

Las Cruces Home Team SHARING THE JOY OF HOME OWNERSHIP

By Carl Krause & Deneve Sam

We love our work and community and place a high value on providing the most professional services to our clients. Relationships, along with results, are most important to us. With more than 25 years of combined real estate experience, we have achieved the coveted Accredited Buyer Representation, Graduate REALTOR® Institution, and e-Pro designations. We are on a never-ending quest for improvement to provide the best to our clients.

Where is the local real estate market headed?

Typically the person asking is referring to the rising home prices we have been seeing over the past couple of years, coupled with the frenzy of buyers competing for new home listings. For us, the inventory of homes available for purchase is a very telling sign as to where the market will be in the coming years. At the end of May, there were about 150 single-family homes available for sale in Las Cruces. Pre-pandemic numbers show the inventory of homes available for sale in Las Cruces to be around 600. With the current inventory at about 25% of pre-pandemic inventory levels, the demand for homes is outweighing the supply. This has caused home prices to rise. The lack of supply of homes for sale has kept us in this Seller's market. Our opinion is that we will remain in a Seller's market for a number of years because the demand for local housing will remain high.

Las Cruces has been a choice location for those looking to retire as it offers a number of benefits including great weather, fantastic culture, and a very nice cost of living. Our local housing market has historically absorbed those coming in for retirement. However, we've seen additional housing demands over the past couple of years that have affected the local housing inventory. For one, we've seen a significant increase of families moving to Las Cruces in support of the growth of commercial operations at Spaceport America, which is located about an hour to the north. The success of the commercial space flight from Spaceport America in July of last year was awe-inspiring and will have positive impacts on our economy, but the growth has definitely added to and will continue to add to the need for housing. Secondly, the pandemic created an unexpected, new dynamic for Las Cruces that has increased housing demands. We've seen somewhat of an exodus of people from numerous states for a variety of reasons that have been magnified during the pandemic. Many have chosen Las Cruces as their destination to detach from fast-paced living, to remove themselves from the current political climate and regulations of the states they are leaving, and to telework in a new environment that offers a lower cost of living – amongst other things. Whatever the individual reasons are that have been causing people to relocate, it has certainly played its part in keeping housing demand high and home inventory levels low in Las Cruces.

Will interest rates continue to rise?

We believe that it is likely that interest rates will continue to rise, in part because of the Federal Reserve's policy during

the brunt of the pandemic, which kept interest rates low when the economic indicators would have normally pushed them higher. The Federal Reserve is playing catch up with interest rates in this respect. In May, the Federal Reserve raised rates by 0.5%, a rate of increase that we have not seen for at least two decades. Additionally, we believe that the Federal Reserve – as projected by many economists – will try to curb inflation with continued rate increases. The Federal Reserve typically acts with interest rate hikes to ease demand and, in a sense, offer lenders higher rates to cover the devaluation of the currency that comes along with inflation.

Is it a good time to buy a home?

The short answer is "Yes." With all the news of supply chain issues, wars, inflation, interest rate hikes, and the like, it is easy to understand why potential home buyers could get discouraged in the current housing market. We suggest having a look at some of the positive aspects of buying a home in the current market. First – current interest rates, or the fear of missing out on a lower rate, should not deter you from purchasing a home. Interest rates may be higher than last year, but in comparison to the last 25 years, we are in a fantastic spot. Know that there will be opportunities to lower your rate should the rates go down after you purchase a home. Secondly – if you have saved money for a down payment, understand that cash is being devalued at a very high rate due to inflation. This means that the buying power of the money parked in a bank account is constantly decreasing. This is very well reflected in the number of investors currently in the market taking their cash out of the bank and investing it in real estate. History tells us that the value of real estate has maintained growth over the long haul. In short, investing in real estate can help avoid the devaluation of your money, and take advantage of the historical upward trend of the value of real estate. Lastly, and we believe most importantly – home ownership can lead to a very positive lifestyle change and is a significant part of the good life. The joy of home ownership is magical and can give you security, pride, the control to make changes to the home to suit your needs, and a number of other positive benefits – all while putting yourself in a position to take advantage of the projected long-term valuation of real estate.



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Are you an expert in your field? Send an email to Tamera.Ahner@n2pub.com, and we can feature your three most commonly asked questions (and their answers).

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