2014 FEBRUARY NEWSLETTER

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Happy New Year !

I trust you are having a warm and safe winter season. It certainly has been a dry winter. Enjoy it while it lasts !

So, what does 2014 look like ? Will it be economically as dry as the weather ?

Some recent history –

2011 FORECAST

The National economy is improving at a slower pace than prior recoveries, but it is recovering. Obviously, the main obstacle to a robust economy still remains the unemployment situation.

WHAT HAPPENED

The stock market for the year was flat, very flat. Housing market still going down a little. The unemployment numbers were improving, but still bad numbers. The middle class was in fact getting smaller and the National political scene not helping.

2012 FORECAST

'Will look and feel a lot like 2011. Do not expect an economic year much better than 2011. Yes, the Economy will continue to improve but it will continue to improve slowly. There is no real 'momentum' in the Economy at this time, so do not have any expectations for a robust economy'.

WHAT HAPPENED – Unfortunately, we were accurate with that forecast.

2013 FORECAST

'Slow, slow, slow improvement. Improving but way below normal '.

WHAT HAPPENED

Unfortunately, again we were accurate with that forecast. The growth rate for the Economy was about **2.5% for 2013**. Compare this to our **50-year** average growth rate of **3.6%** and 2013 was not a year to brag about.

So what happens now ??

Well, the slump may be over ?? We may actually see a **real** recovery in 2014 !! (In the second half of **2013,** the Economy began to show some momentum. The initial growth rate for the third quarter came in at **4.1%,** a VERY GOOD SIGN. This is a significant improvement from the **1.8%** growth pace of the first half of the year, more than twice as strong)!

So what is a Recovery ?

What growth rate do we consider recovered ?

And the answer is …

A **‘Recovery’** is somewhere between ‘Slump’ and ‘Expansion’. Huh ??

What are you talking about ? There is a thing called the BUSINESS CYCLE.

and the 5 stages of the business cycle are:

1. ‘**Peak**‘ – the good times are rolling

2. ‘**Recession**‘ – no more good times

3. ‘**Slump**‘ – or the trough (trying to recover)

4. ‘**Recovery**‘ – getting back to where you were !

5. ‘**Expansion**‘ – and growth again

In other words. Up and down, up and down, up and down. Since World War II, most business cycles have lasted **3** to **5** years from peak to peak.

The average duration of an expansion is **45 months**.

The average duration of a recession is **11 months**.

The average slump and recovery period is **18 months**.

And what is the meaning of 'Recovery' ??

An ECONOMIC RECOVERY:

- Is the phase of the business cycle following a ‘**Recession**’ and ‘**Slump**’.
- The Economy reaches the employment number **prior** to the downturn.
- The Economy reaches the growth levels achieved **prior** to the downturn.

A ‘Recovery’ period is typically characterized by

- ► abnormally high levels of growth in real gross domestic product
- ► substantial improvement in employment and
- ► significant increase in corporate profits.

In other words, you need to get back to when times were good.

Year	Annual Growth Rate %	
2004	3.1	Best year for this business cycle
2005	3.1	Another good year
2006	2.4	Growth starting to drop
2007	1.9	Recession is beginning
2008	(-2.8)	The low point **-** (recovering from here)
2009	(-2.0)	No recovery that year
2010	2.8	Definitely a recovery on the move
2011	2.1	Uh oh, recovery stalling
2012	2.0	Recovery in a slump
2013 (9 months)	2.6	Back on track (we hope)

Good News

Hopefully, 2014 will bring us back to the **3.1%** rate where we started in 2004. The recovery will be over, and an expansion started. HOORAY !!!

But don't congratulate yourself yet. We are recovering to only, (let me repeat) **only** to a roughly **3.1%** annual rate.

I am underwhelmed. You know why ?

Look at the growth rates in years past … these are impressive.

