

# OF THE **HOUSING MARKET!**

## **THE RETURN**



Homeowners Reenter the Market as Home Prices Continue to **RISE**



© 2015 Distressed Property Institute, LLC All Rights Reserved. The above brokerage assumes no responsibility nor guarantees the accuracy of this information and is not engaged in the practice of law nor gives legal advice. It is strongly recommended that you seek appropriate professional counsel regarding your rights as a homeowner.

# THE RETURN OF THE HOUSING MARKET!

Homeowners Reenter the Market as Home Prices Continue to **RISE**

The housing market has been on a roller coast over the last decade. First came the housing bubble, and then the inevitable crash. More recently, the housing market has recovered with remarkable pace. Foreclosures are down, home prices are up, and generally speaking, homeowners are in a much better position than they were even just a few short years ago.

With the market improving, homeowners have more options than at any other point in the last decade. In general, homeowners found themselves in one of two groups following the housing market crisis. The first group were underwater on their mortgage, owing more on their mortgage than the property was worth. Some of these homeowners were on the brink of foreclosure. The other group, because of how much property values declined, decided to wait to sell their home because all the equity they'd built was suddenly gone.

For homeowners in these situations, today's market presents incredible opportunities. Underwater homeowners are returning to positive equity in the millions, and many homeowners are finding they can even make money on their homes! Let's take a look at the reasons why.

## **There are fewer distressed properties**

One of the big reasons why prices dropped so dramatically in the first place is because millions of homeowners hit hard by the recession and falling prices could no longer afford their mortgages. These homeowners, called "distressed" homeowners, numbered in the millions.

Some of these homeowners lost their home to foreclosure, while others were forced to sell their homes for much less than they owed through a short sale. The sheer volume of foreclosure auctions and short sales kept prices low, as both are typically sold at prices well below average.

However, the number of distressed homeowners has fallen significantly. Investors helped purchase up large quantities of distressed properties. According to the National Association of REALTORS, distressed sales reached their lowest point since 2008, when the foreclosure crisis started. What's more, the CoreLogic National Foreclosure Report, foreclosure inventory at the end of last year was 34.3% less than the previous year<sup>1</sup>.

With the number of distressed homeowners dwindling, home prices have been able to rise quickly, putting all homeowners, including those who struggled through the housing market crisis.

# THE RETURN OF THE HOUSING MARKET!

Homeowners Reenter the Market as Home Prices Continue to **RISE**

## Home Prices Have Increased

As already mentioned, between 2007 and 2008 home values crashed. Homeowners nationwide lost equity in their homes, and millions of others found themselves underwater, owing more on their mortgages than their homes were worth.

However, as the number of distressed properties fell and the US economy improved, the market began to recover, and from 2012 onwards home prices skyrocketed. In 2013, prices rose by double-digit percentages month after month and continue to rise today. From the rock-bottom home price in 2012 to the end of 2014, home prices rose by 35%<sup>2</sup>.

These significant increases in home prices helped restore equity to homeowners. At the beginning of this year, the rising home prices have helped nearly 6 million regain equity! Many homeowners don't realize just how much things have improved. If you were underwater on your mortgage, it's entirely possible you aren't any longer!

## It's A Seller's Market

With so many millions of homeowners regaining equity in their homes, many are now finding themselves in a position to consider selling for the first time in years. However, many are understandably tentative about getting back into the market after the roller coaster the housing market has been on. So, is now a good time to sell? Yes! And for two reasons: demand is up and supply isn't keeping pace.

At the start of this year, buyer activity was three times higher than at the start of last year. A stronger job market, easier lending practices, and low mortgage rates are attracting lots of buyers to the market, and the Pending Home Sales Index, which tracks future activity in the market, continues to climb higher and higher<sup>3</sup>.

However, while demand is increasing, supply isn't quite keeping pace. Generally speaking, a 6 to 7 month supply of inventory represents an even balance between supply and demand. At the start of this year, inventory fell to 4.7 months supply. The tight inventory gives sellers more bargaining power in the market, helping sellers sell their home faster and for more money!

## Should I wait? What's expected in housing going forward?

According to predictions from Freddie Mac, home prices are expected grow about 3 to 4% next year. Mortgage

# THE RETURN OF THE HOUSING MARKET!

## Homeowners Reenter the Market as Home Prices Continue to **RISE**

rates are expected to increase as well as the economy and housing marketing continues to improve<sup>4</sup>. With both mortgages rates and interest rates increasing faster than wage growth, affordability (or how much house you can afford for the money) will fall as the year goes on.

What's more, competition is also increasing. New home construction is picking up and more homeowners are starting to list their homes for sale.

So if you're thinking of selling your home, don't wait! Take advantage of the current market conditions where you have more power in the market and buying power for your next home!

### Thinking of selling your home?

As you can tell, the housing market is in a much different place today than it was during the housing market crisis. No matter what your situation has been in recent years, chances are your position has changed! Home prices are up and homeowners have regained equity, opening the door for many sidelined homeowners to return to the market and sell their home!

Do you know what your home is worth? Do you know what other homes in your area are selling for? As you've seen from this report, the market has changed dramatically. Those who have been underwater may not be any longer. Those who have been waiting until home prices recovered may have gained that value back in their homes.

As a real estate agent and Certified Distressed Property Expert® in today's market, I make it my business to have the most up-to-date information and can help you understand exactly what your current situation is. If you have been underwater, it is entirely possible you are not anymore. If you have been holding off until the market started to recover, that time is now.

Contact me today for a free market analysis and let me help you determine your best options. Arm yourself with information and make a more informed choice. It might just end up being an incredibly profitable decision.

---

<sup>1</sup> <http://www.corelogic.com/about-us/researchtrends/national-foreclosure-report.aspx>

<sup>2</sup> <http://www.realtytrac.com/news/mortgage-and-finance/year-end-2014-underwater-home-equity-report/>

<sup>3</sup> <http://www.realtor.org:8119/news-releases/2015/02/pending-home-sales-rise-in-january-to-highest-level-in-18-months>

<sup>4</sup> [http://www.freddiemac.com/finance/pdf/December\\_2014\\_public\\_outlook.pdf](http://www.freddiemac.com/finance/pdf/December_2014_public_outlook.pdf)