This is a **Bubble**

The market is hot, but leading economists say it's not going to crash — here's why.

What Makes the 2021 **Market Different?**



Supply does not outweigh demand.



Homes for Sale:

Early 2021:

1.03 million

July 2007:

4 million²

This is a strong seller's market!

Causes of the Last Housing Bubble (2007-2008)

- Low down payments.
- Flexible rate mortgages.
- Oversupply.





Higher Down Payments

Homeowners are increasing their down payments, starting out with more equity.



Average down payment:

15.9%³

National Homeowner

Benchmark:

Equity in 2020:

20%

\$1.5 trillion

Equity increase of 16.9% year-over-year⁴



Fixed Rate Mortgages



Conventional mortgages increased during the pandemic.

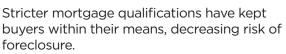
Pre-pandemic: 49.7%

Pandemic: 53%

Buyers are locking in historically low interest rates for the duration of their mortgage.



Tighter Lending Restrictions





Foreclosure Filings:

March 2008:

234,685⁵

March 2021:

11,880°

February 2020: 48,004°

This was a 15-year low before pandemic forbearance.



Interest rates are low, but so is supply. While this has increased prices, they are expected to dip once the height of the buying/selling season is over. This is a strong seller's market, but not a housing bubble!

SOURCE:

- 1. National Association of REALTORS*, "Existing-Home Sales Descend 6.6% in February," March 2021.
- 2. REALTOR* Magazine, "Google Searches Reflect Consumers' Market Angst,"April 2021.
 3. Lily Katz, "The Trials of a 2021 Homebuyer: More Money, More Competition and More Home Tours," Redfin, March 2021.
- 4. CoreLogic, "Homeowner Equity Report Q4 2020."
- 5. Ben Rooney, "Foreclosures jump 57% in March," CNN Money, April 2008. 6. ATTOM Data Solutions.

If you're ready to buy or sell, or just looking for more real estate market insights, give me a call! I'm happy to answer any questions you have.