Year	Annual Growth Rate %	
1950	13.5	Now that's a growth rate !! Unbelievable !!
1955	6.6	Disneyland opens in Anaheim, California
1961	6.4	President Kennedy and a Camelot America
1965	8.5	Viet Nam War engages, Medicare begins
1972	6.9	President Nixon visits China
1978	6.9	President Carter and Mid-East peace talks at Camp David
1983	7.8	President Reagan proposes Star Wars Defense plan

If you notice we have **not** had annual growth rates in these high rates **in 30 years** !!! The best we did … we managed to get to **5%** in 1998. Big whoop.

So how does our current business cycle compare to past cycles ??

This recession/contraction started in December 2007 and ended in October 2009. Approximately 18/19 months later (compared to an 11 month average).

The '**Recovery**' and '**Slump**' stages of the cycle began in October 2009 and still continue to today. **4 years and 2 months later.**

Definitely not on the fast track !

So how slow a recovery is it really ?

Well given the 9 recessions since World War II … with an average recovery time of 18 months in duration. Hmm, that would make this 'Recovery' the **slowest** since World War II War. In fact **2.8 times slower** than our 60 year average. (that's bad)

You ask how bad ??

C'mon let's compare to really bad

Let's compare to the Great Depression ! From August 1929 to March 1933.

Great Depression Recovery Cycle – **4 years and 7 months**

Current Recession Recovery cycle – **4 years and 2 months**

And we are still not at full recovery yet #!*

Given the cycle comes in 5 parts. Beginning with the contraction and ending back at the peak, the current cycle in duration is beginning to compete with the Great Depression.

Stop, that's not possible. Are you kidding ? Well here's the math …

Year	Annual Growth Rate %	Year	Annual Growth Rate %
1930	(-8.5)	2008	(-2.8)
1931	(-6.4)	2009	(-0.2)
1932	(-12.9)	2010	2.8
1933	(-1.3)	2011	2.1
1934	10.8	2012	2.0
1935	8.9	2013	2.6
1936	12.9	2014	?

Wow. Look at the growth rate from **1934 to 1936**. Impressive at (**10.9%** average). Then look at the growth rate from **2011 to 2013.** Not very impressive at (**2.2%** average).

Believe it or Not

The average growth rate for the 7-year Depression period was **0.5%**. AND If we have a 2.6% growth rate again in 2014, the 7-year average growth rate for this Recession will be **1.3%**

I am sorry to say but that is not much of a difference. We are actually competing with the **Great Depression** for the lousiest recovery in U.S. history. Doesn't that cheer you up !

<u>CONCLUSION</u>

☛ *Based on Gross Domestic Production the growth rate (one of the measures of a recovery), we can only suggest the recovery is abnormally slow. There is <u>not</u> a high level of growth.*

☛ *This recovery is not only very long but it is so anemic it is almost as bad as the depression years, But … but … but … we are improving at a faster pace.*

☛ *So not only was the **Great Recession** the worst economic downturn since the **Great Depression**, this recovery is also the worst recovery since the **Great Depression**. It is almost as bad on average as the depression years.*

UNEMPLOYMENT

So how has the unemployment barometer been going in this 'Recovery' ? Fortunately, the unemployment rate has been getting lower, but painfully slow. For historical perspectives:

The unemployment rate was **10%** in December 2007

Currently the rate is **7.0**%.

A **3.0%** improvement in 6 years. (**1/2%** improvement per year)

Historically, this is pretty bad. I would like to say this is a just a ‘jobless recovery’. But we are not getting much of a recovery either.

If you look at the unemployment chart below you will see how slow the recovery in employment has been. The drop in unemployment rates month-to-month is in very small increments. 1/10th at a time. (painful) Unfortunately these numbers represent real people with real mortgages and families without jobs !

Bottom line the numbers say there is a lot of pain in America with very low levels of improvement to relieve the pain. The American middle class is being slowly strangled. One lousy unemployment number after another.

