

Ep61: Hot Housing Market Tips & Trends

January 1, 2021

PATTI BRENNAN: Hi everybody, welcome to the “Patti Brennan Show,” whether you have \$20 or 20 million this show is for those of you who want to protect, grow and use your assets to live your very best lives. For most people, their home, the real estate is the largest asset you own.

Today, we’re going to break this down. Real estate market is on a torrid pace. Things are flying off the shelves. What are the dos and don’ts when it comes to selling a home, purchasing a home? Are the old rules of thumb, location, location, location, get in a good school district? Do they still apply in this market?

Joining me today is Lone Spillard and Emily Fazzini, what many people refer to as the Dream Team. They are with the Lone Spillard team at compass and I can’t thank you both for joining me today. I know how busy you are. I know how in demand you are. It means a lot that you’re here today to break down the market and tell us all, “What in the world we’re supposed to do?”

LONE SPILLARD: Good morning, and thank you for having us, Patti. Emily and I are both thrilled to be here. Yes, the market is indeed on absolute fire. I am going to let Emily introduce herself, and then we can get into it a little further.

EMILY FAZZINI: I am with Lone here at the Lone Spillard Team with Compass. I joined Lone two weeks before the pandemic started.

PATTI: It’s so interesting because you guys have a unique combination. You’ve got the experience of Lone Spillard who has been in this market, knows it cold every home.

Then, Emily, you come in brand new. You’re a Millennial for those of you who are listening today, with the wonderful energy and experience and skills of a Millennial. Together, it’s a great combination.

First of all, how in the world did you ever meet?

EMILY: That’s a great question. Lone was my parent’s realtor. When they started the search for their...They called it the last stop on the train home, which was really a home with a first floor, master, and a couple of other details, they really wanted.



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Lone probably showed them over 75 houses. My mom said it passing to me on and off for a few years, “Yeah, I’m going out with our realtor, Lone...”

PATTI: Let me stop you there, a few years.

EMILY: Years.

PATTI: OK, years. All right.

EMILY: That shows you that Lone has the patience of a saint. I finally went to one of these mysterious showings with my mom. That was the first time I met Lone. About a year later, when I decided I was going to go into real estate, my mom connected the dots and said, “I’m going to put you in touch with Lone.” The rest was history.

Lone took me under her wing and brought me onto her team at Compass. I couldn’t be more grateful.

PATTI: Excellent, it’s so funny, because literally when we were talking before the show, you said something to the effect of, “I thought my mom made this person up.”

EMILY: I was convinced she didn’t exist. It was just, now being in the industry and seeing what type of client my mom was, I turn to Lone all the time. I’m like, “You were a saint.” I kid you not, she probably showed them close to 75 houses. The big joke is that they settled on new construction.

PATTI: How many houses is typical when you’re showing? I heard at one point that 10 houses, that’s pretty much going to tell you what...

LONE: Patti, it depends on the education level of your given client. That’s what we do is, when we do speak to a client at first and instill some trust in them, we also find out what level they’re coming in at. How knowledgeable are they? We like to show them homes within their given parameters, and put in some lucky cards in there as well.

If they’re looking to move fairly shortly, then yes, maybe 10 houses. Sometimes it’s the first house they look at, they fall in love with. Sometimes, yes, it is years, and sometimes it is 100 houses.

There’s never a set rule. You just know that whenever you show a house, you give it 100 percent. They see what they want to see. Then you educate them about the ups and downs of that given house.

PATTI: That sounds good. Are there any trends that you’re seeing right now? I talked about location, real estate, the schools, things of that nature. We’re hearing just anecdotally that



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people are moving out of the city for example. Are you seeing that? Who are your typical buyers? What's happening?

LONE: My typical buyers are referral buyer, and tends to be a little on the higher end. That being said, I never say no to anything. I love as much a new buyer. Emily's concentration is the first time homebuyer.

As your question about moving or flocking in from the city, I wouldn't say people are flocking in from the city as much as they are, perhaps in New York City. We are seeing some people move out because there are people that want greener pastures. They want more space. We're definitely not seeing the flocking.

