

Rod's Radio Show Notes

February 29th 2012

Go to: www.rodnolespropertymanagement.com and click on radio notes and sign up to have them emailed each week. If you know of someone looking for rental space, apartments, homes, retail, office or industrial send them to www.rodnolespropertymanagement.com.

You can participate in the show by calling 318-442-8255 (talk) between 8:05 and 8:55 on Wednesday morning. Do not attempt to call Saturday this is our encore performance (fancy way to say taped).

Announcements, Attachments and Travels:

One extra day this year and it's today, make it count and thanks for listening to our show.

March 24th and 25th Home & Product show Rapides Parish Coliseum reserve space 318-443-1902 see attachment

Bancorp South Bank on Jackson Street extension is now opened for business.

Commercial meeting last week hosted by First Federal of Alexandria heard announcement of 20,000 square foot new office at Windermere and 28 West will begin soon.

Three same day road trips since our last show:

Lake Charles trip noticed two items of interest (1) three new homes at AGCC seem to be occupied (2) Municipal building in Woodworth is beautiful

Leesville trip noticed two new hotels under constructions at the Gate to Folk Polk.

Lafayette trip yesterday with local investor who has purchased 44 acres in neighboring small community.

People not properties:

Thomas Pharis, is a retired rail road engineer who is now part time shuttle driver for Walker Automotive, gave me ride back from dealership Monday morning. When I introduced myself as Rod Noles he said, "I'm the man you took a boat in trade for down payment on a house, "I said Thomas do you still live in Stones Throw?

Roscoe Bolton 99 years old this week and 77 year member of Rotary longest serving member in the world right here in River City. This gives me the opportunity to promote his former office for lease at 3130 Jackson Street for \$14 psf or \$4,100 a month.

Bob Merrick Chairman of Board for Latter & Blum, Rick Haase President, Bob Penick CFO, and Karl Landreaux commercial manager are at airport 9:00 am and I will need to complete last 10 minutes of the show from my cell phone,.

Every Deal has a Tale /Tail:

Sears plans to sell 1,200 company owned stores: Store in Alexandria Mall is owned by Sears not sure if Radiant Properties will buy this space and lease it back to Sears. Past Thursday Sears announced \$3 billion dollar loss for 2011 and same stores sales have fallen for 6 years in a row. Stock was down below \$30 last month and was trading at \$61.80 up 19% in one day following the announcement of asset sales.

Fuller Brush Company files for chapter 11 company was started in 1906 and I would like to know if any of our listeners were ever Fuller Brush company door to door salesmen. Give us a call 442-8255

Wilk's Tile & Marble, Inc. (2820 Louis St., Alex., LA 71301) to Joe's Cleaning Service, LLC (671 Goodacre St., Pineville, LA 71360) - Lots 5, 6, 16, & 17, Sq 4, Bacon Place Addn. (2826 Lee St., Alex., LA 71301), \$60,000.00

(+3) Rod's economic indicator perfect score is 5:

When top rating of 5 appears week after week I will share with our audience, that "Green Shots" is here and recovery is in full swing.

Legal recorder data five business days from time period of February 20th through 24th

- (1) Total of 40 closed deals for the week has positive score
- (2) At least one new home sale for the week has positive score
- (3) At least one subdivision lot sale for the week garners positive score
- (4) Number of lender sales in market place is less than 5% of the total market sales for the week.

(-1) Total Weekly Volume:

\$2,624,923 with 28 transactions causing negative score in this category.

Pending sales index is up 2% January over December that measures deals under contract. Big problem today between contract and closing is low appraisals. Not sure we can trust NAR (National Association of Realtors) but they tell us existing home sales

increased 4.3% in January from a month earlier to seasonally adjusted rate of 4.57 million. It was the third increase in past four months and highest level of sales since May 2010 at same time inventory of unsold homes has contracted to near healthy level of 6.1 month supply. Median sales price has drop 2% on nationwide basis and we can no longer say values are stable locally we are witnessing a decline in values with decrease in volume.

Hey Warren Buffett says homes are now cheap so is interest rates in 37 years I have never seen better time to buy a home. Climate even has me thinking of buying another home (just thinking right now I love Charles Park and my home of 27 years)

Study 21% of Louisianans Spends Half Their Earnings on Housing:

Slightly more than one in five Louisianans was spending at least 50% of their paycheck on a housing payment or rent in 2010, according to a report released today by the Center for Housing Policy, a research affiliate of the National Housing Conference. The study says 21% of working households in Louisiana—with a "working household" defined as one in which someone is working at least 20 hours a week but not earning more than 120% of the median income in the area—spent at least half their income on housing alone. Such a situation is defined as "severe housing cost burden" in the center's Housing Landscape 2012 report.

