



# HOMEOWNERSHIP OUTPERFORMS INFLATION

With inflation rising, you're likely feeling it impact your day-to-day life as prices go up for gas, groceries, and more. These climbing consumer costs can put a pinch on your wallet and make you re-evaluate any big purchases you have planned to ensure they're still worthwhile.

If you've been thinking about purchasing a home this year, you're probably wondering if you should continue down that path or if it makes more sense to wait. While the answer depends on your situation, here's how homeownership can help you combat the rising costs that come with inflation.

## HOMEOWNERSHIP HELPS YOU STABILIZE ONE OF YOUR BIGGEST MONTHLY EXPENSES

Investopedia explains that during a period of high inflation, prices rise across the board. That's true for things like food, entertainment, and other goods and services, even housing. Both rental prices and home prices are on the rise. So, as a buyer, how can you protect yourself from increasing costs? The answer lies in homeownership. Buying a home allows you to stabilize what's typically your biggest monthly expense: your housing cost. When you have a fixed-rate mortgage on your home, you lock in your monthly payment for the duration of your loan, often 15 to 30 years.

James Royal, Senior Wealth Management Reporter at Bankrate, says: "A fixed-rate mortgage allows you to maintain the biggest portion of housing expenses at the same payment. Sure, property taxes will rise and other expenses may creep up, but your monthly housing payment remains the same. That's certainly not the case if you're renting." So even if other prices increase, your housing payment will be a reliable amount that can help keep your budget in

check. If you rent, you don't have that same benefit, and you won't be protected from rising housing costs.

## INVESTING IN AN ASSET THAT HISTORICALLY OUTPERFORMS INFLATION

While it's true rising home prices and higher mortgage rates mean that buying a house today costs more than it did even a few months ago, you still have an opportunity to set yourself up for a long-term win. That's because, in inflationary times, you want to be invested in an asset that outperforms inflation and typically holds or grows in value.

Average home price appreciation has outperformed the average inflation rate in most decades going all the way back to the 70s—making homeownership a historically strong hedge against inflation.

So, what does that mean for you? Today, experts forecast home prices will only go up from here thanks to the ongoing imbalance of supply and demand. Once you buy a house, any home price appreciation that does occur will grow your equity and your net worth. And since homes are typically assets that grow in value, you have peace of mind that your investment is a strong one.

## HOMEOWNERSHIP

While the booming housing market contributed significantly to the recovery of the U.S. economy, research has consistently shown that homeownership is also associated with multiple [economic and social benefits to individual homeowners](#).

Homeownership has always been an important way to build wealth.

- National Association of Realtors



# THE AVERAGE HOMEOWNER GAINED \$64K IN EQUITY OVER THE PAST YEAR

If you own a home, your net worth likely just got a big boost thanks to rising home equity. Equity is the current value of your home minus what you owe on the loan. And today, based on recent home price appreciation, you're building that equity far faster than you may expect. Here's how it works:

Because there's an ongoing imbalance between the number of homes available for sale and the number of buyers looking to make a purchase, home prices are on the rise. That means your home is worth more in today's market because it's in high demand. As Patrick Dodd, President and CEO of CoreLogic, explains: "Price growth is the key ingredient for the creation of home equity wealth... This has led to the largest one-year gain in average home equity wealth for owners..."

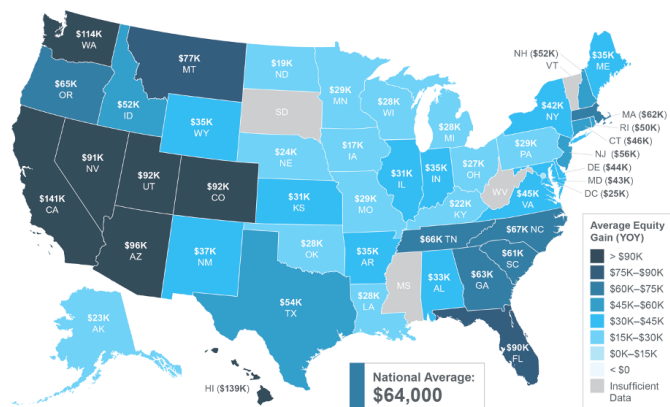
## THE OPPORTUNITY YOUR RISING HOME EQUITY PROVIDES

In addition to building your overall net worth, equity can also help you achieve other goals like buying your next home. When you sell your current house, the equity you built up comes back to you in the sale. In a market where homeowners are gaining so much equity, it may be just what you need to cover a large portion – if not all – of the down payment on your next home.

