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WHAT YOU CAN EXPECT FROM THE SPRING HOUSING MARKET

As the spring housing market kicks off, you likely want to know what you can expect this season when it comes to buying or selling a house. While there are multiple factors causing some uncertainty, including the conflict overseas, rising inflation, and the first rate increase from the Federal Reserve in over three years — the housing market seems to be relatively immune. Here's a look at what experts say you can expect this spring.

1. MORTGAGE RATES WILL CLIMB

Freddie Mac reports the 30-year fixed mortgage rate has increased by more than a full point in the past six months. And despite some mild fluctuation in recent weeks, experts believe rates will continue to edge up over the next 90 days. As Freddie Mac says: "The Federal Reserve raising short-term rates and signaling further increases means mortgage rates should continue to rise over the course of the year." If you're a first-time buyer or a seller thinking of moving to a home that better fits your needs, realize that waiting will likely mean you'll pay a higher mortgage rate on your purchase. And that higher rate drives up your monthly payment and can really add up over the life of your loan.

2. HOUSING INVENTORY WILL INCREASE

There may be some relief coming for buyers searching for a home to purchase. Realtor.com recently reported that the number of newly listed homes has grown for each of the last two months. Also, the National Association of Realtors (NAR) just announced the months' supply of inventory increased for the first time in eight months. The inventory of existing homes usually grows every spring, and it seems, based on recent activity, the next 90 days could bring more listings to the market. If you're a buyer who has been frustrated with the limited supply of homes available for sale, it looks like you could find some relief this spring. However, be prepared to act quickly if you find the

right home. If you're a seller, listing now instead of waiting for this additional competition to hit the market makes sense. Your leverage in any negotiation during the sale will be impacted as additional homes come to market.

3. HOME PRICES WILL RISE

Prices are always determined by supply and demand. Though the number of homes entering the market is increasing, buyer demand remains very strong. As realtor.com explains in their most recent Housing Report: "During the final two weeks of the month, more new sellers entered the market than during the same time last year. . . . However, with 5.8 million new homes missing from the market and millions of millennials at first-time buying ages, housing supply faces a long road to catching up with demand." What does that mean for you? With the demand for housing still outpacing supply, home prices will continue to appreciate. Many experts believe the level of appreciation will decelerate from the high double-digit levels we've seen over the last two years. That means prices will continue to climb, just at a more moderate pace. Most experts are predicting home prices will not depreciate. So again, if you're a first-time buyer or a repeat buyer, waiting to buy likely means you'll pay more for a home later in the year, as compared to its current value.

THERE ARE 3 THINGS THAT SEEM CERTAIN GOING INTO THE SPRING HOUSING MARKET:

1. Mortgage rates will continue to rise.
 2. The selection of homes available for sale will modestly improve.
 3. Home prices will continue to appreciate, just at a slightly slower pace
- If you're thinking of buying, act now before mortgage rates and home prices increase further.

If you're thinking of selling, your best bet may be to sell soon so you can beat the increase in competition that's about to come to market.



THIS SPRING PRESENTS SELLERS WITH A GOLDEN OPPORTUNITY

If you're thinking of selling your house this year, timing is crucial. After all, you'll want to balance getting the most out of the sale of your current home and making the best investment when you buy your next one. If that's the case, you should know – you may be able to get the best of both worlds today. Here are four reasons why this spring may be your golden window of opportunity.

1. THE NUMBER OF HOMES ON THE MARKET IS STILL LOW

Today's limited supply of houses for sale is putting sellers in the driver's seat. There are far more buyers in the market today than there are homes available. That means purchasers are eagerly waiting for your house. Listing your house now makes it the center of attention. And if you work with a real estate professional to price your house correctly, you can expect it to sell quickly and likely get multiple strong offers this season.

2. YOUR EQUITY IS GROWING IN RECORD AMOUNTS

According to the most recent Homeowner Equity Insight report from CoreLogic, homeowners are sitting on record amounts of equity thanks to recent home price appreciation. The report finds that the average homeowner has gained \$55,300 in equity over the past year. That much equity can open doors for you to make a move. If you've been

holding off on selling because you're worried about how rising prices will impact your next home search, rest assured your equity can help fuel your move. It may be just what you need to cover a large portion – if not all – of the down payment on your next home.

