DEC 2023

GALLUP REAL ESTATE TODAY

JASON VALENTINE
COLDWELL BANKER
HIGH DESERT REALTY
(505) 863-4363
(575) 496-1068 CELL

www.cbgallup.com

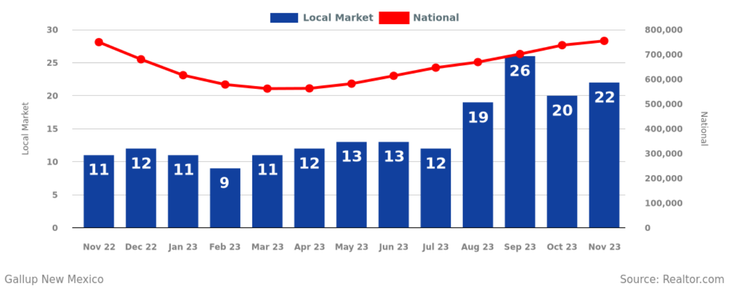
TABLE OF CONTENTS

COLDWELL BANKER
HIGH DESERT REALTY CO.

LISTINGS-

Active Listing Count

Number of Homes Actively for Sale per Month, Excluding Pending Listings

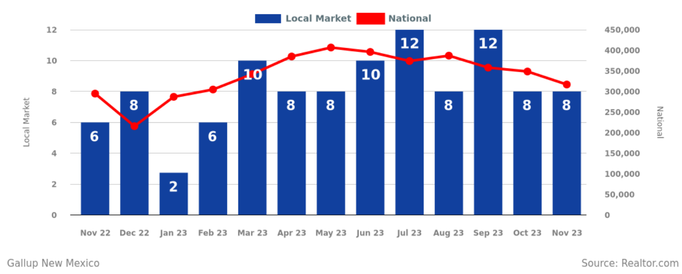


The Active Listing count denotes homes lacking purchase agreements, and the graph reveals a noteworthy increase from this time last year. The past four months showcase a significant uptick in available listings. As we delve further into the report, the subsequent rise in Months of Inventory signals a gradual shift from a robust seller's market back toward a more balanced market. This dual insight underscores a changing real estate landscape, presenting both challenges and opportunities for buyers and sellers alike.

The influx of New Listings mirrors October's trends, hinting at a balancing effect. It's worth noting that, given the current "Off Season" for real estate, the number of new listings usually slows down during this period. However, with the Active Listing count on the rise, more properties linger on the market, necessitating a slightly more assertive approach from sellers to enhance the exposure of their properties. This strategic adjustment acknowledges the evolving market conditions and emphasizes the need for proactive measures in navigating the real estate landscape during this off-season phase.

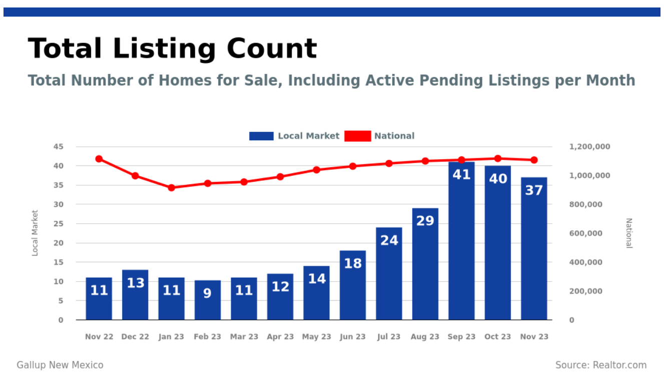
New Listing Count

Number of Homes for Sale, Newly-Added to Market During the Month



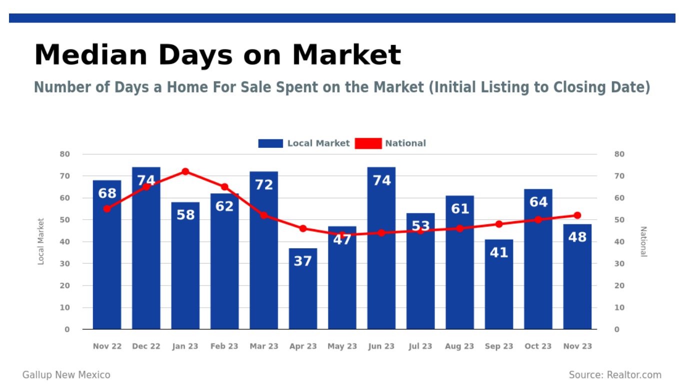
COLDWELL BANKER
HIGH DESERT REALTY CO.