UNEMPLOYMENT STATISTICS

PERCENTAGE OF UNEMPLOYED

Month	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
JAN	4%	4%	5%	7.8%	9%	9.1%	8%	7%
FEB	4%	4%	4%	8.3%	9%	9%	8%	7%
MAR	4%	4%	5%	8.7%	9%	8.9%	8%	7%
APR	4%	4%	5%	8.9%	9%	8.9%	8%	7%
MAY	4%	4%	5%	9.4%	9%	9%	8%	7%
JUNE	4%	4%	5%	9.5%	9%	9.1%	8%	7%
JULY	4%	4%	5%	9.5%	9%	9.1%	8%	7%
AUG	4%	4%	6%	9.6%	9%	9.1%	8%	7%
SEPT	4%	4%	6%	9.8%	9%	9%	7%	7%
OCT	4%	4%	6%	10%	9%	8.9%	7%	7%
NOV	4%	4%	6%	9.9%	9%	8.7%	7%	7%
DEC	4%	5%	7%	9.9%	9%	8.5%	7%	6%

Let us compare the current unemployment recovery to prior recessions

May 1975	9.0%	Unemployment rate at the highest point
May 1979	5.6%	4 years later
4 year drop	**<u>3.4%</u>**	**<u>38%</u> Improvement**
Dec. 1982	10.8%	Unemployment rate at the highest point
Dec. 1986	6.6%	4 years later
4 year drop	**<u>4.2%</u>**	**<u>39%</u> Improvement**
June 1992	7.8%	Unemployment rate at the highest point
Dec. 1996	5.3%	4 years later
4 year drop	**<u>5.39%</u>**	**<u>32%</u> Improvement**

AND NOW –

Oct 2009	10.0%	Unemployment rate at the highest point
Oct. 2013	7.0%	4 years later
4 year drop	**<u>3.0%</u>**	**<u>30%</u> Improvement**

Again. The historical data tells us we are having the slowest percentage recovery of employment since World War II.

We again **win the 'lousiest recovery' prize**. In fact, if you really want to feel bad, even the recovery in jobs after the Great Depression was better. 44% versus 30%.

1933 **25%** and in 1937 **14%** with a 4 year drop of **11**%, (a **44%** improvement).

Now, an economic recovery is when the unemployment numbers get back to its lowest point prior to the recession. In our current cycle we started out with a low point in May 2007 at 4.4% … we are now at 7.0%.

To get back to 4.4% (at the current pace) will take 5 more years !!

Hot off the press !!

The **December** job numbers were bad. Not expected to be so low. Only **74,000** new jobs created, (mostly lower paying jobs in retail). Far below the recent monthly average of **190,000**.

Jobless rate dropped from **7% to 6.0%**, but don't be fooled.

This happened because **347,000 Americans** left the work force. Not the way to bring down the rate ! (**932.000** dropped out in October !)

The labor participation rate (the ratio of the total working age population to the number of people actually participating in the job market) … dropped to a **35 year low of 62.8%**. (high year in **2000 at 67.3%**)

The civilian labor force dropped from 155.3 million to 154.9 million.

So how has the labor participation rate been doing this recession? A little recent historical math (as of December)

2003	65.9%	
2004	65.9%	
2005	66.0%	
2006	**66.4%**	**The high point**
2007	66.0%	
2008	65.8%	
2009	64.6%	
2010	64.3%	
2011	64.0%	
2012	63.6%	
2013	62.8%	

So, 2013 is the worst year since 1978.

The people **<u>not</u>** in the labor force increases to a record **<u>91.8 million</u>**.

America is operating way below potential. Lots of people who want to work. Only one big problem … there are no good jobs !

During the 1950s, 1960s and through the **1970s** the labor force percentage held steady at about **60%**. With more women entering the work force, the rate increased steadily, reaching the peak in **2000 at 67.3%**. Since that time the percentage has been in decline. Partly due to Boomers retiring and partly the recession and partly fewer students who work.