As to your question regarding trends, school districts are always going to be paramount. We're also seeing that people pools are back in vogue again. Before they didn't add much value to a house. Now, people are definitely looking at pools. They're looking at more staycations, ways to stay at home to enjoy their home. They want more space.

They still want the open space. The trend is definitely shifting a little bit. Movie theaters downstairs in the basement, they're back in vogue as well. Fire pits, you name it. Everything from gray walls, even that is shifting now to a more bluish color.

COVID has changed a lot of things when it comes to trends and homes. The foremost trend is probably a home that is all fixed up.

PATTI: That was a question I was going to ask you too. Given the torrid pace of this market and how quickly things seem to be selling. You can correct me if I'm wrong on that. You look at a home, does it make any sense to put any money into your existing home, if it's going to fly off the shelf anyway?

LONE: It depends on what your house looks like on the inside. If you've lived in that house for 20 years, and it was decorated 20 years ago, then absolutely. Even if it's paint, new curtains or, removing things. We have to remember that we have a tendency to decorate our homes after our own tastes. We need to neutralize them.

When we put a house on the market, it goes from being a home to a product. It's removal of a lot of personal items. I'll let Emily speak to that as well.

PATTI: You remove the pictures because the people who are walking in the house, you want them to be able to see themselves in the house. They don't want to see you in the house. They want to see themselves. It's amazing the psychology of this.

Do you guys still have boiling water with vanilla or that the potpourri go on? That is pretty wild.



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EMILY: That's funny. I haven't baked any chocolate chips at an open house before. Choc chip cookies on open house but I've heard that. To Lone's point. It's definitely a fine balance between depersonalizing but also making it feel lived in and homey enough that someone can envision themselves there.

PATTI: Wow, that's terrific. The fact that the pools are in. The fact that the staycation, that's a fascinating change that the pandemic certainly has brought out. What's also interesting, in looking at the demographic, who is buying these homes?

I was looking and in 2011 people who are in their 30s basically originated \$62 billion worth of mortgages. In this quarter alone, that was \$300 billion. This is a titanic that is shifting. The old idea of kids that are going to be in these studio apartments or in their parents' basement, that is not going to happen. It is moving, isn't it?

EMILY: The statistics we are seeing out there with, people were scared that it was going to go into another housing crisis with COVID. There's so much out there. The number one thing going against that theory is the strong demand from the Millennial home buying market.

COVID accelerated it, because a lot of Millennials did live in apartments and rent and cities. Then finally, they started relooking at everything. They started having to work from home, where working from home wasn't as accepted pre COVID as it is now.

People are living in their one bedroom apartment with no office. They're looking at their finances saying, "What can I afford now to make my space more livable?"

PATTI: That's a good point. Having a couple of my kids come back home. We're all trying to work in the house. I'm like, "Kelly, wait a minute. I've got this Zoom call, you can't be in this area." She's got to go to a different area. I'm ready to go to the bathroom and do Zooms. It's just getting crazy with the number of kids and people in my house.

It's also interesting with those 30 somethings. We have to think. They graduated from college. Typically, if they had student loans, it's a 10 year pay off. Now, they're in their 30s. They don't have the student loan debt. Their cash flows gotten better.

What are they buying? Are they buying the starter home like we started with or what's happening in that area?

LONE: The starter home certainly has changed, and so has the pockets, or the pocket books of the Millennial purchaser. We often find that there's two incomes that are coming into it. It's really gone from a starter home of 250 to...in Emily's experience. She can speak to this as well.

It's anywhere from over 500 to close to would you say \$800,000 as well, Emily? There



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definitely is a shift in what they're looking at, and how much they're spending.

PATTI: What they seem to be able to afford.

LONE: That's what I mean, what they're spending, absolutely. They want perfection. They want to walk into this home with gray walls. They want stainless steel. They want it all. They don't want to do anything because they want to enjoy the outdoors. They want to get out on their bikes. They want to go hiking. They want to experience life.