So, if you've been holding off on selling or you're worried about being priced out of your next home because of today's ongoing home price appreciation, rest assured your equity can help fuel your move.

If you're planning to make a move, the equity you've gained can make a big impact. To find out just how much equity you have in your current home and how you can use it to fuel your next purchase, let's connect so you can get a professional equity assessment report on your house.

## Homeowner Equity Gains Year-Over-Year, Q1 2022





# IF YOU'RE SELLING THIS SUMMER, HIRING A PRO IS CRITICAL

It can be tempting, especially with how hot the housing market has been over the past two years, to consider selling your home on your own. But today's market is at a turning point, making it more essential than ever to work with a real estate professional. Not only will a trusted real estate advisor keep you updated and help you make the best decisions based on current market trends, but they're also experts in managing the many aspects of selling your house.

Here are five key reasons why working with a real estate professional makes sense today:

1

## A PRO FOLLOWS THE LATEST MARKET TRENDS

With higher mortgage rates, rising home prices, and a growing number of homes for sale, today's housing market is showing signs of a shift back toward more pre-pandemic levels. When conditions change, following the trends and staying on top of new information is crucial when you sell.

That makes working with an expert real estate advisor critical today. They know your local area and follow national trends too. More importantly, they'll know what this data means for you, and as the market shifts, they'll be able to help you navigate it and make your best decision.

2

## A PRO HELPS MAXIMIZE YOUR POOL OF BUYERS

Your agent's role in bringing in buyers is important. Real estate professionals have a large variety of tools at their disposal, such as social media followers, agency resources, and the Multiple Listing Service (MLS) to ensure your house is viewed by the most buyers.

3

## A PRO UNDERSTANDS THE FINE PRINT

Today, more disclosures and regulations are mandatory when selling a house. That means the number of legal documents you'll need to juggle

is growing. A real estate professional knows exactly what needs to happen, what all the paperwork means, and how to work through it efficiently. They'll help you review the documents and avoid any costly missteps that could occur if you try to handle them on your own.

4

## A PRO IS A TRAINED NEGOTIATOR

If you sell without a professional, you'll also be solely responsible for all the negotiations. That means you'll have to coordinate with:

- **The buyer**, who wants the best deal possible
- **The buyer's agent**, who will use their expertise to advocate for the buyer
- **The inspection company**, which works for the buyer and will almost always find concerns with the house
- **The appraiser**, who assesses the property's value to protect the lender

Instead of going toe-to-toe with all these parties alone, lean on an expert. They'll know what levers to pull, how to address everyone's concerns, and when you may want to get a second opinion.

5

## A PRO KNOWS HOW TO SET THE PRICE

If you sell your house on your own, you may over or undershoot your asking price. That could mean you'll leave money on the table because you priced it too low or your house will sit on the market because you priced it too high. Pricing a house requires expertise.

Real estate professionals know the ins and outs of how to price your house accurately and competitively. To do so, they compare your house to recently sold homes in your area and factor in the current condition of your home.

These steps are key to making sure it's set to move quickly while still getting you the highest possible final sale price.

Keeping Current Matters contributed to the content of this publication.  
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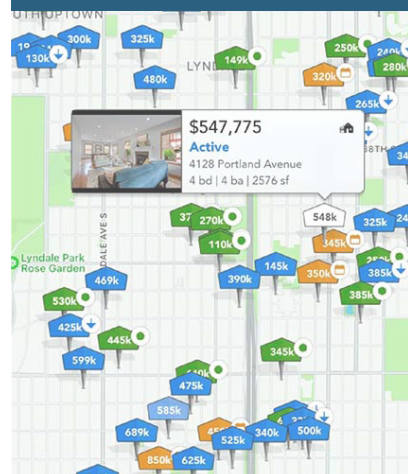
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