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Housing Downturn Turns Up Deals for Retirees, Investors

By Lauren Baier Kim

Here's a look at what's new in real-estate markets across the U.S. from around the Web. (Some links may require registration or subscriptions.)

Sellers turn to home staging in sluggish market

As the housing market continues to slow, more home sellers are turning to home staging -- the art of preparing and decorating a home for sale -- to speed sales, according to recent news articles.

In Seattle, where the number of homes on the market was 50% higher in September than it was a year ago, staging used to be a tactic sellers would use to get a better price for a home, says the [Seattle Post-Intelligencer](#). But today, as the housing market slows, if a home is not well presented and photographed, it may not sell at all, the newspaper says.

"The houses that are selling are the ones that are impeccable and priced right," the Post-Intelligencer quotes a local real-estate agent as saying.

In Baltimore, more real-estate agents facing slow sales are "pinching pennies and staging the homes themselves," says an agent in a [Baltimore Sun](#) story. When staging a home, she rents the items she needs, or uses furnishings and decor that she has purchased for that purpose, that agent says. Depending on the cost of the staging, she may or may not pass the costs along to the seller, she says.

When staging a home for sale, be sure to clean it thoroughly, remove clutter and get a second opinion about the appeal of your home's furnishings, paint and wallpaper. Also consider renting new furniture if yours is too out of date or worn, and make sure the home is well-lit, the Baltimore Sun recommends.

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Investors move in on foreclosed properties

Some real-estate investors are looking to profit from the housing market's downturn.

In the Washington Post, columnist Kenneth R. Harney [writes](#) that investment groups are "searching for fire-sale prices on properties with good long-term prospects," and will rent or resell the units when the market appears to be recovering. "Call them grave dancers, vulture funds, turnaround specialists or the more euphemistic 'opportunity investors.' However you identify them, the deal is the same: When hyperactive real-estate markets lose their sizzle, or property owners no longer can afford to hang on to their houses, well-capitalized investors smell blood and move in," he writes.

Membership is up at one Minneapolis real-estate investment club, profiled in this [story](#) in the Minneapolis Star-Tribune. "Some members say that with 10.47 homes on the market for each active buyer, according to the Minneapolis Area Association of Realtors, and the median sale price in the Twin Cities metro area falling, now is a good time to be an investor," the paper writes. The club offers classes on investing and networking meetings, and for many members it's a place to go and learn from other investors' mistakes, the Star-Tribune says.

Retirement hot spots at a discount

The housing downturn isn't all negative. Thanks to the housing market slowdown, big discounts can be found in formerly pricey enclaves, says [BusinessWeek.com](#). The Web site has picked four retirement locales whose prices have cooled enough to create real-estate deals for savvy buyers. (But the Web site's picks should be tempered with the caveat that the smartest purchases in these markets would be ones for the long-term, since prices may fall some more in these locales before there's a recovery.)

Among the Web site's picks are Bend, Ore., which sports mountain views and a mild year-round climate. The town gained popularity in the 1990s and prices soared, but now, with a 15-month inventory of homes on the market, buyers have room to negotiate. For instance, one local home, first listed for \$579,000 in February, has sunk to \$439,000, BusinessWeek.com says.

In San Diego, foreclosures and excess inventory from home builders are forcing prices downward. Median home prices in the area hit \$622,000 in May 2006 and are now down to \$595,000, the Web site says.

A similar situation has developed in Miami. Speculation was the name of the game there during the housing boom, causing builders to build excess inventory, and investors to invest in local real estate. But with housing prices falling, many investors are walking away from their deposits, BusinessWeek.com says. As a result, area listings remain on the market for months -- such as a beach-view condominium whose price has dropped from \$899,000 to \$765,000, furnished, the Web site says.

Also making BusinessWeek.com's list is Sun City Carolina Lakes, a Del Webb Corp. retirement community that's 18 miles south of Charlotte, S.C. To attract buyers, the developer has been offering incentives like free golf carts and upgraded landscaping.

Another plus for relocating retirees? People 65 or older do not have to pay taxes on the first \$50,000 of their home's assessed value, BusinessWeek.com says.

Rents on the rise

The housing market's troubles has been a boon for landlords as an unstable housing market and tougher lending standards lead people to choose renting a home over buying one, according to several recent articles.

In the third quarter, larger apartment complexes in California have seen their average rental rate increase 5.6% from a year earlier to \$1,413 a month, says the [Los Angeles Times](#). The highest rent increases were seen in the San Francisco Bay Area, where rental rates rose 12.2% in Santa Clara County from a year earlier, the Times says. The most expensive rental areas in the state remain Los Angeles and Orange counties, where the average rent increased 5.2% from the year before to \$1,630, according to the newspaper.

Meanwhile, the [Seattle Times](#) reports that monthly rents in Seattle jumped 10.7% in September from the year before to \$1,057, and in Salt Lake City, rents rose 9.7% in September from the year before to \$769, the Seattle Times says. The newspaper notes that Tucson, Ariz., which saw a rent increase of 3.1% for the same time period, had average rents of only \$662 a month in September.

And Cincinnati's Enquirer.com says that while there have been some rental rate increases in Greater Cincinnati and Northern Kentucky, they have been relatively small -- with effective rents (the price actually paid by tenants) increasing 2.4% over the last year, reaching \$645 a month in the third quarter.

-- Lydia Serota contributed to the article.

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