

## We Are NOT in a Housing Bubble

Repeat after me: we are NOT in a "housing bubble". We are NOT in a "housing bubble". Now let me help you believe it!

For those who lived through the "dot.com" fiasco around the turn of the century, I never dreamed I would say those words but there was a REAL housing bubble 15 years ago. This market is CLEARLY different. That is not to say that it lacks drama or that it has not been incredibly frustrating on many levels, but let's be CLEAR: this is NOT a "bubble". And no, I am not changing the meaning of the word "bubble" as some are doing with the word "recession".

The current Real Estate market is softening in many areas due to increased inventory (including "leftovers" that needed less competition or lower pricing to sell) and rising but still historically low interest rates. Over the past couple of years a frenzy was created by a combination of historically low inventory, a global pandemic and competition which greatly elevated prices. This frenzy among buyers will have lasting implications. Many are now regretting their purchase decisions. Whether they came to feel that they overpaid or they cut corners including buying "sight unseen" or without inspections to compete, *many* are stuck with homes whose values may have dropped *or* that may have had unknown or undisclosed "material defects" *or* homes they rushed to buy without doing enough "due diligence" to make sure it really met their needs and wants. Many sellers overplayed their hands and wish they had sold! None of this makes the recent market a "housing bubble" as the frenzy was created by the actions of buyers and sellers.

The "housing bubble" 15 years ago was caused by government meddling that led to loose financing standards designed to increase homeownership among certain groups. We can debate the details and/or the intent if you wish but the "*ends did not justify the means*". While some may have enjoyed months of owning their own home, many lost those homes *and* their savings when the "bubble" burst and almost crashed our entire economy.

One question that seems to be on the mind of many people is this: is now a good time to buy? Buying Real Estate, as I often say in my blogs, podcasts and social media posts, is a personal decision that depends on YOUR wants and needs. Another way to look at this is to consider what will happen if you wait. Interest rates could go higher or not. Supply may increase or not. Over time, while NOT a guarantee, Real Estate prices tend to rise despite or in spite of external factors. The "housing bubble" showed that you cannot force things to happen any more than you can "time the market"!

Again, this is NOT a "housing bubble" so I do not expect a sudden drop in pricing. However, prices will always fluctuate locally and across regions. Real Estate is a "supply and demand" commodity subject to the normal effects of economics, marketing and the overall economy. One specific aspect to consider as far as inventory and pricing is that there has been a moratorium on foreclosures throughout the pandemic. I have heard estimates that we have about a two-year supply that will be made available. This will likely be a measured process to avoid oversupply which would depress selling prices. Foreclosures may or may not appeal to the average buyer and, while "appearing" to increase supply and perhaps depress selling prices, they are not likely to have any impact on the pricing of typical resale homes.

Please call me if you would like to discuss this in further detail. I can add *knowledge* and *insight* to whatever data and information you have. Remember, when it comes to buying what is likely your biggest asset and largest overall investment:

**There is no time for inexperience, empty promises *or* false expectations.**

**HIRE WISELY: We are not "all the same"!**