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To email or not to email . . .

That is the question. You can receive *The Home Front* by e-mail as a PDF file. You will enjoy the same graphics and layout as the printed version and you can more easily share your copy with other staff and sales agents! Contact me at Mary@mleblanc.com if you would prefer to receive *The Home Front* by e-mail and don't forget to include your name, company, city and state! You can also visit my website (www.mleblanc.com) to obtain previous editions of *The Home Front*. ♥

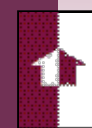


The Front Porch

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Serving You, The Nation's Builder Community



The Home Front

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The Front Porch

As we venture forth into 2008 many of us start out the New Year with optimism and great expectations. Some of us are prepared and others of us just 'wing it' hoping for the best outcome. I think most of us can honestly say we have approached our personal and professional lives in both ways. Of course preparation is what is wise. The 'wing and a prayer' approach is highly unpredictable.

For sales management, the first quarter is usually a time of preparation. Managers lay out their projected sales quotas, prepare budgets and their sales teams. Pending available dollars, they are looking at both sales training programs and the inevitable sales agent assessment and evaluation through the mystery shop process. At least that is what should be happening.

Many times when I speak with prospective new accounts, I hear statements such as "Oh I could never do that (mystery shop my agents). They have been with us a long time. I know my sales team." I just don't understand that type of response. Exactly what is it that management is 'doing to' their agents? Assessment and evaluation for professional improvement is not a negative process if handled correctly! And how well do you really know your sales team? If you have the luxury of having agents with you over a long period of time, have they become your 'friends'? That is the tough part about managing sales people. Having to make business decisions about your friends is not always easy. As a manager, you have to do what is right for the company in terms of moving product while at the same time taking care of your agents.

Pre-conceived ideas about mystery shopping are sometimes hard to overcome. Sometimes bad experiences with just one mystery shopping company negate further consideration of shopping a sales team. However, beyond the number of units being sold, how else do you assess and evaluate agents in a neutral and unbiased manner? Post sales surveys have their



Mary LeBlanc, President
 LEBLANC & ASSOCIATES

merit. But as I have stated before, buyers rate agents on their 'likeability' factor and not the agent's selling skills. Short of being on site most days with each of your agents, that leaves managers with one option...mystery shopping.

The main thing to remember is the shopping process is not about the shopper...it is *always* about the agent. You must know if your agents are able to effectively handle all buyer profiles from the reticent prospect to the know-it-all buyer. How do your agents adjust to each buyer profile? Do they control the sales process? Do they listen? Do they explain? Do they question? Do they establish a foundation to ask for the sale? There is no perfect mystery shopper just as there is no perfect buyer. So you need to step back, assess the situation and then work with your agents around the perceived 'short comings' of their specific mystery shop experience.

Occasionally I'm asked how we 'prep' our mystery shoppers. While we obviously train our field people, particularly for our video field techs, we don't 'script' them. Are your buyers prepped or scripted? We just present the agent with an interested and motivated buyer who shows an interest in their product. The rest is up to the agent.

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The Phoenix Housing Market Letter October 28, 2007

RL Brown Housing Reports

Over 800 industry pros gathered to participate in our October 17th All About Phoenix Third Quarter Phoenix Housing Market Overview web conference.

In February of 1993 we counted 1,113 permits, but we take this as a good sign here in 2007 . . . Because it signals that home builders may have stopped adding to the spec home inventory . . . and may be a sign that we have shifted from a climate of market disbelief to one of market reality. If indeed we have turned that corner, we can expect that market stability will return in time as supply and demand rebalance.

The good news in the September metro Phoenix housing data is that we saw another month with closings hovering in the range of 3,000 units . . . that is the sixth month in a row. The difference between permits and closings suggests that builders are selling off that excess spec inventory at a good clip . . . and that we could see a rebalancing of the new home inventory within perhaps 4-6 months . . . and then starts to increase and new home prices begin to stabilize. That outlook adds impetus to a "buy a new home now" campaign that home builders should be spending money on right now.

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One Safe Bet: Hug The I-5 by Gary London

In both real estate and social circles there has been much discussion about home values. Is the value of one's house decreasing? By how much? How are foreclosures affecting home values? The correct answer is simple: "It depends."

Real estate is inherently "local." And by local we are talking about an area much smaller than the entirety of San Diego County, which is how many popular housing indexes measure the housing market. We are a very diverse region. We have a coast, we have mountains, we have an inland area in-between. We also have Mexico to the south.

And that's just the geography. We are a diverse population, too. Not only in typical demographic categories such as income and race, but in preferences as consumers. Some people prefer to live in anything that's close to the water. Others may want maximum value and will sacrifice location for a larger home. Our means of affordability are different, meaning, when you go house-hunting you are always looking within a given price range.

So given the vast diversity in geography and population, how can any housing index just lump all of San Diego together (or any metropolitan area for that matter) and draw a blanket conclusion about the state of our housing market?

Admittedly, it would be a cumbersome process to define every segment of a residential market. The easiest way is to analyze different zip codes, but even this doesn't accurately reflect true market dynamics. Remember, zip codes were created for mailing purposes, not defining market boundaries.

Consider this example which is contrary to the rumors of a down housing market. We looked at the North Coastal market between Carlsbad and Pacific Beach extending approximately 1.5 miles east of Interstate 5. This market segment increased in the past three months of this year compared to the same time in 2006. However, the S&P Index shows a county-wide decrease of 7.8% for this period. The average sale price increased from \$490 to \$529 per square foot. However, the number of sales were down 64, which suggests that only the more marketable homes are selling.

