

# Why we are NOT HEADED for another HOUSING BUBBLE

The Great Recession is still fresh in many investors' minds as they watch the current housing market. Understandably, some are nervous—the median home price has risen nearly 38% on average in the last 3 years to an all-time high. However, there are specific indications that experts look for in a housing bubble that they say are not currently present in the housing market. These indicators include:

## OVERVALUED HOMES

Currently, there simply aren't enough homes on the market to keep pace with demand. While the gap between supply and demand has narrowed, the number of pre-existing homes for sale is still far below pre-pandemic levels. Home prices are high and rising higher because buyers are offering top prices for the few houses on the market.

## PREDATORY LENDING

Since the recession of the 2000s, banks have completely overhauled the way they offer home loans. Before the Great Recession, predatory lending and bad borrowing created an unsustainable situation. Changes in the laws and the policies of financial institutions have led to much more efficient mortgage underwriting and a far less speculative market.

## THE BUYER/SELLER BALANCE

There are far more buyers than sellers. The lack of available housing on the market is probably the biggest difference between the housing bubble we saw in the 2000s versus today. The cost of raw materials and the lack of available labor created a significant bottleneck in new home starts. This issue and fewer existing homes for sale have pushed prices up.

Many experts believe that a housing market slowdown is coming, but they don't think it will come anytime soon. While mortgage rates are rising, the housing inventory continues to fall short of demand. And buyers are still offering top dollar for homes in many markets. In fact, experts warn it could take another few years before inventory catches up. Patience, they advise, is the key in today's housing market. Please reach out to me if you have any questions regarding the current market and how it might impact the real estate plans, you're contemplating.



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