



A Message from
Lawrence F. Flick, IV
Chairman and Chief Executive Officer
Berkshire Hathaway HomeServices
Fox & Roach, REALTORS®
and The Trident Group

The Chairman's Report 2015

SUMMER 2015 | SOUTHEASTERN PENNSYLVANIA



Two Questions

Wherever I go, it's not unusual for people to ask me two questions:

1. ***Is this a good time to buy a house?***
2. ***Will my house be a good long-term investment?***

My answer to both is a resounding "Definitely...Yes!" If you are reading this Chairman's Report, there's a good chance you are considering a move and that you are looking for the best information available and the confidence to move ahead. So let's take a closer look at those two important questions.

1. ***Is it a good time to buy a house?***

Definitely! I don't know if there's ever been a better time! Our economy has been steadily improving for six years:

- Consumer confidence is at its highest point since the recession began.

- Job growth is up, and economists expect employers to add 3 million jobs to the economy this year.
- Wage growth is starting to accelerate. This is the breakthrough indicator that I mentioned in my previous Chairman's Report that will propel our economy forward. With "quit rates" rising and unemployment dropping, employers are beginning to raise wages to retain good people.

We are also still experiencing historically low interest rates. To encourage the economy's growth, the Federal Reserve Bank has kept interest rates artificially low. Rates have been so unbelievably low for such a long time that it's hard to imagine anything else. But if rates do not begin to rise as the economy improves, it will cause inflation and perhaps even another housing bubble. That certainly won't benefit the economy, or consumers like you and me, in the long run. With the economy doing so well, the Federal



**BERKSHIRE
HATHAWAY**
HomeServices

Fox & Roach,
REALTORS®



My best advice is, if you're ready to move on, sell and buy now.

Reserve Bank has gone from discussing *if* rates should rise to *when* they will rise. Many economists believe this will begin in September. It is crystal clear that we have seen the low point for mortgage interest rates. The only direction for them to move is up.

Beyond these economic indicators, across the country home prices are beginning to rise or are poised to rise. The National Association of Realtors predicts that in 2016, home sales will rise to their highest levels since 2006. All of the data suggests that 2015 is a pivotal year. That's why it's a great time to buy or sell a house.

If you are buying your first home, the higher the interest rate, the less house you will be able to buy. And if you wait, you will likely pay a higher sales price for a home than you would today. These are two good reasons not to delay.

If you are selling a home, there's a good chance you will also want to buy another that better meets your needs. If prices start rising, you may think it wise to wait before you sell. But consider this: even if the value of your present home does increase as you postpone a sale, you will pay a higher interest rate to purchase the new home you hope to have. This, together with the higher price you would pay for your new home a year from now, will offset any potential appreciation you might gain by waiting to sell. My best advice is, if you're ready to move on, sell and buy now.

2. Will my house be a good long-term investment?

Yes! Over the long-term, homeownership is one of, if not *the* best, vehicle for wealth building we can make.

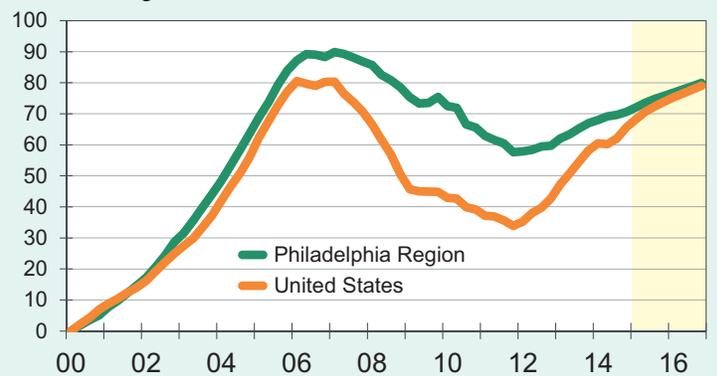
% Increase of House Price Appreciation

	Southeastern PA	Bucks, Chester Montgomery Counties	Delaware, Philadelphia Counties
Time Period			
30 Years		237.5%	278.4%
15 Years		76.0%	101.6%
1 Year		2.9%	5.8%

Source: Moody's Analytics

Case-Shiller® Home Price Index

% change since 2000



Sources: CoreLogic, Moody's Analytics

Historical end-date: 2014Q4

But homeownership is so much more than a sound financial move to make. A survey Berkshire Hathaway HomeServices released this spring revealed that homeowners view a home as more than a price tag. They are placing more value on the home's intrinsic qualities such as whether or not the home meets their family's current and future needs, the pride that comes with owning the home, and having a place in the community. The right home will always be more than an investment on paper. It will literally shelter you and nurture your dreams. The remaining months of 2015 offer a window of opportunity that is open wide. Contact your BHHS Fox & Roach sales associate and Trident loan consultant today!