And more 'bad' news on the employment front

The number of people out of work

- for more than six months has held steady at **3.9 million** people
- for more than one year has held steady at **2.6 million**

Now that's discouraging. No wonder people are dropping out of the work force. And if you are a young person (20 to 24) the unemployment rate is 12% … ouch !

And the paychecks ? Not good, there is no pressure for wage increases.

The average hourly earnings increased 2 cents, yeah 2 cents to $24.17 per hour (a 1.8% increase for the year) … jeez don't spend it all in one place.

CONCLUSION

The employment situation is dismal. A very weak jobless **'Slump'**. Nothing more to say … Sad. However on a more positive note !

BUSINESS PROFITS

Business is showing more strength as profits increase. Very good. After-tax corporate profits in the third quarter topped 11% of GDP for the first time since records started in 1947.

CONCLUSION

The improvement in the business community is the shining star (this is very good). Eventually business will reinvest and grow. Which will eventually lead to more jobs. Which will eventually lead to a higher growth rate.

Go team Go !!!!!

2014 FORECAST FOR THE NATIONAL ECONOMY

A. The Economy should noticeably improve this year. (particularly in Marin County) You may actually feel and see the improvement. Even with the difficult employment situation and the abnormally slow growth, there is enough momentum in the Economy to keep it improving.

B. The **big caution** is Washington. All bets are off **if** the Washington Establishment screws up.

- There are a large number of new tax increases and fees entering the Economy
- We still have political gridlock and
- Fiscal policy, (or the lack thereof) still creates uncertainty in the business community
- etcetera
- Washington should really be paying attention

C. So, hold your breath. Let us trust the momentum will continue and we have a more exciting financial year and start to grow faster. In other words, we don't slip back into the **'Slump'**. We actually start to have a sustainable **'Recovery'**.

AND ON THE NATIONAL LEVEL

What do the "crystal ball indicators" indicate ??

Much as like the first half of the year, they indicate the Economy is continuing to slightly improve … boring, tiresome, still slow and frustrating … but the momentum is getting stronger … and momentum leads to recovery.

In the second six months of 2013 … of the 20 indicators used … the indicators indicated:

ROUGHLY POSITIVE	11	55%
ROUGHLY NEGATIVE	4	20%
BASICALLY NO CHANGE	5	25%
TOTAL INDICATORS	20	100%

Some indicators have improved:

☛ New home sales and construction numbers are slowly but steadily improving … this is a major driver of the Economy ... and jobs ! A big positive !

☛ And speaking of jobs…. the unemployment rate has dropped from 7.3% to 6.7%.... this is good but don't get too excited …a lot of the percentage drop is due to people leaving the workforce … hmmm ... this is not good ... but ... a million people did get jobs in the last six months … this is good !

☛ And the average hourly wage increased from $23.99 to $24.17 in six months … 18 cents more an hour … $7.20 in a 40-hour week ... Guess it's better than nothing ... but not much better.

☛ Another important indicator that fortunately has been getting stronger is the steady increase in our export numbers … the more stuff we sell to other countries the better off we will be … period.

☛ In 2013 there has been a historical improvement in the stock market … good for consumer confidence … people spending money … hopefully help retail employment. The concern is the increase in the stock market is due to an artificial supply of investment money coming from the $85 billion dollars … per month … of monies being pumped into the Economy by the Federal Reserve System … new territory … questionable economics ??

☛ And the inflation rate has stayed less than 2% ... fairly benign … this is good

Some indicators have become worse:

☛ In the last six months the interest rate on the 10-year Treasury Bond…. has continued to increase from 2.60% to 3.04%. This is bad because it has continued the rise in home mortgage rates…. from 4.31% to 4.48% … makes it harder to buy houses…bad for the real estate market.

☛ And surprisingly, the pace of auto sales has slowed down. This is definitely not good as the manufacturing of cars is such an important driver of jobs and the Economy.

Some indicators seem to stay about the same:

☛ Nationally, sales of existing homes are still stuck in the mud … (not in Marin)

☛ Retail sales went up a little … but at an incredibly slow pace … still

☛ Oil prices remained stable in the second half of the year … good.

