

This Market: I've seen it before.

by Pat O'Reilly

Have I mentioned it's a sellers market??

seller's market: when we have low inventory (fewer homes for sale) and we have a lot of buyers.



And a sellers market is no fun for the buyer. First off, there are fewer homes to choose from—buyers can feel pressured and stuck. Then, on top of this, most of the homes in market are going to sell over their list price. It's pressured and fast-paced and it can feel like you're guessing at a price that fits. Buyers feel lost as they go above list price.

I have been in the business long enough to see both markets. In 2008 and 2009 it was a BUYERS MARKET. Then it was no fun being a seller. Being on the market 90 to 180 days was common. There were lots of homes for the buyers to choose from and most of the time the sellers would try reducing prices to compete, sometimes drastically just to sell. A BUYERS Market is no fun for the seller!

The local and national housing market started to turn in 2009 and 2010. Buyers still had leverage and choices but not like 2008. Then the scales took a more pronounced turn as the overall economy started to improve, and Texas started to see property values pick up. We even beheld property values going up 10% in a year. That was unheard of in Texas! We normally see 3% to 5%, not 10% in a year. Now we are seeing this growth in a 90 day period!

Think about that: 10% in 90 days. If your home is worth \$200,000 in January of 2017, by April of 2017 your home is worth \$220,000. I have had several clients that bought their home last year now sell and walk away with a profit even after paying closing cost and commission. This has been unheard of in Texas but is more common in California and Florida, and other states. It has finally happened here and I know that you have seen the increase in your property tax.

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Texas is still below the national average but the soaring home values in North Texas have pushed out thousands of buyers. Owning a home is beyond their financial reach.

And, I know it is discouraging for entry level buyers as their rent continues to increase. They then join the pool of people looking to buy, trying to make the monthly \$ count toward mortgage.

I used to be able to find nice homes, perhaps older homes but still nice, in Irving under \$100,000. Yes, it's true. Those days are gone, though. All of these homes are selling for over \$150,000 now. I've tried to help all kinds of folks find homes; currently, there are no livable three bedroom, two bath homes in the area for less than \$140,000. It's frustrating not to be able to help someone in that budget.



DFW economics:

In 2010 over 80% of new and existing homes sold in the area were considered affordable for families earning the median income. By late 2016, just 50% of the homes are considered affordable. Add that to a housing shortage and these “affordable” homes go fast and usually for over list. Affordability has changed a lot in our area!

In the past decade, the BUYERS MARKET of 2008-2009 changed to a SELLERS MARKET and has stayed this way for a while. Will it keep going?? Who knows. The reports say that as long as businesses continue to move here and create jobs, the housing market will continue to increase. The predictions I've read are thinking we can expect another year of this at least.

Honestly, I would much rather see a balanced market—a market where there are choices for the buyer as well as where the homes are selling for the sellers. Either extreme is very stressful, both for the Realtors and their clients.

Maybe next issue I'll include a list of affordable places to get a great massage. We need it.