

REAL ESTATE UPDATE

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THIS NEWSLETTER IS BROUGHT TO YOU BY:



Triple Whammy - End Of Quarter

Every week seems to be a big week when it comes to economic data and events. However, it is not often we see the triple whammy of events which will occur at the tail end of April and the first week of May. This period typically occurs once or twice per year. At the end of April, we will have the preliminary reading of economic growth for the first quarter of the year (GDP). This is the most important aggregate measure of the health of our economy.

however, these same analysts are now predicting positive growth in the first quarter. Why? One only needed to look at one data point to reverse those predictions – the growth of jobs. You can be sure that the members of the Federal Reserve's Open Market Committee will be looking at the GDP report closely when they meet the first week in April. Economic growth, inflation and the banking sector will all be analyzed carefully by the Fed.

We have previously mentioned that some analysts had predicted a recession to start in the first quarter of the year;

To round out this eventful time, we will see the April jobs report May 5th. This will be the first economic data of the second quarter. *Continued on Page 3*

Did You Know...

Single women are achieving one of the main tenets of the American Dream – homeownership. Since 2019, the number of single, female-headed households has increased by 1.4 million, one million of whom are homeowners. The overall home-ownership rate declined in the aftermath of the Great Recession, but has since rebounded, in part due to the growth in single female homeownership.

The home-ownership rate among single, female-headed households surpassed 52% in 2022, recovering from a post-Great Recession low point of 50% in 2016. Single women's homeownership rate outpaced that of single men by approximately two percentage points.

Selected Interest Rates

April 20 2023

30 Year Mortgages——6.39%
2022 High (Nov 10)——7.08%
2022 Low (Jan 6)——3.22%
15 Year Mortgages——5.76%
10 Year Treasuries——3.54%

Sources—Fed Reserve, Freddie Mac
Note: Average rates do not include fees and points. Information is provided for indicating trends only and should not be used for comparison purposes.



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Zoning Policy In Focus

Zoning is one of the most contentious issues in many jurisdictions across the country, no matter how big or small, but one thing zoning officials should be considering is ways to address the ongoing affordability crisis in creative ways that benefit municipalities and its residents alike.

Affordability

This information comes by way of Zillow's Home Price Expectations Survey of highly-placed housing market executives and economists. Of those surveyed, zoning reform was an overwhelmingly popular answer to create more opportunities in existing and new neighborhoods in growing communities to effectively address affordability. In addition, encouraging local governments to support and not deny affordable housing initiatives in zoning in the form of tax credits plays a big part in creating an image of opportunity for "low-income" housing.

"It seems straightforward: We need to build more homes," said Dr. Skylar Olsen, Zillow's Chief Economist. "Changes through policies like modest densification will give us more 'at bats' to create density and help communities stay livable for everyone."... □

Source: MReport

Homeownership More...

Our focus for this article will not be the investment aspects of real estate. This is not to say that we think that homes have ceased to be a solid investment. One must remember that the median price of homes has more than tripled in the past 30 years. Then there are the tax benefits of owning a home...and also the fact that home mortgage payments do not increase as quickly as rent, making the home a sound hedge against inflation. While many analysts expect rents to continue to rise over the next several years in response to increased demand, it remains clear that, in the long run, real estate will still be an important part of any financial plan.

Rather than focusing on the economic advantages of homeownership, today, we re-examine the psychological benefits. In a national survey conducted by mortgage giant Fannie Mae regarding home ownership, among other findings, they learned that Americans would typically choose to work an additional decade in order to become a homeowner. Our interpretation of this answer really helps us see that there is more to homeownership than money.

Some time ago, an article appeared on the internet in The Montpelier Pride that

serves as a strong reminder that the dream of homeownership extends far beyond dollars and cents. The article was written by a single mother, Dorl

Oatley, who worked for a non-profit in a high cost of living area—Montpelier, Vermont. Its editor noted that Ms. Oatley writes about the thrill, pride and satisfaction of owning her own home. Here are a few quotes from the story:

“Homeownership is a wonderful experience. The stability that owning a home offers a family is invaluable. To realize that in a year, you will be here...that this first Christmas or this first birthday celebrated here will be the beginning of many provides a feeling of consistency and a sense of home that is hard to describe. As a renter, between rising costs or a landlord's decision to remodel or sell, I had moved a lot and never knew whether I would be celebrating the next year's milestone in the same home...The opportunity to start a stable home for my daughter who is now thriving in middle school, is a wonderful blessing...there comes with owning a sense of pride that caught me off guard. I have given more attention to the aesthetics both inside and outside the home since I have become a homeowner.”