☛ The business confidence index and the consumer confidence index have remained flat ... not a surprise … people know the Economy is not growing at a good pace … and … are still uncertain about the near-term economy.

AND WHY ARE THE CONFIDENCE NUMBERS NOT GETTING ANY BETTER ?

So after 3 years ... howz it goin' ??

HOUSING NUMBERS

Since it was a collapse of the residential housing market that was a major cause of the Recession, it will take a major recovery of this major cause to bring us back to prosperity.

For the last three years the housing market has been a speculator, foreclosure and short sale world … not lending itself to a normal market. It has not returned to a robust market … it is alive but has a long way to go.

The first-time buyers are still not normally stimulating the market. With higher mortgage rates and tougher lending standards, they purchased only 28% of houses sold in November, down from 40% in the decade ended in 2012.

Fortunately, the construction of new housing has picked up significantly although at a million houses a year it is still short of the 1.3 million houses we need each year to keep up with population growth. The great news is the new construction is significantly helping the construction industry and its workers.

JOB NUMBERS

In the last 3 years there has been a steady improvement in the unfortunate reality of the job market. The unemployment rate has dropped 2.7% from 9.4% to 6.7%. Doesn't sound like much … but in the real world this percentage means **4.1 million** jobs … that's a lot of jobs ... to be seriously appreciated. This improving job situation is a good indication we are not going backward … only momentum going forward … great !

On the paycheck front however, the average employee is not making any more money … it is still an employer's market ... plenty of people to hire if you quit … no problem ... except for the employee.

3 years ago the average wage was $22.80 per hour…today it is $24.17 ... that's a 6% increase in 3 years ! Just for the record…inflation for the last 3 years has been approximately 6.2%. In other words, the average worker in America has gone nowhere with their income in the last 3 years !

Not very good for confidence building.

CONFIDENCE AND SALES NUMBERS

Retail sales have had it tough … the numbers are mostly flat and sliding down … the American consumer has not come back in any big way … as highlighted by the 3-year confidence numbers ….

- ☛ From a reading of **72.5** in December 2010 to **83** in December 2013 …

a change of 10.5 points or a 14% increase is certainly to be appreciated … but … frankly … it's not a real strong increase … Its okay…. but not great. The consumer is feeling better … but not that good yet.

On the other hand, the business sentiment is not good and getting worse … this is very bad because these are the people who hire … and … if they don't feel good … guess what ... they don't hire. However … on the plus side for business and consumer confidence we have …

☛ **AUTOS -** For the past few years, the auto industry has been the most consistently improving area of the Economy adding hundreds of thousands of jobs since 2009. This has been a great area for the improving Economy.

☛ **EXPORTS** - has been another encouraging area for the last three years. In December we exported $191 Billion in goods and services … versus ... $164 billion in December 2010 … this is a noticeable increase ... 16% in fact.

FINANCIAL NUMBERS

During the last 3 years the stock market continued to recover from the crash it experienced in 2008. To remember a little recent painful history … the Dow Jones Average looked like this:

☛ From the high point in October 2007 of………14,165

☛ To the low point in February 2009……………..7,063

☛ A percentage drop of ………………………….. 50%

Fortunately, the market has recovered and expanded to 16,577 by December 2013. It has taken 6 long years to recover but the important issue is that it has recovered.

INTEREST RATES

For the last 3 years the interest rates have remained at all time historical lows with 30 year mortgages in the 2-4% range … unbelievable !!

This is one advantage to having a poor economy. Interest rates are the price of money and when you have a very low demand for money … because of a poor economy … your interest rates will stay low … one disadvantage to an improving economy will be interest rates will trend higher.

In addition, the Federal Reserve System has been committed to keeping interest rates low to help improve the Economy, as reflected with historically very low interest rates for the 10- year Treasury bond which dropped to as low as 1.51% in July 2012.

