

AUTUMN 2004

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New Regulations for Finishing Basements

A new residential building code is in effect in Virginia that officials say will have a significant effect on homeowners who plan to finish a basement to create additional living space.

The plans for finished basement projects in homes without sprinkler systems will need to identify an emergency escape window or door to the outside from the basement.

Some options for an exit are a window or door opening directly to the outside, such as in a walk-out basement; a window or door opening into a window well or other area; or a door opening to a bulkhead enclosure.

In addition, the building code requires that escape windows and doors and window wells meet specific size requirements.

Those requirements and additional information can be found in a publication called "Fairfax County Typical Finished Basement Details," which can be read at www.fairfaxcounty.gov/dpwes/publications/basements.

For more information or to request a printed copy of the publication, call 703-222-0114 or send an email to bprmail@fairfaxcounty.gov.

-The Washington Post
10/01/2004

Fall Properties

NVAR ECONOMIC SUMMIT



The Fall Properties staff attended the Northern Virginia Association of Realtors' annual Economic Summit at George Mason University on September 22, 2004. The summit focused primarily on the state of the economy for the greater Northern Virginia area. We were fortunate to hear from Dr. Stephen Fuller, Professor of Public Policy at GMU, Dr. David Berson, Chief Economist at Fannie Mae, and Dr. Gerald Gordon, President of the Fairfax County Economic Development Authority.

Dr. Fuller on Economic Growth: 2004 will be the best year of this decade for economic growth, both nationally and locally. Our area will continue to perform positively beyond this year, though with some deceleration in 2005 and 2006. There are a few wildcards that could hinder the pace we are on: 1) *energy prices* which are not expected to come down significantly; 2) *interest rates* which are projected to be stable; and 3) *politics and terrorism* which could impact our economy. The greater Washington DC area has the strongest job growth in the country – adding 262,000 net new jobs, with 164,000 (or 62.5%) of those jobs in Northern Virginia alone. This is driven by Federal spending which has helped keep our unemployment rate the lowest in the country at 1.5%. Projections for 2005 point toward even stronger job growth.

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NANCY FUTRELL JOINS FALL PROPERTIES!

In September, Nancy Futrell joined Fall Properties after three years with the Long & Foster office in Vienna. "She is a very ethical professional, with outstanding sales skills and market knowledge" says Laura, "and we are very excited about having her join our team."

Nancy specializes in the area around Vienna and Tysons Corner, but she also has strong knowledge of the Fairfax, Reston and McLean



communities. Nancy is a longtime Northern Virginia resident, and our clients can rely on her expert advice for neighborhood selection, transportation routes, and historical home values to assist them in making their home

purchase or sale a complete success.

We are very proud to have Nancy on board and confident that she will work tirelessly on behalf of her clients.

(from p.1) Northern Virginia receives half of the \$100 billion in Federal spending for the greater DC area and exceeds Suburban Maryland in job growth by 3 to 1. The Tech Sector which is a major beneficiary of Federal spending is expected to grow 6%. This growth rate is half of what we experienced in the 1990's but is still relatively good. Another area of strong growth is the region's hospitality industry, which is ranked 1st of the top 22 markets nationally. As Northern Virginia continues to grow as the region's major employment destination, overall economic growth in Northern Virginia is expected to be in the 4.5 – 5% range. This strong job growth has been a key factor in contributing to the strength of our real estate market, and this growth has driven up housing prices due to the shortage in inventory levels of existing homes. Going forward, the challenge will be in housing the growing workforce as well as handling increased road congestion.



Dr. Berson on Interest Rates: The key to long term interest rates is *anticipated inflation by the markets*, meaning rates will remain stable as long as the market has confidence that inflation will remain low. Although inflation has risen, it remains relatively low because the market is currently secure with the Federal Reserve's handling of the economy. The Federal Reserve has increased rates three times this year which has resulted in higher short term rates, but still long term rates remain fairly stable. It is anticipated that 30 year fixed mortgage rate will be at or near 6% by the end of this year and that it will increase to 6.5% by the end of 2005. Because we are likely to see higher short term rates, the spread between fixed rates and ARMs will be smaller. Currently one-third of borrowers take out ARMs for their home purchase; this is expected to decline as short term rates increase. Affordability has

dropped substantially despite low mortgage interest rates. While a decline in home prices is unlikely, the rate of home appreciation is expected to settle into single digit levels compared to the 15% gains we have enjoyed over the last few years. Driving much of those gains has been the high level of investor interest in real estate. Over the next few years, the expected decrease in investor demand will bring home appreciation back to the norm of 3-6% levels.

