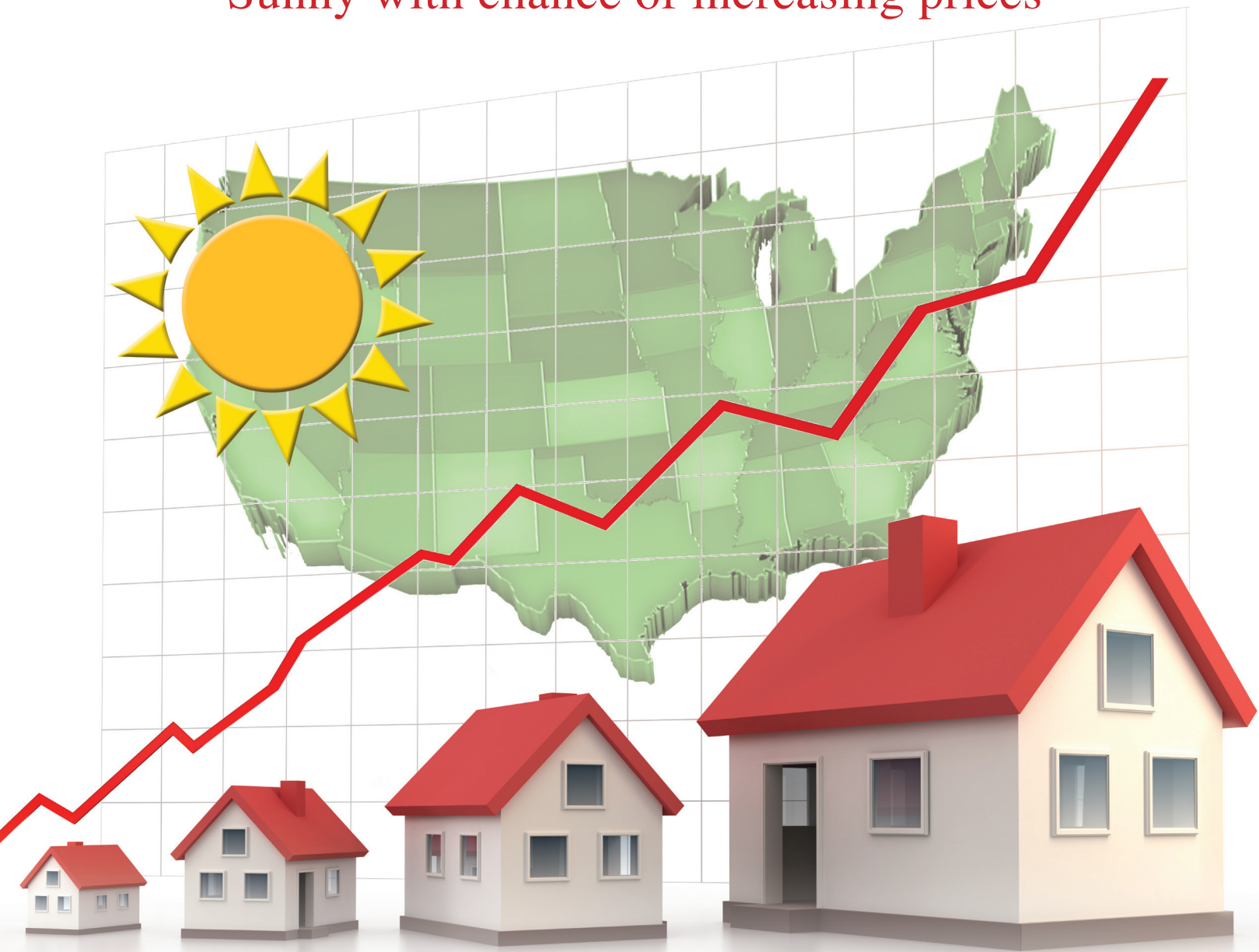


# HOUSING FORECAST:

Sunny with chance of increasing prices



CD



Prepared Exclusively for Homeowners

**CARLO DELIZO**  
Benchmark Team  
Re/Max Metro Realty Inc.  
Seattle, WA  
1.800.780.0226  
[www.Sold-in-45days.com](http://www.Sold-in-45days.com)



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### The housing market forecast for the rest of this year? Steadily increasing home prices!

For many, this might be hard to believe. Following the housing market crash, homeowners have heard only bad news when it comes to real estate. For the last five or six years, the news has focused on diminished home prices, lost equity and foreclosures. After so long, many simply don't believe that good news about the real estate market is possible.

