

N e w s l e t t e r



October 2007

Newsletter for
Clients and Friends
of SUMMiT Properties

RESIDENTIAL SLOWDOWN AFFECTING RENTAL MARKET

*By William Hite, REALTOR® /
Residential Property Manager*

In August the number of homes sold in Solano County fell 42.7% from the year earlier and the median price decreased to \$420,000 from \$465,000, a 9.7% decline. Although interest rates remain low, lending has tightened as mortgage companies dig out of a crisis caused by risky loans and decreasing property values. The combination hit Solano County particularly hard with the county ranking 5th nationally for foreclosure rates in August. Other hard hit areas in Northern California include Modesto (1st), Stockton (2nd), Merced (3rd), and Sacramento (7th).

The sales slowdown and credit crunch are affecting the rental market, as well. Demand for rentals is increasing as far fewer renters are leaving the market to become 1st time home owners and home owners facing foreclosure are entering the rental market. While this is somewhat offset by an increase in rental inventory, we are seeing signs of increasing rents. Rents have already risen in San Francisco and the South Bay and we are starting to see the trend extend into Solano County. As long as the overall economy remains healthy we expect rents, which had stagnated during the sales boom, to slowly increase.

With every biannual inspection we look at the area market rent and compare that to your properties current rent. As we almost never recommend a price decrease we do make increase recommendations when warranted.



UNLIKE RESIDENTIAL, COMMERCIAL REAL ESTATE STILL STRONG

*By Mary Ann Rollison,
Commercial Property Specialist*

Commercial brokerage activity in Northern California has increased for the 7th consecutive quarter as reflected in the Commercial Leading Indicator (CLI), a tool to assess market behavior in major commercial real estate sectors. The CLI

incorporates 13 variables that reflect factors in commercial real estate activity, and is designed to provide early signs of turning points in activity. While commercial real estate remains one of the "bright spots" in the real estate industry, increasing energy and construction costs and the slow down of the housing market make for challenges that require investors to remain flexible.

In our current local market businesses and developers alike seem to have a reasonably even playing field. Business owners have an excellent range of quality inventory to choose from while activity and the economic climate, although slightly slower, remain at healthy levels.

Economists report that at the national level, consumer spending has not been deterred by high foreclosure rates. But, with Solano County being fifth in the nation in foreclosure rates, local businesses are reporting a spending slow down. This is a far cry from a recession. At greatest risk are new small businesses who must adopt business practices that will ensure survival for when a real recession occurs.

*****PROPERTY TAX ALERT*****

The December property taxes will be paid in November. Please check your November Profit/Loss Statement to verify that a current month tax payment is shown. If SUMMiT Properties should have made the tax payment and there is NO payment shown for the current month please call Bookkeeper Tina Buxa at 448-8906, Ext. 13 as soon as possible.

LOCAL NEWS

By Theresa C. Hite, *BROKER, CERTIFIED PROPERTY MANAGER*

- Travis Air Force Base celebrated its 60th birthday this September. The base was officially created with the signing of the National Security Act on September 18, 1947 by President Harry Truman. The Air Force was made an official and separate branch of the armed services and the 4 year old Fairfield-Suisun Army Air Base officially became part of the U.S. Air Force. Today the combined totals of 7,900 active-duty and 3,300 reservists stationed at Travis AFB along with 3,500 civilian employees make it Solano County's largest employer.
- Vacaville's Nut Tree Airport could see more corporate jet landings based on options suggested by the Bay Area Regional Airport Planning Committee to reduce congestion in other major Bay Area airports. Meanwhile, the hotel and conference center planned to adjoin the Nut Tree Airport suffered a setback when the developer of the Nut Tree Family Park backed out of the project. Vacaville is seeking another developer to take his place.
- Solano County is ranked as the 22nd best performing area in the country out of 200 metropolitan area and cities, moving up from 41st last year. Solano received the 2nd highest ranking in California trailing only Riverside-San Bernardino. The ranking is based on an area's ability to create and sustain jobs, and increase salaries for workers.
- Several projects are taking off in Suisun City starting with groundbreaking for a retail/office complex on the corner of Main and Solano streets. Construction is expected to begin next year on two sites near Harbor Square, one slated for offices and second-floor apartments and the other for a restaurant/banquet hall.

TENANT TOUTS SUMMIT'S PROFESSIONALITY

We often hear from satisfied owners and tenants. It was nice to receive the following note from a long-term tenant who was required to move when the owners decided to put their property up for sale. Frederick and Ellen Abutin wrote to say that "Summit Properties is by far the most professionally run operation. The entire staff is great."

We appreciate the kudos and pride ourselves in providing outstanding service to owners and tenants alike.

PRIVACY, PROTECTION, AND BEAUTY

By Marisa Zelaya, *Maintenance Supervisor*

Professionally installed and maintained wood fencing adds privacy, protection, and natural beauty to any investment home. Extreme temperatures, wind, and rain can cause your investment home's wood fencing to become warped or rotted. Over time this type of exposure weakens the wood fence posts and makes them more vulnerable to termite infestation. They will start to lean and eventually to fall down.

I have been paying close attention to the condition of the wood fencing during monthly drive by inspections and biannual inspections. This allows me to notify you of the condition and possible options to restore the purpose of the fencing. The estimated cost to replace wood fencing is about \$21 per foot. Rather than waiting and bearing the cost for replacing the entire fence, you can keep costs down by replacing one section or side at a time. Please consider the age of your fencing and think about whether this is the right time to begin replacing it.

SURVIVE A DISASTER BY BEING PREPARED

By Karen Heaney, *Home Owner Association Manager*

A disaster has many faces: it could be an isolated incident such as a house fire, or on a more grand scale, an earthquake or flood. A good question to ask oneself is do I have enough insurance coverage to replace all my belongings in my home in case of disaster?

Take a moment and look around at your home's interior. What would it cost you to replace all the items in just one room of your home? Most people think about the big ticket items: the television, couch, etc. But take a closer look. What about the lamps or your DVD collection. Multiply the cost of a single DVD by 40, 60, or even 100, and the cost of replacing them can be staggering. Consider your collectibles or other trinkets. And how much would it cost to replace a closet full of clothes and shoes?

Take a few minutes, call your insurance agent, and make sure your precious possessions are covered. A little time today will save you a great deal of grief in the future.