We further broke the data down into distinct home price categories. On a price per square foot basis, each category has increased. Observing the total sales price, it shows that it has slightly decreased. However, 2007 included smaller homes than in 2006, so if you had the exact same unit size, it would actually have maintained or increased in total value. This data also shows that there has been more sales activity for homes that are greater than \$800,000 in value compared to the year before. This suggests that there is less demand for cheaper homes in this market.

The bottom line is that no market segment is equal. Indexes and studies that attempt to measure the housing market on an aggregate basis only make for good headlines, but people shouldn't be quick to assume that what is being attributed to all of San Diego applies to them. And finally, for those who are seeking stable value, it might be a good bet to hug the 5.

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Historical Perspective of What Experts Say About Housing Prices

Tracking The Track Record

"The prices of houses seem to have reached a plateau, and there is reasonable expectancy that prices will decline."
Time Magazine 1947

"Houses cost too much for the mass market. Today's average price is out of reach for two-thirds of all buyers."
Science Digest 1948
(average price at the time: \$8,000)

"The goal of owning a home seems to be getting beyond the reach of more and more Americans."
Business Week 1969
(average price at the time: \$28,000)

"The era of easy profits in real estate may be drawing to a close."
Money Magazine 1981

"If you are looking to buy, be careful. Rising home values are not a sure thing anymore."
Miami Herald 1985

"Most economists agree... a home will become little more than a roof and a tax deduction, certainly not the lucrative investment it was..."
Money Magazine 1986

"We're starting to go back to the time when you bought a home not for its potential money-making abilities, but rather as a nesting spot."
Los Angeles Times 1993
Note: 1993 was the absolute low-point for real estate values in Los Angeles. Prices have sky-rocketed since.

"Financial planners agree that houses will continue to be a poor investment."
Kiplinger's Personal Financial Magazine 1993

"A home is where the bad investment is."
San Francisco Examiner 1996

As you learned from the Third Quarter Market Overview data, it would be easy to conclude that the impetus for a change in the local housing market direction could be said to be "all about pricing," and there is some truth to that. But more accurately, it is all about confidence and clarity!

Is it all about prices?

Price changes ranged from a few hundred dollars to over \$125,000 dollars. We examined the longer price track of those at "0" price increases for the last 3 months we found that most of them had seen earlier price decreases ... many of them substantial in nature. This suggests that they those with price decreases in the last 3 months were "late" to the price cutting trend ... or had switched from incentives to base price adjustments.

While there were interesting nuances between locational characteristics and lot size characteristics, pricing changes play directly to the need noted earlier ... for confidence and clarity. If buyers have little confidence in the stability of housing prices, they don't buy. If buyers are confused with the "incentive of the day" strategies of some builders, they don't buy. No one wants to appear stupid By not getting the "best deal" And if there is no clarity then how does one know he has the "best deal"?

Our view of the marketplace and other important matters . . .

So, where does that dose of reality leave the new housing industry? Greg and I believe that it leaves us pretty close to where we presently find ourselves here in

October 2007. . . with a market that is seeing some stabilization at about the velocities of the 2000-2003 period . . . that will see a rebalancing of new home supply perhaps sometime in the next 6 months . . . that will see some stabilization of prices through price cuts and product repositioning over the next 6-9 months. . . that will require innovation by home builders to facilitate move-up buyers present home disposition . . . that will be challenged by mortgage loan limits but not mortgage interest rates . . . that will see a re-invention of new housing in quality communities in the \$130k-250k price range.

The RL Brown Housing Reports – Home Builders Marketing, Inc. – Builders Research Institute, LLC www.rlbrownreports.com Greg Burger 480-614-021. RL Brown 623-523-0188

Kudos Korner

Kudos to the following agents from both our Video and Audio evaluation series. All demonstrated excellence in their chosen profession.

LILLIAN WLASIUK
Capital Pacific Homes

Lillian made a superior presentation in a clear yet friendly manner. She promoted her product and community well, setting it above the competition throughout the encounter. Lillian personalized the home to her buyer's needs and made her buyer feel like a valued customer.

SHERRI SCOTT
Shapell Homes

Through casual conversation, Sheri spent a lot of time learning about her buyer and family, their home situation, and motivation for moving. She relayed pertinent information about schools, parks, sports activities as she learned about the interests of the family.

RICHMOND AMERICAN HOMES

A group Kudos to the following Richmond American Homes agents who demonstrated professionalism and superior sales presentations.

JUSTIN GOMEZ
SCOTT TRESTSKY
CHARLENE LOPRINO

CINDY WILK
JAMIE THIEL
DON PAYNE

PATTY LEHMAN
Cambria Homes

Patty is another seasoned sales professional who quickly takes control of the sales process and shows a sincere interest in her buyer's needs. Patty excelled at handling objections and laid the proper foundation to ask for the sale.

Notable Quotables

"Pessimism, when you get used to it, is just as agreeable as optimism."

Enoch Arnold Bennett

Quoted in United Press International

The Front Porch . . .

Continued from page one

LeBlanc & Associates has always offered our accounts a 3-step process to ensure a fair and accurate assessment of the agents. Our field people are our eyes and ears. However, they do not write the reports that our clients receive. The audio or video tapes are submitted to our office where our bank of report writers generates a preliminary report. We then take a 3rd step to final edit that preliminary report.

So never minimize or eliminate the need to continuously assess and evaluate your agents. While your agents may tell you in sales meetings that they are incorporating specific skills into their sales presentations, don't be surprised if most of the time they are actually out there 'on a wing and a prayer' and not fully prepared.

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