demand, because the number of buyers influences how seller's asking price is met. If buyers significantly outnumber sellers, they begin to offer full asking price, sometimes higher, as they bid against each other. This in effect gives other future seller's a guide, or as they call it, "comparable" on how to price their home. Also, the number of sellers or the lack of plays a great part in influencing what prices buyers are willing to settle for, so keep the listing inventory in check as well.

On the other hand, increasing home sales doesn't mean that prices won't go down any further. Take for example Washoe County; Reno has seen an increased demand since 2007 but home prices continue to go down. There are many reasons for this; mainly the number of foreclosures keeps pulling "comparables" down.

In Lake Tahoe, foreclosures are nowhere near as rampant compared to its neighboring cities in Northern Nevada; I hope it continues to be that way. In any case, the number of Lake Tahoe single-family homes improved 28 percent from 2009 and 62 percent for condos. This is a good start.

If you're thinking of buying or putting your home in the market; the best advice I can give you is to use market facts to furnish your intuition. Research and intuition are the best tools to help you make the best decision. Our job is to show

you what's happening out there, because at the end of the day only you know what's best for you and your family.

*Joe Salcedo regularly writes about the lake's short sale market and has recently launched Lake Tahoe Real Estate that focuses on Incline, Zephyr Cove and Glenbrook.*