PATTI: They are the experiential generation where they don't want to be stuck in the house. They're not the do it yourselfers. They want it to be done. They need a place to live. They want to enjoy it. They want to feel good and go back to work and get on with life and go have fun. Have I described you Emily?

EMILY: I'm laughing because we are called the instant gratification generation. We are pretty much. There are some exceptions. For the most part, the trend right now is definitely move in ready.

PATTI: We talked about this on the show. As much as technology has improved our lives, we're busier than ever. I certainly think that with your generation, you are the tech generation. You use tech, you've got your Instagrams. It's crazy, all the crap you guys use. Yet you don't have time. You don't want to be doing the house. You go out and you do your thing.

Generally speaking people are over that. Having a walk in, having a home that's got that curb appeal, and it's already done. It's appealing to me. How about you Lone, forget the generations, I know that's what I want.

LONE: I'm one of those first floor master people with low maintenance. I'm not a big cook either. I hear that, absolutely.

PATTI: Housing's going nuts, prices are going up. Let's talk a little bit more about that. What are you seeing in your market? You guys are mainline, literally the Lone Spillard team, we move mainline. You know the market better than anybody that I know.

As a sidebar, I've worked with a lot of people. I've had the experience of working with this team. They helped a very dear client of mine, sell her home. It was a tough situation, very difficult, just emotionally for this person to sell her home. There was so much history there, so many memories.

I cannot believe the way that Lone and Emily were able to gently move this person in the direction that she needed to go. It was a difficult process. What is also so interesting is, this woman I talked to her a week ago, Lone, she told me that you're still going out to lunch



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with her two years later.

For those of who are listening, this woman is in a continuing care community. She's not buying another home. Yet, you're still going out to lunch with her. That said volumes to me about who you are as a person and how much you deeply care. It's not BS. You are the real deal.

LONE: We like to take personal care of our clients. We get to know them. We become friends. In this woman's situation, she happens to be a bridge player. We do a lot of bridge games online as well. A very dear friend of mine.

PATTI: It's amazing. I introduced you to her. Now, you're closer with her than I am.

Although, if you're listening to this, I'm still the BFF. It does say a lot about your approach. What I also think is the combination of the two of you, is really creating the experience that so many people were missing. That community feel and what you're doing in terms of helping people, bring people up to speed with what's going on in their neighborhoods.

Emily, tell me a little bit more about that. I know that's your thing. You've taken that technology and your experience and reaching out to people, who may not even be looking for a home.

You're reaching out and talking about, what's happening in your neighborhood? What are some of the things to do? Here are the people that you might know? This is pretty cool stuff. Tell us more about that.

EMILY: Totally. In my previous life, before real estate, I owned a small startup business, actually right here out of Westchester. We made snack bites. I got a peek into the small business community in the Greater Philadelphia area.

I realized how much it meant, even as a small business owner to have the support of people in the community. That was your ticket to making it, not big, but successful and not bigger than a hobby. You could live off of it. It could be your business, which is ultimately a small business owner's dream, is to live off of what they do for day to day activity.

When I went into real estate, I realized that it really wasn't that much different being an entrepreneur, in the sense that our day to day is, we control it. We are the owners of our business. This is a small business within our brokerage. I had a vision for us to be more community focused, than the more traditional agent, marketing style of so person focused.

We wanted to put the focus back on our community, and highlight the amazing points of our community. Why we love where we live and things to do in our community that will ultimately add value to our consumers' lives, rather than just selling them a piece of real



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estate or helping them buy this real estate.

PATTI: When you build up the community, when you bring people in that sense of inclusion, it increases the value of real estate because everybody wants to live there. That is so interesting. How are you doing that specifically?

EMILY: Lone and I have an Instagram page called We Move Main Line, where we highlight local businesses. We give a peek into what we do on a daily basis. Also, our personal Instagrams, Lone is @theloneh and mine is @emilyfazzini.