AN INDEPENDENT VIEW



Joel L. Naroff, Ph.D. is the President and founder of Naroff Economic Advisors. He is a consultant to Berkshire Hathaway HomeServices Fox & Roach, REALTORS® and The Trident Group. A nationally recognized economic forecasting expert, Joel was awarded the Lawrence Klein Award

for Blue Chip forecasting excellence and was the Bloomberg Business News top economic forecaster in 2008. In 2007, he received the National Association of Business Economists Outlook Award and was named the top economic forecaster by MSNBC in 2006.

When it comes to the national economy, it's déjà vu all over again. In 2014, a very difficult winter created a major first quarter slowdown. That is precisely what happened this year. But it wasn't just Mother Nature that conspired to constrain the economy. The West Coast port strike, a strong dollar and weakness in the oil patch all conspired to cause growth to once again turn negative in the first quarter.

However, the major restraints to growth are fading and with warmer weather, the economy is picking up steam. With incomes starting to rise faster, businesses investing and state and local governments expanding, we should see similar strong growth in the last three quarters of this year — just like last year.

But no good deed goes unpunished and strong growth means the Federal Reserve will start raising interest rates. The timing of the first move is

unclear, but it is coming. Homebuyers will have to start taking into account mortgage rates when they are thinking about buying a home.

Will higher rates hurt the housing market? Not necessarily. Stable prices and mortgage rates had allowed buyers to take their time searching for the perfect home. Home price increases should accelerate as the economy firms. While limited inventory has slowed sales, the increase in prices will raise equity, allowing more people to finally be able to sell. That should bring more homes onto the market. Meanwhile, rising mortgage rates and prices should force buyers to make decisions more quickly, increasing demand. The result: More buying options, more sales and higher prices.

Housing hasn't been viewed as a good investment for a while, but that is changing. While a buyer's decision should be based on need, the rising prices are creating the possibility for owning a home to once again become a competitive investment opportunity.

In the Greater Philadelphia Region, economic activity remains mixed, though the sluggish growth we had been seeing is starting to turn up. The 4% unemployment rate in the Bucks, Montgomery and Chester County segment has fallen to a low level not seen since well before the onset of the Great Recession. Wilmington, at 5%, is also well below the nation's 5.4% rate. While the City of Philadelphia's 6.4% rate seems high, it is down by 1.6 percentage points in just one year. Job growth has improved across the entire region, with Philadelphia leading the way. On the housing front, the downslide in prices has ended just about everywhere. However, price increases continue to lag the nation as a whole, running maybe half the pace seen across the country.

*The right home
will always be more
than an investment on paper.*

20 Fox & Roach CHARITIES

A LEGACY OF GIVING 1995 - 2015

I would like to take this opportunity to publicly recognize all of our Fox & Roach/Trident sales associates and employees for the dedication they have shown to our communities. As we celebrate the 20th anniversary of Fox & Roach Charities,

I am so proud and grateful to be a part of such a caring organization. Over the years, Fox & Roach Charities has donated \$4.8 million to non-profit organizations throughout our service area. In addition, our fundraising partnerships have raised an additional \$2 million. And their involvement goes beyond purely financial contributions. On our company-wide Day of Service, our employees and sales associates have worked over 160,000 hours caring for our communities. Congratulations on this milestone anniversary, and thank you!



Lawrence F. Flick, IV
 Chairman and Chief Executive Officer
 Berkshire Hathaway HomeServices
 Fox & Roach, REALTORS® and The Trident Group



BERKSHIRE HATHAWAY
HomeServices

Fox & Roach,
REALTORS®



© 2015 BHH Affiliates, LLC. An independently operated subsidiary of HomeServices of America, Inc., a Berkshire Hathaway affiliate, and a franchisee of BHH Affiliates, LLC. Berkshire Hathaway HomeServices and the Berkshire Hathaway HomeServices symbol are registered service marks of HomeServices of America, Inc.® Equal Housing Opportunity. Information not verified or guaranteed. If your home is currently listed with a Broker, this is not intended as a solicitation.

