



Lunch with Lisa

SMALL BITES OF KNOWLEDGE

How is the real estate market you ask?

Don't blink! Just kidding, though it is changing quickly enough that while writing this issue I have had to revise it, several times. I finally decided that I will just give you some current stats, as of this publishing, along with a few of my thoughts.

I will assume that it's understand as to why the rates are going up. Inflation is on one side of the economy scale, interest rates on the other side. Inflation is rising and to balance this consumerism heaviness, rates need to grow big and weighty to even the keel. The hope is that as consumerism goes on a diet the rate side will get too heavy and will then have to decrease. This is a very, very simplified concept of what the plan is but this does imply that rates will eventually go down. Probably not down to the previous skin and bones rates, but a nice comfy average.

These rate increases have stalled the fast paced market we had a few months ago. Buyers who were shut out earlier by multiple offers and crazy high overbids are now shut out due to increased rates. They no longer qualify for the purchase price they first started shopping with and home prices haven't dropped enough, and probably won't. Many homeowners get in on the bottom rates, as low as 2%. Why sell and get into a higher rate?



Marry the mortgage but date the rate

Rates fluctuate but the purchase price is forever. Purchase a home now, while prices are a little lower and the masses of buyers are currently sitting this dance out. It's a buyers' market, so be a buyer! Why wait until it's a sellers' market again? Once rates start to stabilize or drop, the masses will be back out making offers and the pricing competition begins again. This is currently my opinion, but only if you can afford that 7 or 8 percent rate because it could be awhile until the rates go lower or that they may not be much less than today's rate.



Low Supply



High Demand



Price Increases

Mortgage Bankers Association's Joel Kan estimated that there are 50 million people in the 28-to-38 age demographic, of which some — or many — are likely to become potential homeowners in the future.

Yearly average of births: 3.6 million. Deaths: 3.3 million. Average Calif. life expectancy: 81.7 years. Looks like we will be short on housing for a very long time.



C.A.R. releases its 2023 California Housing Market Forecast

LOS ANGELES (Oct. 12) – A modest recession caused by an ongoing battle against inflation will keep interest rates elevated to suppress buyer demand and contribute to a weaker housing market in 2023, according to a housing and economic forecast released today by the CALIFORNIA ASSOCIATION OF REALTORS® (C.A.R.).

A less competitive housing market for homebuyers and a normalization in the mix of home sales will curb median price growth next year.

“With the market shifting as home sales and prices are predicted to temper next year, buyers and sellers are adapting to the new realities of the market,” said C.A.R. President Otto Catrina, a Bay Area real estate broker and REALTOR®. “As sellers adjust their expectations, **well-priced homes are still selling quickly**. And **for buyers: more homes** for sale, **less competition**, and **fewer homes selling above asking price**, all point to a more favorable market environment for those who were outbid or sat out during the past two years when the market was fiercely competitive.”

Stubbornly high inflation and growing economic concerns will keep the average for 30-year, fixed mortgage interest rates elevated at 6.6 percent in 2023, up from 5.2 percent in 2022 and from 3.0 percent in 2021 but will remain relatively low by historical standards.

“As the housing market continues to cool, the U.S. economy will moderate further and is expected to slip into a mild recession in the first half of next year,” said C.A.R. Vice President and Chief Economist Jordan Levine. “High inflationary pressures will keep mortgage rates elevated, which will reduce buying power and depress housing affordability for prospective buyers in the upcoming year. As such, housing demand and home prices will soften throughout 2023,” .



Here are three reasons why experts say the market is headed for a correction, not a crash:

Housing inventory levels remain low.

Many homes would need to flood the market to cause a significant price reduction. Beautiful, bright, and updated homes continue to sell quickly while homes that aren't "move in ready" often stay on the market a bit longer.

Home values remain high.

Prices have skyrocketed in the last two years. That means even **if prices go down 10-15% they're still up**. Ultimately, moving forward there will simply be more negotiation room between buyers and sellers.

Lending standards reduce risk.

Today's real estate lending market is far from the subprime mortgage crisis of 2008. Newer laws, such as the Dodd-Frank Qualified Mortgage and Appraiser Independence Requirements (AIR), have reduced risks for buyers concerned about affordability. consumeraffairs.com



Sign up for a *FREE* lunch with me!

Once a week I would love to have lunch with a reader! It can be a learning lunch, a shoot the breeze lunch or just munching in silence (a meditative lunch). Send me a message to reserve a time!

EMAIL sendtolisa@att.net **(707) 688-4694** **TEXT**



Two times a month I volunteer at the VA cemetery in Dixon as a member of the Honor Guard Rifle Team. Such an amazing thing to honor our military members as they are laid to rest. It is a beautiful feeling, the families are so appreciative and our team members are a joy to serve with.

The Service Veterans of Northern California Volunteer Honor Guard is actively seeking to recruit both military and non-military volunteers who would consider it an honor to render military funeral honors for the men and women who have sacrificed for our country. Applicants must be a minimum age of 18 years old and commit to a minimum of two days of service per month. Go to www.svncvvhg.org for more information and to sign up.

The Service Veterans of Northern California Volunteer Honor Guard rifle team is available Monday, Thursday, and Friday by appointment. Our services are provided at no cost to the family of the deceased.



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