We have a newsletter sign up that goes out every Wednesday at 8:30. There we highlight local events in the Greater Philadelphia area from Friday to Sunday. It's family friendly activities, great date options, even with a best friend just to do something, even by yourself.

We give great recommendations for activities. Then we give some of our favorite real estate pics of the week. Then we highlight one local business and might not be a business you know about but we just love keeping our community in the know. That's really how we built a little network of our followers.

PATTI: Well, you know what, I am a follower and I get your newsletter every week. It's awesome, because it does make you feel included. I feel like, it's not a pitch either, what I appreciate and I have not said this to you, but I appreciate the fact that you're just out there, trying to include everybody, tell everybody what's going on.

Not everybody gets local papers anymore. If they get them, they're probably not reading them. Like us. That's great. By the way, if you're ever looking to sell your home, we're here to help. That's all it is. It's an afterthought.

EMILY: We truly do care about our community. We're community advocates. People ask about what sets us apart. Also, the fact that, I feel we're an unconventional team. I love that about us.

We both bring such different pieces of value to the market, like Lone teaches me something new, every day, which I appreciate. I hope that I give a little bit back to her, even if it's showing you how to copy and paste or use Instagram.

We add value in other ways.

PATTI: When we're done, can you please show that to me?

EMILY: Yes, I will.

It's a beautiful balance. I've had a lot of fun. I wanted to do things differently. I've always been that way. It's slowly breaking the mold of what traditional real estate marketing is.



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Where a lot of people go wrong in marketing is they ask for trust. They ask for following, but they don't give any value. I'm not talking about paid value. I'm talking about any value.

People are like, "I can't believe you take the time to do a newsletter." I'm like, "Well to me, I enjoy doing this first of all." Second of all, you have to give value. You can't ask for people's trust and ask for it without giving them anything. It is free if you want to say that. I don't look at it like that.

PATTI: It's so interesting. That's why we do this podcast. We do this podcast, it's free. We work hard to do these and educate and inform. We get a lot out of it because we learn a lot. I've learned so much from both of you today about the market, what's going on, what to do, what not to do.

It's funny, because one of the things we were talking about earlier was, is this a bubble? Is this going to be another real estate bubble? It forced me to ask that question. That's why we do these podcasts.

I'm a big believer in the Walt Whitman school of thought. He basically said, "If you ever want to learn about something, write a book about it." In my case, if I want to learn about something, I do a podcast on it. I wanted to learn about what's going on with real estate, especially in our area. I brought the best team in the area to find out.

In doing that research, for those of you who are listing one of the things that I'm worried about, to be perfectly clear, I'm worried about the pace of increases. Lone, why don't you go through that? It's worth you guys hearing this. It's amazing. We got to be on the lookout. In our area, you guys work from Wynnewood to Westchester?

LONE: Correct.

PATTI: Let's talk about the different markets and the change in prices.

LONE: I have some stats on the different counties that we deal with, which is Chester County, Delaware County and Montgomery County. Our active inventory, which means if nothing new came on the market today, this is how long it would take to sell every single house in Chester County. We have one and a half months worth of supply.

PATTI: That's short.

LONE: In Delaware County, it's less. It's 1.4 and Montgomery County, it's 1.4 months as well. The price increases in Chester County from last year is 17 percent. The price increase in Delaware County is 10.3 percent and the price increase in Montgomery County is 14.4 percent.



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PATTI:

I hear those increases, and it brings me back to the real estate bubble. That's what was happening in the real estate bubble. When you told me that Lone, I thought, "Should I be you know, worried about this? We've got to be careful." One of the things that led to the bubble was that anybody and everybody could get a house. They could qualify for a mortgage.

What I found interesting is that 72 percent of mortgage originations this quarter had a FICO score of 760 or greater. That's a very big difference. I don't know if you'll agree with me, but between just the shift to people wanting more space bigger, maybe moving out of the city, certainly New York. I have a client who moved out of Manhattan and is living here now.

I see it also on anecdotal basis. Between that, the 30 somethings who are buying their first homes, very low mortgage rates, and the quality of the people who are buying homes, it feels this Titanic, this pent up demand that's been there for 10 years has shifted. It doesn't feel it's going to be a bubble, because of the quality.