Stability. Pride. Control. Permanence. These are all words that homeowners



“...the median price of homes has more than tripled in the past 30 years...”

...Than Money



would use in describing their experience. For example, for a homeowner, the feeling of control may mean the ability to paint your walls a certain color and be free of increases in rental costs or forced moves.

There is no doubt that those of us who are homeowners understand these feelings. It is one of the reasons that many immigrants want to come to our country. It is not only because the country is wealthier and perhaps may have more political and personal freedom, but also the fact that, in many countries, homeownership is not possible.

Sometimes Americans take the right and ability to own a home for granted. Not so with immigrants. The financial crisis we previously experienced in 2008 was an opportune time for all of us to take a second look at these benefits. As a mat-

ter of fact, as many have fallen behind with regard to their financial goals; being able to save their home was of primary importance from a psychological perspective. It is one thing to postpone retirement. It is quite another to change status from homeowner to renter at the same time, losing control of many other aspects of one's life.

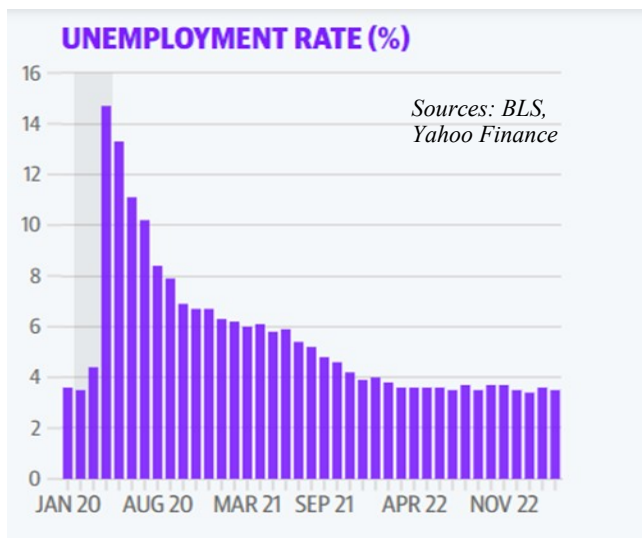
The government has taken actions to shore up the financial systems of this country to prevent future calamity. As they changed the rules, we can still see that facilitation of the American Dream of Homeownership is still a major goal of our government. The freedom and means to own a home is ingrained in our systems of democracy and capitalism...



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While few are expecting the economy to start losing jobs this quarter, most are expecting the pace of jobs growth to slow down. If we do undergo a mild recession later this year, the pace of adding jobs would theoretically slow even more, which would further ease pressure on inflation. Get ready for a busy start to the first quarter!



“...This is the most important aggregate measure of the health of our economy...”

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Rent: Unaffordable!

If you follow the rule of thumb that households should spend no more than 30% of gross income on rent, then most U.S. cities are unaffordable. A monthly NerdWallet rent-to-income ratio analysis of 225 cities in the U.S. finds that, based on the most recent data, 65% of rents on the market are equal to or above the recommended 30% ratio in February.

In January, the ratio was 64%. That means market rents are moderately to severely burdensome for residents in 57% of U.S. cities measured. Market rent comes from data on the real estate website Zillow, based on February data, and median income used for this analysis is from 2021 U.S. Census Bureau data. The data doesn't differentiate between incomes for residents who own rather than rent in those cities.

By federal standards, spending 30% to 49% of income on rent means a household is "moderately rent burdened," and spending 50% or more means a household is "severely rent burdened," according to the NYU Furman Center, which conducts research about housing and urban policy. From January to February, the price of advertised rents increased by 0.3%, according to Zillow's rental report for February 2023. Typical asking rents increased 6.3% compared with the same time last year... [📄](#)

Source: 69WFMZ

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Address Correction Requested