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Money

BUSINESS, CONSUMER & PERSONAL FINANCE

THE MARKETS		Close
DOW JONES	▲ 123.13	12,904.13
S&P 500	▲ 14.81	1,358.04
NASDAQ	▲ 44.02	2,959.85
RUSSELL 2000	▲ 15.98	829.96

Auction planned for Greth sites

Maidencreek Township developer has no plans to go out of business

By Ford Turner
Reading Eagle

WALTER T. GRETH has built nearly 2,000 homes in Berks County in the past four decades, and he wants to keep building.

That, as much as anything, explains why Greth has arranged what may be one of the largest real estate auctions in county history, to be held March 10 in the ballroom of the Riveredge in Bern Township.

About 650 lots and homes, scattered across the county and owned by Greth Development Group, will be auctioned. Greth said the drastic downturn in home-building activity has crimped his revenue so much that an inventory-shedding auction makes good sense.

He said he has no plans to go out of business.

"We have to figure out how we are going to do business in this marketplace," said Greth, owner of both Greth Development Group and Greth Homes. "I just feel real strongly about the fact that this is what we should be doing at this time."

Leaders of the Home Builders Association of Berks County said the auction was a sign of the times following a steep decline in new home construction.

In 2004, Berks municipalities issued 1,600 building permits. The vast majority, according to association Executive Director Ronald A. Rohrbach, were for single-family homes.

Last year, a total of 150 permits were issued.

"Walter Greth is doing the best thing for his business," said Kevin Kozo, association president. "In my opinion, he is being very smart in the way he is handling it."

The auction will be split into two sessions. The first, focused on single-family home buyers, will include town homes in Kaercher Creek in Windsor Township and Crestwood South in Exeter Township, single-family homes used as model homes in seven different developments, and single-family lots.

The second session will focus on larger-scale offerings suitable for developers, including land in Windsor, Oley, Amity, Lower Alsace, Exeter, South Heidelberg, Lower Heidelberg, Robeson, Cumru and Spring townships. Many lots to be sold in the second session have been improved with streets and utilities.

The auction will be conducted by Clinton, N.J.-based Max Spann Real Estate and Auction Co.

"It is a live, call-out auction, where people raise their hands," said Robert L. Dann, chief operating officer.

Max Spann, president and chief executive officer, said developers use auctions to shed large amounts of inventory in a single day.

"Greth is employing the same strategy in selling this major portfolio of properties," Spann said.

One effect the auction will have on the general real estate market will be in the creation of "comparables," according to Jeffrey



A Greth Home in Cumru Township is one of many homes and building lots that will be auctioned March 10.



Walter T. Greth, owner of Greth Homes and Greth Development Group, in a mock kitchen in the company's Maidencreek Township showroom.

T. Sicher, president of the Reading-Berks Association of Realtors. Prices of existing homes sold at auction will be used by appraisers to help determine values for other, similar homes in the same market area.

Sicher said investor groups might make auction purchases that they could immediately re-sell, or hold, rent and sell later for potentially greater profit.

Greth, he said, has been a significant force in the Berks building industry.

"Auctions like these are a reflection of the current condition of new construction," Sicher said.

Greth said he has accumulated so much land that, given the market slowdown, he will never be able to build homes on much of it.

At the same time, he said, he continues to pay real estate taxes on every unsold lot, and he makes regular payment to lenders on significant sums borrowed for putting in roads, curbs, and utilities.

Revenue coming in from home sales is a fraction of what it once was.

In a single year at the height of construction activity, Greth said, he built 156 homes. He said the current pace is 20 to 30 houses a year.

Greth said he hoped the excitement and

Auction of Greth properties

- The auction of some Walter Greth properties will be held March 10, the first session at 10 a.m., the second session at 2 p.m., at the Riveredge, Bern Township.
- About 650 lots, including single-family homes, town homes, subdivisions and land will be auctioned.
- For more information, call 888-299-1438 or go to www.maxspann.com.

ripple effects of the auction would trigger activity in home construction.

"We are trying to stimulate what is going on here," he said. "We want to try to move people off the dime."

Greth, who is president and sole shareholder of both of his companies, attended Reading-Muhlenberg Vo-Tech school, where he met an instructor who got him interested in his trade.

"I took a total liking to and fascination with house-building," he said.

Greth builds custom homes. Customers, he said, choose from one of 30 basic models and then tailor the design to their liking.

A 5,000-square foot Greth Design Center in Maidencreek Township serves as a one-stop shop for customers, offering materials and styles for all aspects of the building process, including kitchen cabinets, vinyl siding, lighting and rain-gutter covers.