Louisiana's rate of severe housing cost burden was slightly lower than the national rate of 23.6% in 2010, but the report says it's still a "significant increase" from 2008, when the rate was 18%. The situation is even worse in the New Orleans metro area, where 28% of the population faces a severe housing cost burden, up from 22% in 2008.

(+1) Random Home Sales for the Week:

Pinebrook Estates two sales last week

Susan D Coburn (P O Box 3912, Pineville, LA 71360) to Adam O & Laura B Pharis (6642 Birch Trace, Ball, LA 71405) - Lot 177, Pinebrook Estates (6642 Birch Trace, Ball, LA 71405), \$142,500.00

William K & Angela P Neal (P O Box 3266, Pineville, LA 71361) to Megan E Cobb (6605 Birch Trace, Ball, LA 71405) - Lot 216, Pinebrook Estates Subd., et al, \$143,000.00

2008 market generated 16 sales at an average price of \$93,892
2009 market generated 8 sales at an average price of \$95,225
2010 market generated 7 sales at an average price of \$107,260
2011 market generated 7 sales at an average price of \$98,628
2012 strange group of 3 sales with average price of \$143,133

Walter L Enete (523 Live Oak Dr., Madison, MS 39110) to Anna L McKee (1022 Lakeshore Dr., Pineville, LA 71360) - Lot 12, Blk 3, College Park Addn., et al (1022 Lakeshore Dr., Pineville, LA 71360), \$143,000.00. Since 7-2-2008 there has only been 5 sales one of which was foreclosure deal average sales price is \$110,000 remove lender's Average Sale price is \$124,375 on 4 remaining transactions. This creates difficult situation for appraiser. Kudos to Jeff Matthews on his neighborhood story Sunday.

(+1) New Home sales:

Looking for a single sale this week for positive score the market gave us.

West Lakes Estates, LLC (2230 S MacArthur Dr., Alex., LA 71301) to Wrosa C Thompson (4325 Duhon Lane, Alex., LA 71302) - Lot 6, West Lakes Estates Subd. (120 Grand Blvd., Alex., LA 71303), \$221,500.00

(+1) Lot Sales or Home Site Acreage:

Only need one sale for positive score and this week the market gave us three one was developer's inventory and one from lender.

Fredco Enterprises, LLC (2712 Hwy. 121, Otis, LA 71466) to Richard J Cipolla (11 Lofton Cemetary, Pineville, LA 71360) - Lot 4, Fredco Estates Subd., \$29,000.00

Larry H Floyd, et al (300 Barron Chapel Road, Pineville, LA 71360) to Robert D & Sandra H Hines (324 Ball St., Pineville, LA 71360) - Lots 14 & 15, Sq 1, Hillside Subd. (331 Ball St., Pineville, LA 71360), \$12,500.00

The Evangeline Bank (3700 Jackson St., Alex., LA 71303) to Eugene A Ledet, Jr. & Beverly E Ledet (5994 Stonegate Dr., Alex., LA 71303) - Lot 49, Crossgates Subd., Phase IV (5992 Stonegate Dr., Alex., LA 71303), \$30,000.00

(-1) Lender Sales as Percent of Total Sales:

Rates positive score if lender sales are below 5% of total sales, this week market gave us volume of \$370,000 / \$2,624,923 = 14.09%

Sabine State Bank (P O Box 670, Many, LA 71449) to Scott A & Mary K Merryman (25 Van Mol Road, Alex., LA 71302) - Tract in Sec 59, T3NR1W, et al, \$340,000.00

The Evangeline Bank (3700 Jackson St., Alex., LA 71303) to Eugene A Ledet, Jr. & Beverly E Ledet (5994 Stonegate Dr., Alex., LA 71303) - Lot 49, Crossgates Subd., Phase IV (5992 Stonegate Dr., Alex., LA 71303), \$30,000.00

While foreclosure levels are still above historical norms coast to coast, there is some good news coming from those who watch mortgage trends. According to the Mortgage

Bankers Association's National Delinquency Survey, the delinquency rate for mortgage loans on one-to-four-unit residential properties decreased to a seasonally adjusted rate of 7.58% of all outstanding loans at the end of the fourth quarter of 2011. That's a decrease of 41 basis points from the third quarter of 2011, and a drop of 67 basis points from a year prior. The total delinquency rate and foreclosure starts rate decreased and are back down to levels from three years ago. A major reason is that the loans that are seriously delinquent are predominantly made up of loans originated prior to 2008, and this pool is steadily growing smaller as a percentage of total loans outstanding. In addition, employment is the key driver of mortgage performance, and the mortgage delinquency rate is actually falling faster than the unemployment rate is declining. In January, 1 in every 1,051 housing units in Louisiana was in some stage of foreclosure, according to RealtyTrac. That's pretty much middle-of-the-road compared to the national average, but higher than neighboring states Arkansas and Mississippi.