ECONOMIC NUMBERS

The good news is with inflation and oil prices ... similar to interest rates the poor economy has kept the pressure on any rise in prices … consumers are hard to come by and price increases difficult. The result is a benign inflation rate for the last three years mostly in the 1% to 4% range. This is a good thing in general ... certainly for wage earners who are not getting pay raises.

And oil prices over the three years have also stayed, in general, very predictable, consistent and in a reasonable price range of $90 to $100 a barrel. This has been a very good thing and has helped maintain energy stability in the general economy.

On the other hand, the improving economy has been disadvantageous to Gold … Gold is an emotional commodity and rises on bad news and goes down on good news … now ... I am not saying the Economy has been good news … let’s just say … in the last three years there hasn’t been any real bad news … hence ... Gold goes down from $1,369 per ounce to $1,204 per ounce … a 12% drop.

MARVELOUS MARIN

RENTS

Rents continue to significantly increase in Marin. There are multiple reasons including: very few apartments available for rent; new employers coming into the County with increasing jobs; low volume of home sales; and rents substantially increasing in both San Francisco and Sonoma County which will move tenants into Marin.

POPULATION

☛ The Bay Area is the only area in California where more people are moving in than moving out, a sign of the economy's rebound and the creation of more jobs here.

☛ The County grew by 1,896 people between July 1, 2012 and July 2013. That increased the population by 0.75% bringing the total number of residents to 255,887.

☛ While that increase was the smallest of the Bay Area, it was better than the prior year which saw a drop of 0.13%, 319 people; 2,319 births; 1,904 deaths.

JOBS

☛ The unemployment rate remains as the lowest in California with a 4.2% unemployment rate down from 4.6% in November. (State of California has an unemployment rate of 8.5%).

☛ Currently, 136,900 people in the County have jobs with 6,000 people looking for jobs.

SCHOOLS

☛ The public-school system is quickly expanding with the county's student body up 3.2% from last year, to 32,192 students. (Future renters … good !!)

☛ Highest high school graduation rate in California.

HEALTH

For the fourth consecutive year Marin has been ranked the healthiest county in California … and also …

☛ Lowest teen birth rate.

☛ Lowest adult obesity.

☛ Lowest percentage of medically uninsured adults.

☛ And the lowest motor vehicle crash death rate.

TIDBITS

☛ In October 2012 to October 2013 the median price of a house in Marin increased 22% to a median price of $805,000.

☛ Marin earned an A or A+ water quality rating at all of its 24 beaches.

LOT'S OF BUSINESS COMING INTO TOWN

☛ Glassdoor, Inc., online jobs and career community, closed $50 million in additional financing, to expand its workforce and plans to move to 30,000 square feet of office space in San Rafael early in 2014.

☛ The game companies are coming to Marin and expanding; led by Take-Two Interactive's 2k division, Activision and Telltale Games leased tens of thousands of square feet last year.

☛ And … the medical community continues to be very active with three health care companies looking for another 70,000 square feet.

☛ At Hamilton Landing…lots of action….

- Raptor Pharmaceutical added another 11,000 square feet to its existing 31,000.
- Game company 2K leased another 26,000 square feet to add to its existing 20,000.;
- EDG Interior Architecture is taking a new 19,000 square feet.

☛ And BioMarin purchased the San Rafael Corporate Center for $116.5 million, currently over 300,000 square feet ... huge … wow … another 100,000 square feet can be built.

RENTS !!

In 2011 … **56%** of California renters paid more than **30%** of their gross household income in rent in 2011 … more than any state except Florida ... **31%** of California renters paid **50%** of their income in rent. Nationally **51%** paid **30%** of their income in rent. That is **12%** higher than a decade ago.

Those paying 50% of income on rent increased to 28% from 19%.

Bay area renters … 52% pay more than 30% of their income on rent.

18 to 30-year-olds living with parents ...