Greth opened the center in 2004. Now, it is for sale.

Greth Homes once had 44 employees and now has 15.

"I had guys working here 25 years and I had to lay them off," he said.

Greth said he believed many auction buyers would get bargains. At the same time, he said, he expected to generate enough revenue to allow Greth Homes to move forward with his plan of building homes outside of Berks County.

He said, "We have to go wherever people want to build homes."

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Dow within 100 points of 13,000 as stocks surge

The Associated Press

NEW YORK — Investors sent U.S. stocks barreling to their highest levels of the year Thursday, buoyed by slivers of encouraging news about jobs and housing. At least for a day, they overlooked the lack of clarity about Greece's marathon negotiation for a bailout.

The Dow Jones industrial average rose 123.13 points to close at 12,904.08, its third triple-digit gain this year. It was the highest close for the Dow since May 19, 2008, four months before the worst of the financial crisis.

The Standard & Poor's 500 rose 14.81

points to 1,358.04, its highest close in nine-and-a-half months.

The Labor Department said weekly applications for unemployment benefits dropped for the fourth time in five weeks to the lowest point since March 2008. That was when the jobless rate was just 5.1 percent, far below the current rate of 8.3 percent.

Construction of single-family homes cooled slightly in January, but a rise in permits suggested builders were growing more confident that more buyers are ready to come off the sidelines.

There are doubts about how long the momentum can be sustained, and even questions about what's sustaining it.

The hopeful signs about the economy increased investors' appetite for higher-risk investments like stocks, and they moved money out of bonds to make room in their portfolios.

The yield on the government's benchmark 10-year Treasury note, which moves in the opposite direction from its price, was at 1.92 percent before the report on jobless claims. It jumped to 1.96 percent in minutes.

A separate report found that wholesale prices, excluding the volatile food and energy categories, increased 0.4 percent in January, the most in six months. Inflation generally hurts Treasuries by reducing the buying power of the fixed returns they pay.

Smart ideas

NAVIGATING REAL ESTATE



Real estate is no easy game, as underwater homeowners have found in recent years. You need your wits about you, and these sites help you do that with plain language and suggestions.

■ The home-buying page at realestateabc.com notes some ways that a real estate shopper can be tripped without warning. For example, in this age of tightened mortgage requirements, don't buy a car just before you begin hunting for a house. Car-loan payments could spoil your debt-to-income ratio. In fact, you probably shouldn't make any major purchases that increase debt. And don't shuffle your money around. Lenders watch for fraud, and money moving from account to account is a red flag. www.realestateabc.com/homebuying

■ A calculator placed high on the RealEstateABC.com home page lets you enter your address and get a rough guide to its value, based on other recent sales in your neighborhood. www.realestateabc.com

■ If you think FDR refers to a dead president, or that "in-law potential" is a way of thinking positively about your boyfriend's parents, you need to review Realtor.com's short guide to real estate lingo and acronyms. That's where FDR is code for "formal dining room" and "in-law potential" refers to a part of a house that might serve as a separate apartment. bit.ly/wR9RJB

■ The Dummies.com page on real estate investing gives a broad look at ways to invest in real estate — basically, in rental properties — in a down market, and how to find good tenants and collect rents. There's a handy cheat sheet that comes from the second edition of the book "Real Estate Investing for Dummies." is.gd/GMphZS

■ Nolo.com, a website of legal information, includes this section on real estate, with articles for buyers, sellers, landlords and renters. For buyers, the first issue is to be sure you wouldn't be better off staying put. Toward the bottom of the page, click on "foreclosure" to get to posts that sort out the complicated process of losing a home to foreclosure, or of buying foreclosed properties. is.gd/LHyJKC

— The Philadelphia Inquirer

Career corner

WORK FROM HOME

This Valentine's Day, TeamViewer will reveal that 5 percent of Americans admit they would divorce their spouse in order to work from home.

This astonishing fact comes from a Harris survey of 2,630 adults for TeamViewer which developed the questions based on its experience as one of the world's most popular providers of remote control and online meetings software.

TeamViewer found that Americans would be willing to sacrifice a lot of things in order to telecommute, including daily showers (12 percent) and:

Social media: 34 percent

Texting: 30 percent

Chocolate: 29 percent

Smartphone: 25 percent

Shopping: 20 percent

A salary increase: 17 percent

Half of vacation days: 15 percent

Additionally, the vast majority of Americans say telecommuting is on the rise (83 percent).

— Tom Carpenter, Grayling Connecting Point