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Published December 22nd, 2010

## Coldwell Banker and Caldecott Properties Reflect on the Year in Real Estate

By Lou Fancher

There's no doubt inflated home mortgages and irresponsible lenders left a swath of devastation across the country during the last two years. Whether it was a precipitous drop, or a sickening, steady slide into debt and default, home owners and investors continue to reel from the consequences of the sudden reversal in what was, during the early 2000's, a booming real estate market.

Although Lamorinda was largely immune from the plunging valuations, the impact on local real estate companies was not insignificant.

Andy Read, Broker/Owner at Caldecott Properties, and Val Cook-Watkins, Manager at Coldwell Banker in Orinda, took time from their 24/7 schedules to answer questions about the market and its effect on their businesses.

"The biggest change for Caldecott Properties was opening an office in Moraga a few doors down from the Rheem Theater," Read wrote, in his reply.

For the market in general, Read identified the greatest changes of the past year: lower interest rates, the expiration of the California first time homebuyer and new construction tax credits and the end of the Federal first time/repeat homebuyer credit.

In reference to the importance of lender guidelines, he overlapped comments made by Cook-Watkins: both agencies found lenders to be far more stringent.

"Approximately 20% of deals are falling out of escrow because the borrower does not qualify for the loan, or the property does not appraise," Read said.

"We are facing restrictive lending practices which are limiting the buying power of the consumer, Cook-Watkins reported. "Appraisers are unusually conservative with their appraisal reports, even with solid data to support prices."

Cook-Watkins went on to say that, as a result, "buyers are very aggressive with their offers with regards to underbidding listed prices and many small independently owned companies are closing or selling to larger firms."

The two companies had slightly different perspectives on the 2010 Lamorinda market. Read stated that the number of sales in Lamorinda increased from 411 in 2009, to 473 in 2010, based on MLS data, and described the number of distressed sales as "consistent."

Cook-Watkins was less positive: "We are seeing more short sales and bank owned properties come on the market." Their answers about the effects of changing legislation, parcel taxes, slumping entrepreneurial business start-ups, and related matters, were predictable: all have reduced sales, but not drastically, due to the area's solid tax base and relative affluence.

Predictably, they cite the internet as the most powerful factor in today's market and in determining their business practices.

"Agents have to be knowledgeable about lending practices and bank requirements. They need to be technologically savvy and skilled to navigate resources on the internet. They need to understand how to negotiate short sales and deal with Bank owned properties," Cook-Watkins said. "Buyers and sellers want agents who are skilled in negotiating and risk management-and who have keen and up to date market knowledge."

"Buyers and sellers are incredibly sharp," Read began. "The internet allows them access to the same data as real estate professionals. Over 80% of buyers first see the property they purchase online. The internet has become the most important marketing tool for real estate. If you don't use the website of your broker to search for properties, prospective buyers likely don't either."

With an eye to marketing, and also, because many agents employed at Caldecott and Coldwell Banker live and raise their families in the area, both agencies are actively involved in local charities and community events.

Caldecott supports the East Bay Symphony, East Bay Humane Society, Cal Shakes, and Shotgun Players.

Coldwell Banker's major contributions go to Habitat for Humanity, both in raising money and with agents working on local builds. The Orinda office sponsors "Adopt an Angel" with gifts for foster children and, this year, created the Spencer Neale Memorial Scholarship, offering two scholarships to Campolindo High School graduating seniors.

As for the future, Read predicted the following: "We believe the market will remain flat for the next two to three years, and then will begin to appreciate at modest rates. Our mission remains to serve our clients' interests to the best of our ability."

Cook-Watkins offered both general and specific comments: "Our goal is always to make the home buying and selling process pleasurable for the consumer and to protect their interests and exceed their expectations with the service we provide and the experiences they have. We are looking forward to expanding our local and internet presence with social networking and cyber marketing. Our philosophy is that a knowledgeable and informed client is a satisfied and happy client."

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