3. MORTGAGE RATES ARE INCREASING

While it's true mortgage rates have been climbing this year, current mortgage rates are still below what they've been in recent decades. In the 2000s, the average mortgage rate was 6.27%. In the 1990s, the average rate was 8.12%. For context, the current average 30-year fixed mortgage rate, according to Freddie Mac, is 3.85%. And while recent global uncertainty caused rates to dip slightly in the near-term, experts project rates will rise in the months ahead.

Doug Duncan, Senior Vice President and Chief Economist at Fannie Mae, says: "For

homebuyers, we believe that borrowing costs will likely rise with the increase in mortgage rates...." When that happens, it'll cost you more to purchase your next home. That's why it's important to act now if you're ready to sell. Work with a trusted advisor to kickstart the process so you can take key steps to making your next purchase before rates climb further.

4. HOME PRICES ARE CLIMBING TOO

Home prices have been skyrocketing in recent years because of the imbalance of supply and demand. And as long as that imbalance continues, so will the rise in home values. What does that mean for you? If you're selling so you can move into the home of your dreams or downsize into something that better suits your current needs, you have an opportunity to get ahead of the curve by leveraging your growing equity and purchasing your next home before prices climb higher. And, once you make your purchase, you can find peace of mind in knowing ongoing home price appreciation is growing the value of your new investment.

If you want to win when you sell and when you buy, this spring could be your golden opportunity!

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MORTGAGE RATES CONTINUE TO MOVE UP

The 30-year fixed-rate mortgage increased by more than a quarter of a percent as mortgage rates across all loan types continued to move up. Rising inflation, escalating geopolitical uncertainty and the Federal Reserve's actions are driving rates higher and weakening consumers' purchasing power. In short, the rise in mortgage rates, combined with continued house price appreciation, is increasing monthly mortgage payments and quickly affecting homebuyers' ability to keep up with the market.



WHAT EVERY SELLER NEEDS TO KNOW ABOUT RENOVATING THIS YEAR

If you're planning to sell this year, you're probably thinking about what you'll need to do to get your house ready to appeal to the most buyers. It's crucial to work with a trusted real estate professional who knows your local market to get your home ready to sell. But there are a few things you should consider when deciding what to renovate and update before listing this season.

1. THE NUMBER OF HOMES FOR SALE IS VERY LOW

Housing inventory sits far below what is normally considered a balanced market. In fact, according to the National Association of Realtors (NAR), the latest data indicates inventory is hitting an all-time low. Because there's such a limited supply of homes available for sale, you're in a unique position when you sell your house to benefit from multiple offers and a quick process. But you want to do so while buyers are still scooping homes up as fast as they're being listed. Spending time and money on renovations before you sell could mean you'll miss your key window of opportunity. The best way to determine where to spend your time – and your money – is to work with a real estate advisor to confirm which improvements are truly needed and which ones aren't likely to be deal-breakers for buyers.

2. BUYERS MAY BE WILLING TO TAKE ON PROJECTS WHEN THEY PURCHASE

Today, many buyers are more willing to take on home improvement projects themselves to get the house they're after, even if it means putting in a little extra work. If more buyers are willing to tackle repairs on their own, it may be wise to let the future homeowners remodel the bathroom or the kitchen to make design decisions that are best for their specific taste and lifestyle. Depending on the structural condition of your house, your efforts may be better spent working on small cosmetic updates, like refreshing some paint and power washing the exterior to make sure the home stands out.

3. YOUR AGENT WILL HELP YOU SPOTLIGHT THE UPGRADES YOU'VE MADE

Over the past year, many people made a significant number of updates to their homes. The most recent State of Home Spending report finds: "Home improvement spending rose 25% year-over-year to \$10,341. Homeowners who invested in home improvement did an average of 3.7 projects, up from 2.7 in 2020, . . ." With more homeowners taking on more projects in the past 12 months, there's a good chance you've already made updates to your home that could appeal to buyers. If that's the case, your real estate advisor will find ways to highlight those upgrades in your listing. The same is true for any projects you invest in moving forward. Every home is different, so a conversation with your agent is mission-critical to make sure you make the right moves when selling this season.

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