

Is the Housing Market Going to Crash anytime Soon?

What goes up must come down, right? At least that's what everyone is saying about the real estate industry. It can't possibly stay this hot forever, or can it?

If history repeats itself (and it usually does), the housing market will change. The housing industry goes through phases – meaning one phase won't last forever and that's a good thing. If housing prices kept increasing at the rate they are now, it would become near impossible for most people to afford a home.

Does that mean the housing market will 'crash' soon, though? We don't think so, and here's why.

Reasons the Market Won't Crash

While no one can predict the future, here are the top reasons we feel the housing market won't crash.

Prime Rate Remains Steady

The Fed has already announced that the prime rate will remain close to 0% throughout 2022. That's reassurance right there that the housing market isn't going anywhere anytime soon. With rock bottom rates, people will buy houses. This will keep up the demand and ensure that a housing crash doesn't happen anytime soon.

High Lumber Prices Keep Building Rates Low

We still aren't anywhere near the pre-pandemic building levels we were at a few years ago. It's too expensive for builders to build like they were, so they've had to taper back. This means less inventory in the market. When there's less inventory, but plenty of demand, it keeps pricing rising like they have been this year.

Demand is Still High

As long as the demand for housing is still high, the market won't crash. It's when the supply greatly exceeds the demand that prices start to fall and sometimes even plummet. Experts don't see this happening for the rest of 2021 or even 2022. That's good news for the economy as there's no housing crisis looming in the background yet.

How Buyers can Compete

So how do you compete in such as competitive environment with low supply and high demand? You have to be prepared. Here's how:

- Work with a reputable real estate agent so you always know about new listings immediately. If you drag your feet at all, you'll lose your chance.
- Get pre-approved by a lender. Don't look at houses until you are pre-approved. Sellers want that letter stating you can afford a mortgage. They'll accept your bid a lot faster if you have it.
- Know your budget. Don't get caught in a bidding war and outbid yourself. Know how much you can afford and stick to that number.
- Do your research. Know where you want to live before looking at homes. If you find a home and then research the area, you could lose it to another buyer.

Final Thoughts

Bottom line, the housing market isn't going anywhere anytime soon. If you're ready to take advantage of the low interest rates and to find the perfect home, contact me. I'll help you find your dream home and win the bid in the competitive market we're experiencing today!