However, in the last couple of years, the housing market has recovered dramatically. In 2013, home prices often increased by double-digit percentages in monthly year-over-year comparisons. In fact nationwide, prices increased by 10.9 percent in 2013 compared to 2012 .

While we are not seeing the double-digit growth we saw last year, so far 2014 has brought steady, consistent growth and will continue to do so. Most estimates expect prices to increase between three to five percent in 2014.

For homeowners, this is tremendous news. When the housing market crashed, many homeowners lost all equity in their home. For some, this meant they were underwater, or owed more on their mortgage than the property was worth. Others were forced to wait to sell their homes until the market improved. Today, these homeowners are finding that they again have equity.

What's more, the market conditions driving prices up have also tilted the market in favor of sellers. Homeowners who have been waiting to sell are often shocked to learn just how much their homes are worth today.

Let's take a look at the reasons why home prices are increasing, and why, if you are considering selling your home, you should consider selling sooner rather than later!

Disclaimer: <http://www.kiplinger.com/article/real-estate/T010-C000-S002-housing-outlook-2014.html>



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### There are Fewer Distressed Properties on the Market

Between 2007 and 2008, millions of homeowners suddenly found themselves in a difficult situation. The recession caused financial hardship for many families. Struggling to pay their mortgage, these families looked to sell their homes. However, because prices dropped so sharply, they found they owed more than their homes were worth.

These homeowners, called “distressed” homeowners, numbered in the millions. Unable to pay their mortgages, some lost their homes to foreclosure while others were able to sell their homes in a short sale. Until recently, the large availability of low-priced distressed properties kept all property prices low.

As the economy and housing market have improved, the number of distressed properties has dwindled. Increasing home prices and home equity mean fewer homeowners are in danger of losing their homes. Additionally, investors have and continue to buy-up distressed properties, taking advantage of low prices and mortgage rates.

The result is that today, there are fewer distressed properties on the market than at any time since the peak of the housing crisis in 2008. This means they are weighing less heavily on prices, allowing homeowners to ask more for their homes!

### There are not Enough Properties to Meet Demand

In general, the real estate market needs a six-month supply of homes to provide a balance between buyers and sellers. This means that at the current sales pace, it would take six months to sell all of the properties on the market. This year, however, inventory has hovered between four and five months. This lack of inventory is one of the main reasons home prices have increased so quickly and will continue to increase.

Inventory remains low for several reasons. First, during the housing crisis, the construction of new homes fell significantly. While builders have ramped up new home construction recently, many of the new homes won't be available until 2015. Additionally, severe and unusual weather conditions slowed progress on new construction this year.

At the same time, some homeowners remain reluctant to sell. Many homeowners bought their homes at the peak of the market, and want to recoup as much equity in their home as possible before selling.

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### More and More People are Looking to Buy Homes

While inventory remains low, the demand keeps increasing. Today, homes are incredibly affordable. Interest rates remain historically low, and home prices are still below their peak prices. The affordability of homes opens the door for many people to buy homes.

With low-inventory and high-demand, the market has become a seller's market. What's more, rising mortgage rates and home prices have created a sense of urgency amongst buyers, putting those selling a home in great position. Due to the lack of properties on the market, buyers often start bidding wars over the few homes available. In fact, today, homes stay on the market for around only 60 days, and often homes sell for over asking price!

### Home Prices will Continue to Rise, but the Market will Balance

While home prices will continue to increase this year, the slowdown in the pace of increases signifies the rebalancing of the market.

As 2014 progresses, inventory is expected to increase. The new inventory will come from several places. Towards the end of the year and into 2015, new home construction will regain full momentum. Additionally, as homeowners regain home equity, they will be able to sell their homes, releasing pent-up supply.

At the same time, rising home prices and mortgage rates will slow demand as the urgency to capitalize on record low prices and rates fades.

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### If You're Thinking of Selling Your Home, Act Now!

The reality is that home prices have recovered. So if you've been putting off selling a home until the housing market rebounded, today may be the day.

If you're considering selling a home, it's important to act sooner rather than later. Right now, the market is a seller's market. Sellers are able to demand more for their homes and buyers are eager to jump on the opportunity. However, as mentioned earlier, the market is expected to balance as the year progresses. So act now while sellers have the advantage!

As a CDPE and real estate agent in today's market, I'm committed to providing the most up-to-date information, and I can help you understand exactly where you stand. If you have been underwater, it is entirely possible you are not anymore. If you have been holding off until the market started to recover, that time is now.

**Contact me today for a free valuation of your home  
and let me help you determine your best option!**

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