Wall Street front page article Tuesday February 28th headlines reads, "For the costliest homes foreclosure comes slowly" Borrowers with loans above \$1 million were in default 792 days before banks completed foreclosures. For loans under \$250,000 the time was still 611 days on average. Intervals between lack of payments and bank owned assets are currently longest in New York, Florida, and Connecticut.

Article observes several reasons for time difference (1) Banks bundle smaller loans and sells packages while most of larger loans remain in house the with the original bank. (2) banks are more flexible with larger loans as borrower many times has additional assets (3) wealthier borrowers are more sophisticated at stalling foreclosure by hiring attorneys (4) some banks intentionally draw out foreclosures so they do not have to book the loss right now called "pray and delay."

71% of all loans in foreclosure have balances less than \$250,000
94% have balances below \$500,000
Less than 1% above one million.

In 2008 average foreclosure took 260 days for loans under \$250,000 and 251 days for loans above \$1 million. \$10.3 trillion in mortgages outstanding, around \$7 trillion have been securitized and 83% are backed by Fannie or Freddie these agencies generally guarantee loans of less than \$417,000

Some doubt settlement will end navigation nightmare:

Even as government officials prepare to unveil new standards this week for how banks treat millions of Americans facing foreclosure, *The New York Times* reports housing advocates and homeowners are skeptical the rules will be able to do something past efforts have not: provide a beleaguered borrower with one individual to help him or her

navigate the mortgage maze. The entire process of seeking a mortgage modification is complicated and time-consuming, but few elements are as maddening as the inability to get through to a representative at the bank—or being asked for the same documents again and again. So the promise of a single point of contact has emerged as a crucial element in the much-ballyhooed \$26 billion settlement reached earlier this month involving state attorneys general, the federal government and the five biggest mortgage servicers. These rules will apply nationwide and come with commitments of strong enforcement by federal and state authorities, but they carry a familiar ring for those experienced in the foreclosure process.

Interest Rates:

30 year fixed is 3.85% was 3.88% the 15 year rate is 3.15% was 3.16% 5/1 ARM is 2.81% was 2.88%. Even with low rates mortgage applications are down 10% from same time last February.

Mortgage Activity for the Week:

Total of 20 closed real estate mortgages at volume of \$3,357,517 compared to \$2,624,923 in closed transactions or 1.27 ratio of closed mortgages to transactions.

Going Down Slow:

First-time claims for unemployment insurance in Louisiana for the week ending Feb. 18 declined from the previous week's total. The state labor department figures released today show the initial claims fell to 3,007 from the previous week's total of 3,143. The figure was lower than it was for the comparable week a year earlier, when there were 3,167 initial claims. The four-week moving average, which is a less volatile measure of claims, decreased to 3,205 from the previous week's total of 3,289. Continued unemployment claims claimed for the week ending Feb. 18 totaled 39,009, down from 440,007 the previous week. The four-week moving average for such claims decreased to 40,540 from 41,591.

LA vehicle theft rate drops 37% over 5 years:

Motor vehicle theft rates in Louisiana declined 36.7% from 2006 through 2010, according to FBI data, including a 15.6% drop from 2009 to 2010. Louisiana Commissioner of Insurance Jim Donelon says the vehicle theft rate is one of the factors insurers use when setting auto insurance premiums. Donelon attributes the decline to a number of factors, including proactive law enforcement strategies, expanded use of technology such as license plate recognition systems and bait cars, increased public awareness and education about vehicle theft prevention and the consequences of vehicle theft, as well as multi-agency cooperation. A total of 9,893 vehicles were stolen in Louisiana in 2010, according to the FBI (37% decline in 5 years is 9.69% annual rate)

Survey Shows Raising Cane's ranks No. 2 among U.S. Quick-Service Chains:

With 63% of customers giving the chicken finger chain an "excellent" rating, Raising Cane's is tied with two other quick-service restaurant companies as the No. 2 chain in the country when it comes to customer satisfaction, according to the annual Sandelman & Associates Quick-Track study. The other chains with a 63% "excellent" rating are Chick-fil-A and In-N-Out Burger. Salt Lake City-based Café Rio Mexican Grill got the top rating from customers. It's the fifth straight year Baton Rouge-based Raising Cane's has placed among the top chains in the Quick-Track study, which looks at approximately 150 companies in 85 U.S. markets. Raising Cane's was the highest-rated restaurant chain for temperature of food, accuracy in filling orders, and cleanliness of restaurants.

Sandelman & Associates is a San Clemente, Calif.-based market research firm tracking attitudes, awareness and usage in the restaurant industry