1980	*35%*
1990	*39%*
2012	*45%*

Population of renters is growing:

- ☛ As jobs get better more young people will move out on their own.
- ☛ Downsizing retirees running out of money who need to rent.
- ☛ People still losing homes through foreclosure.
- ☛ The price of housing is rising making it harder to buy.
- ☛ People still not able to obtain financing to buy a home.
    - Record high home ownership was 69% in 2005.
    - Homeownership rates fell to 65% this year.
- ☛ The arrival of 1.2 – 1.6 million immigrants each year.

New Yorkers pay the highest rents in the country … $3,049 per month on average. The cheapest rentals in the country are in Wichita, Kansas at $529 per month. San Francisco's average rent is $2,043 per month. (such a deal)

Tightest market is New Haven, Connecticut.

Most apartments available in Memphis, Tennessee.

FORECLOSURES

Are you in the market to buy some real estate ?? How about buying a short sale ?? These "houses" are in foreclosure ... What do you think? …Quick turn maybe ?

The former Hearst Estate ... has double master suites, two screening rooms, an art deco nightclub and a spa facility … currently under bankruptcy protection … but is available for $95 million.

Villa del Lago … Newport, California. Definitely for people who like cars … has a 17-car garage … along with the stables (in case none of your cars work) … a 17,500 square foot main house … with of course the obligatory vineyard and wine cave. Asking price is $37 million … marked down from $87 million !! What a deal !

Nicolas Cage Bel Air Estate … once selling for $35 million … foreclosure auction went for $10 million … ouch ! ... good movie actor … not a good businessman.

And then you have …

Vivienda … Encinitas, California ... 15-bedroom, 16,000 square foot manor … called the 'Trashed Monster Manse' … vandals trashed it ... art, antiques valued at over $1 million stolen … owner of the property busted for the high-end robbery ... trying to recoup her losses on the property … ooops !! In 2009 worth $11 million ... today ... will take offers at $2.75 million.

Le Reve … Cumming, Georgia (?) … 47,000 square feet on 90 acres was listed at $45 million in 2008 ... in foreclosure for $18 million … and what do you get ? How about …

- ☛ 82 rooms; two elevators, 62 televisions, gold-leaf doors and ceilings.
- ☛ Heated swimming pool with Pool house and formal Spa.
- ☛ Bowling alley
- ☛ Train room imitating the old Central George Railroad
- ☛ Private playground
- ☛ Stables; Tennis Court; Formal gardens and
- ☛ of course, a guest house.

FACTOIDS

When do you think Income Taxes were first started in America ?

Would you believe 1862 ? Yep … it was enacted to provide funds to pay for the Civil War. And ... only 10% of the population paid the tax. (unlike 50% with today's system). Oh, and when the War was paid for the tax ended in 1872 … What a concept ending the income tax system when the war is over.

☛ The new rich have household income of $250,000 putting them in the top 2% of earners.

☛ In 2012 the top 10% took more than 50% of the country's total income.

☛ The top 1% took more than 20% of the income of all Americans. one of the highest levels on record since 1913 and…

☛ the other 99% ... their income stagnated in 2010/2013 … nothing … zippo … zero but there is good news … well … sort of …

☛ in 2013 the income of the 99% is rising at a breakneck pace of 1% ... wwowwooo … but …

☛ for the top 1% … income surged nearly 20%.

In **1971**, **<u>61%</u>** of all adults lived in middle-income households.

In **2011**, **<u>51%</u>** of all adults lived in middle-income households. The share of families living in middle income neighborhoods declined to 42% from 65% between 1970 and 2009. At the same time, the share of families living in affluent neighborhoods and in poor neighborhoods more than doubled. Middle class is shrinking with social consequences to be sure.

Sales of high-end homes in San Francisco in on the rise doubling the sales level seen in 2007 … and the prices seem to be astonishing as well … a South Beach two bedroom 1600 square foot condo listed for $4.5 million … at $ 2,500 a square foot !!!

500 years ago … Michelangelo finished painting the ceiling of the Vatican's Sistine Chapel.