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## Santa, Could You Bring More Houses & Low Interest Rates?

On Saturday, December 11, Santa spent a special day at the Williamsburg Shopping Center in Arlington. Over 70 children whispered their lists to Santa, a great turnout for the first year of what will be an annual event at the neighborhood center.

Fall Properties & Virginia Commerce Bank, along with our landlord, Kalis Development Corporation, sponsored the visit. The children left with a goodie bag, a complimentary photo of their talk with Santa, and cookies from Wildflour Bakery.

In the true spirit of the season, nine large bags of new toys were collected for the US Marine Corps Reserve Toys for Tots program, and food was donated to the Arlington Food Assistance Corporation.

“One of the reasons we moved to the Williamsburg Shopping Center was to become more involved with our community,” said Laura Fall. “Our series of seminars, this visit with Santa, these are just the beginning of our commitment to our clients & neighbors.”

# Fall Properties

WINTER 2005

## 2005 HOUSING PREDICTIONS FROM AREA EXPERTS

2004 was a banner year for real estate in the Washington metropolitan area, where average home prices increased 23% through the third quarter. Nationwide, prices went up 13%, with new home sales and housing starts hitting records, too. Market watchers predict another healthy year.

The DC area consistently outperforms the nation. With the tens of thousands of jobs being created in 2005 by the federal government and its contractors, real estate in the metro area just keeps looking up.

According to Stephen S. Fuller, regional economist at George Mason University, “We’ll see double digit appreciation gains in 2005 in the Washington area. Not the 25 percent we saw [in 2004], but low double digits.” Freddie Mac’s chief economist Frank Nothaft also sees the Washington area staying stronger than the national average. “I see the Washington market coming down to about 10 percent appreciation, ball park figure.”

*“If I wanted to sell my house, I would do it this coming year, not wait until 2006.” – Stephen S. Fuller*

David Seiders, chief economist for the national Association of Home Builders had these golden words: “The Washington market is gilt-edged. The strength of the economic base here is great. History has shown us that there are no price declines unless there’s a significant problem in the economy, like job losses and outmigration. That’s not going to happen here. Here we’ll see prices rise higher than the national average, let’s say, 7 to 8 percent.”

There is some caution with regard to higher interest rates. Dean Baker, co-director for the Center for Economic and Policy Research says, “If we see the kind of raise in rates that I think we will, the [housing] market will take a very big hit. There will be price declines, absolutely. I’d say 10 to 15 percent in the D.C. area. It’s hard to predict the timing, but I would have expected it to happen two years ago.”

But Douglas Duncan, chief economist with Mortgage Bankers Association disagrees. “Are there some markets that will see price declines? Absolutely. Not the Washington market. I wouldn’t expect any price declines here.”

For the final word, here’s more from Stephen Fuller: “Sales will look a little more like normal, but not completely. Houses will stay on the market a bit; sometimes they’ll sell for under the asking price. We’ll move towards a normal market over the next years, not in 2005. If I wanted to sell my house, I would do it this coming year, not wait until 2006.”



# Some Tax Relief on the Horizon for Seniors

In mid 2004, Virginia lawmakers allowed localities to raise the income and asset ceilings on a tax break that offers seniors some relief from skyrocketing real estate tax bills. The break can cover a homeowner's entire tax bill or a portion of it, depending on income and assets, excluding one's home.

Under new state guidelines, older homeowners who earn as much as \$72,000 a year and have as much as \$340,000 in assets may qualify for help, up from 2004's limits of \$62,000/\$240,000. Prince William and Loudoun counties have already voted to extend the tax breaks.

The rising cost of living in Northern Virginia can be a real problem for seniors, who often are living on fixed incomes. All Northern Virginia localities offer the program, but with differing restrictions (see table). Four years ago, the elderly could only get their taxes deferred, passing the debt to their estates or paying the taxes when they sold their homes. However, in 2002, the state allowed communities to offer outright exemptions.

Virginia has no local income tax, so counties and cities rely on real estate taxes for most of their revenue. Costs to local governments are on the increase, and there is concern that the burden of paying for seniors will fall to younger families.

## Real Estate Tax Breaks *Northern Virginia homeowners who are 65 and over may qualify for real estate tax breaks, provided their incomes and assets come under ceilings set by the localities. Costs to each jurisdiction are rising as more homeowners qualify.*

Locality	Number Applied	Number Qualified	Income Limit	Asset Limit*
Alexandria	927	867	\$62,000	\$240,000
Arlington	808	721	\$62,000	\$195,000
Fairfax	5,800	5,400	\$52,000	\$240,000
Loudoun	1,085	1,011	\$72,000	\$340,000
Prince William	1,672	1,632	\$56,000	\$340,000

\*Excluding homes. Numbers are subject to change pending more applications.

SOURCES: Alexandria, Arlington, Fairfax, Loudoun and Prince William tax and finance departments.

## 2004 Cost Vs. Value Report – Is it Time to Remodel?

Everywhere you drive, home improvements are going on – major additions, landscaping, stonework – you name it.