Dr. Gordon on Fairfax County Taxes: Fairfax County currently has 1.1 million residents which is expected to increase to 1.2 million by 2020. What was once a bedroom community for Federal government growth is now home to large employers in Aerospace, Telecom, Information Technology, and Venture Capital. Of the 600,000 jobs in Fairfax County, 53% are filled by Fairfax County residents, with the remaining workforce coming from other Virginia counties, Maryland, and the District. Overall, the economic forecast for Fairfax County is very strong, especially due to the \$40 billion anticipated to be spent here by the Office of Homeland Security. For every dollar spent in payment of Fairfax County property tax, a resident receives the value of \$1.65 back in County services. This is due to the commercial sector's property taxes bearing the bigger burden for tax revenue (they receive less services per dollar than they pay). This explains why businesses are constantly being wooed to Fairfax County. Compare this to Loudoun County, currently the fastest growing county in the US (with populations of 100,000 or more). Because Loudoun does not have a large commercial base, residents are likely to continue to see their property taxes increase.



Laura's Thoughts: Overall, the tone of the summit was very positive regarding the stability and strength of our local real estate market, particularly in Northern Virginia. The answer to whether we are going to see the bubble of prices burst in our market was a unanimous "No." It is anticipated that the rate of appreciation will be back in the single digits, but prices are not expected to fall. My recommendation: enjoy your home and your equity and call us if we can be of service to you.

Fall Properties Fall Real Estate Seminars

In October, Fall Properties sponsored a series of real estate seminars for homeowners in Northern Virginia. The topics featured were:

Oct 6 - REVERSE MORTGAGES

Oct 13 - AN UPDATE ON REAL ESTATE TAX LAWS

Oct 20 - PLACING YOUR REAL ESTATE IN A LIVING TRUST (estate planning)

The seminars were held in the community meeting room at the Falls Church Fire Department on Lee Highway and were co-sponsored by practicing professionals within the community – each certified in their field of expertise. "Over the past year we have been asked by clients to provide information on these topics," said Laura Fall, "and we felt compelled to hold these seminars as a service for the community." The seminars were well attended and offered participants ample time for questions and answers after the presentations. "We all learned something new and I'm certainly glad we did it," said Laura. "We plan to conduct more seminars in the spring, so watch for our announcements."

FOR SALE
Fall Properties
 www.fallproperties.com
 (703) 536-7007
 Call for **Laura Fall**
 (703)967-9987

6424 N. 26th Street, Arlington • \$565,000



9223 Graceland Place, Fairfax • \$479,000



Fall Properties

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Laura Fall, CRS
Principal Broker/Owner

Fabulous Home for Rent



3393 Monarch Lane, Annandale
\$2295/mo • Available Now

This 4BR, 2.5.5BA, Brick front colonial features a totally renovated Kitchen, a huge finished lower level, and a Family room off the kitchen with a fireplace and sliding glass doors onto the deck...just a sensational floor plan! Located near the Dunn Loring metro and Fairfax Hospital. Check our website www.fallproperties.com for additional pictures.

Santa is coming to Fall Properties!

On Saturday, December 11, Fall Properties and the Virginia Commerce Bank have arranged for a visit from Santa Buddy (pictured below). If you're looking for a more intimate visit with the man in the red suit than



you'll get at the Mall, stop in and see him. He'll be at the Williamsburg Shopping Center all day, and specifically at Fall Properties from 12noon to 2PM.



We're also serving as a drop off site for the US Marine Corps Reserve Toys for Tots program, and we'll be collecting non-perishable foods for the Arlington Food Assistance Center. So celebrate the true spirit of the season and bring an unwrapped gift for a child age 2 through 17, or some food for those in need.