It just it feels like, I often tell people that real estate has the longest cycle of anything you can put money into. The stock market is typically a 5-year cycle, it goes up a lot one year, does pretty OK for three years, and then is down at one year. It's a 5-year cycle.

Real estate, I tell people typically has a 10 year cycle, where it's limping along for about 10 years, and all of a sudden, it is the only game in town. What are your thoughts on that?

LONE:

With the given interest rates that are historically low, and you can speak more to that I'm certainly not a finance person. That is driving people to refinance and also gives them more purchasing power. The inventory staying low, is also adding to that.

If there is a lack of something, and there's only one of it, and there's five people who want it, well, that's automatically going to drive up the price. It depends on how the inventory shift is going to be. I am sure that we'll see much more inventory in the spring.

Once that levels out, the prices might level out as much. I had a glass bubble because I probably wouldn't be selling real estate, I'd probably be off on an island somewhere. To answer your question, it ebbs and flows and ebbs and flows.

There's going to be a little more of an even out, I don't think there's going to be a fall like we had in the financial crisis, as a result of every Tom, Dick and Harry being able to get a mortgage in a very creative sense.

PATTI:

Last question. Do you see any difference in terms of the days on market, or prices or activity, in terms of the cost of the home or the super luxury homes? As you guys define is two million and above, are they selling as quickly? Is there a sweet spot?



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LONE: There sure is. There's a huge sweet spot, and it's in there somewhere between 475 and 850. A huge sweet spot. That's your Millennium coming out to purchase again. We are seeing above a million selling as well. Again, condition driven, always condition driven.

The two million and above, prices are increasing with about one percent. They're not moving quite as rapidly. Obviously there's less of a buyer for that market as well.

PATTI: It's interesting, because, I've talked with people. They were looking at selling their home for two and a half million say, and taking advantage of the wonderful rise in prices. They were going to downsize into a smaller home, intermediate home. I was thinking to myself, that you've got transaction costs.

I feel you're selling high theoretically, although one percent is not exactly high, to buy high. What are we getting out of the deal? For those of you who are listening, Lone, and I and Emily are running numbers to determine the net benefit. In this particular case, does it make sense?

The real estate taxes are going to be lower. The cost of the ownership is going to be lower. If it is a three year deal, it's one thing. If it's a 10 year deal, quite another. Everything is different, and you got to run the scenarios.

LONE: Everything is different and you do have to run the scenarios. There's so many different money amounts coming into the scenario. You may end up spending more to fix up your house to buy for less. It's definitely each individual situation is different and where are you selling and where are you buying?

PATTI: As I listen to both of you today I think, "You know, it always does come down to people." It really comes down to people taking the time to understand what's important to each family, each person.

Then carving out a solution that will work primarily for them. It's true in my business, it's true in your business. It's wonderful to have the access – if I may say – I'm so proud and honored I can pick up the phone and call Emily and say, "Emily, I've got a 35 year old. They're looking for a house, can you help me out?"

What are the dos and don'ts? Where are we looking? They've got little kids. I don't know the schools anymore. What schools should they look at? Give me streets, give me places.

It just makes it easier for everybody involved. Thank you for that. Lone and Emily, thank you for joining us, and thank you for joining the show.

If you have any questions, please feel free. Go to our website, keyfinancialinc.com. Give us your questions if you have particular questions on your property, real estate. Write them



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out. Get in touch. I'll put you in touch with the best team in the area.

For those of you who are listening, we are recording this just before Thanksgiving. I would like to end this by saying thank you. Thank you for taking the time to tune in every two weeks to listen to these podcasts.

You make it all worthwhile. Your feedback has been unbelievable. I am so honored and I'm grateful that you are sharing it. I'm grateful that you are telling us what works for you and what doesn't, because that's the only way we learn. Thank you for that.

Thank you for sharing 30 minutes of your precious time with us. Have a great day!



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