Here is the latest information on improvements vs. values from Remodeling Magazine & Realtor Magazine. These numbers will compare the cost-to-construct for common remodeling projects against the added value those projects bring at resale.

In the Washington metropolitan area, the best investment you can make is a roof replacement: with a job cost of \$11,237 and a resale value of \$12,538, you'll recoup 111.6% of your investment. That's way up over the national average of 80.8% for replacing a roof.

Number 2 for this area is remodeling your 25+ year old bathroom. Spending \$9588 to replace all fixtures (including tub, ceramic tile surround, toilet, double sink vanity, ceramic tile floor, recessed medicine cabinet & wallpaper) will bring you an additional \$10,192 at resale. That's a 106.3% return, compared to 90.1% nationally.

The third biggest bang for your buck in the DC area is adding on a deck. A 16-by-20 foot deck with a built-in bench, planter & stairs will cost you about \$7312, and will bring \$7423 back to you at resale. That's 101.5% return, again above the national average of 86.7%.

The other home improvements that prove more cost effective in the Washington area than they do to the rest of the nation are Window replacements (99.3% compared to 84.5%), Master bedroom suite addition (85.3% to 80.1%), and Sunroom addition (75.0% to 70.8%).

The remaining projects in the Remodeling magazine survey had a smaller return on the investment in Washington than they did in the rest of

the country: Family room additions, Attic bedrooms, Basement remodels and major Kitchen remodels. But sometimes you make these changes to make your own life easier, not just to increase the value of your home (that kitchen remodel is a good example).



*If you'd like a copy of the complete article, which includes figures for 53 different cities across the United States, just call the office and we'll send one to you.*

**FOR SALE**

**Fall Properties**

www.fallproperties.com

(703) 536-7000

Call for  
Fax **Laura Fall**  
(703)967-9987

7614 Virginia Lane  
Falls Church, VA  
in the \$700's



*Located right on the  
W&OD Trail!  
Bike to work or take the  
West Falls Church  
metro*



## WHAT'S GOING ON?

• Congratulations Laura! The Northern Virginia Association of Realtors has appointed Laura Fall to chair their Real Estate Finance Forum for 2005. The Forum is charged with providing timely financial news updates to the NVAR membership, monitoring market trends and spearheading innovative financing programs. They organize and present the annual Economic Summit in conjunction with George Mason University in September.

• HUD letters are on their way – If you had a transaction with Fall Properties in 2004, you will be receiving a letter from us with a copy of your HUD 1 form. Give us a call if you don't receive yours.

• To celebrate the holiday season (and to become reacquainted with our partners after a very busy year!), the staff and family of Fall Properties gathered with their significant others



for a private cooking class at Galileo's with Chef Roberto Donna (above) in early December. We learned to prepare a five course dinner from the Piemonte region of Italy, and had a sensational time doing it! "This was the best holiday party ever!" said Laura's husband Vaughn. "Can we come again next year?"

• Fall Properties is very proud to announce that all members qualified for the NVAR Million Dollar Sales Club for 2004. Nancy Futrell, Linda Aldave & Laura Fall – Way to Go!

**FOR SALE**

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Call for  
Fax **Laura Fall**  
(703)967-9987

3393 Monarch Lane, Annandale, VA  
in the \$600's



*Fabulous renovation,  
pristine condition.  
Near Dunn Loring  
metro; easy access to  
beltway.*





# Fall Properties

6504 Williamsburg Blvd.  
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Principal Broker/Owner



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### CURRENT MORTGAGE INTEREST RATES

<i>30 year fixed</i>	<i>5.625%</i>
<i>30 year Jumbo loan</i>	<i>5.875%</i>
<i>5/1 ARM</i>	<i>5.0%</i>
<i>7/1 ARM</i>	<i>5.25%</i>
<i>7/1 Jumbo ARM</i>	<i>5.5%</i>

New Conforming loan limit is \$359,650;  
Jumbo loans are everything over.

### INTEREST ONLY LOANS

Becoming a very popular choice for today's buyers – they can afford more house or enjoy lower mortgage payments. Call for more information.

<i>3/1 ARM</i>	<i>4.75%</i>
<i>7/1 ARM</i>	<i>5.125%</i>
<i>10/1 ARM</i>	<i>5.5%</i>
<i>Fixed</i>	<i>6.0%</i>

## *www.fallproperties.com* – New & Improved!

Fall Properties is pleased to announce the upgrade of our website to better meet the needs of our clients. In addition to our property photo gallery, you can now request a viewing of a specific property via email, calculate a 30-year mortgage, email the property to a friend, map the property's location, and more!

We are confident these new features will help us to better serve our client interests and real estate needs. We will be able to manage our property listings, highlighting special features and photos, update status (sold, under contract, etc.), and post new properties *the minute* they come on the market.

Take a tour of the new, improved website at [www.fallproperties.com](http://www.fallproperties.com) and be sure to visit our new "Meet the Team" section to see how Fall Properties has grown over the past year. If you like how the website looks, and you need a team to put one together for you, we highly recommend Interwoven Web Solutions LLC. You can reach them through a link on our website, or by calling 703-503-4523.