LISTINGS AND DAYS ON MARKET



The Total Listing Count vividly illustrates a threefold increase in local market listings since last year, signaling a notable shift from the fervent seller's market. This gradual move hints at a transition toward a more balanced market. For sellers, heightened awareness of their property exposure, accurate pricing, and timely midcourse corrections are paramount to ensure a successful sale in this evolving landscape. This strategic approach acknowledges the changing market dynamics and positions sellers for success amidst the ongoing market transformation.

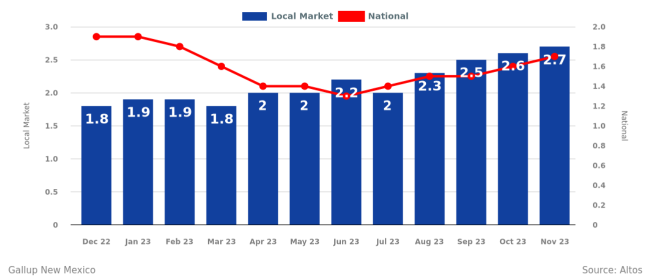
The days from initial listing to closing have decreased to 48 days this month, down from 64 last month. It's essential to note that this timeline starts when the house is introduced to the market. The key takeaway is that if a listing doesn't secure a contract in the first 30 days, it may require a mid-course correction to ensure a successful sale. This data underscores the importance of swift adjustments for sellers, optimizing their strategies and positioning their listings for success within the dynamic real estate landscape.



COLDWELL BANKER
HIGH DESERT REALTY CO.

INVENTORY AND PENDING LISTINGS

Months of Inventory

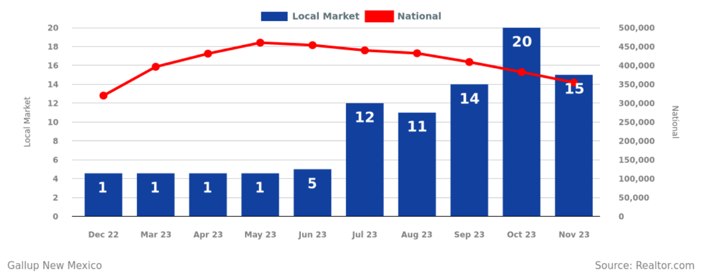


The months of inventory available are steadily increasing, signaling a return to a balanced market. This is a positive development for buyers who faced challenges finding suitable homes in recent years. For sellers, recognizing this trend is crucial. Ensuring their house is compelling is paramount to attract the maximum number of potential buyers in this evolving market. This dual perspective highlights the changing dynamics and emphasizes the importance of adaptability for both buyers and sellers in the current real estate landscape.

The dip in the pending listing count during this season is a common occurrence. As the holidays approach, both buyers and sellers typically defer listing their homes until the new year. This presents a potential advantage for both sides to be active now. With fewer buyers competing for listings and fewer sellers trying to sell, the current environment holds great opportunities for those engaged in the market. Capitalizing on this unique seasonal scenario can lead to advantageous outcomes for both buyers and sellers alike.

Pending Listing Count

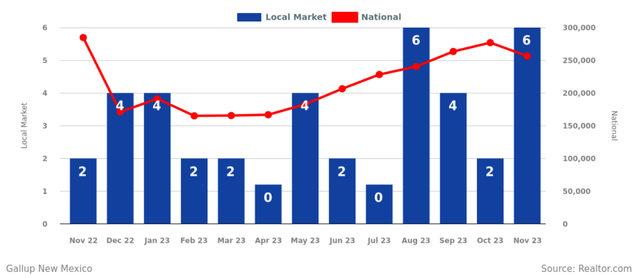
Number of Homes for Sale With Accepted Contracts



COLDWELL BANKER
HIGH DESERT REALTY CO.

PRICE REDUCTIONS AND MEDIAN PRICE

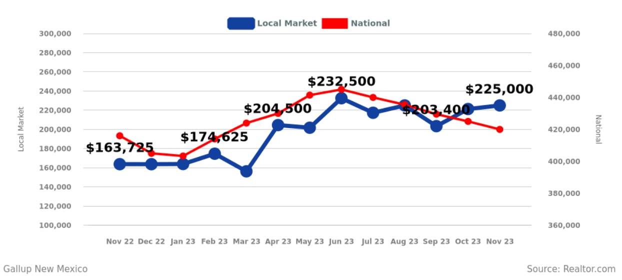
Number of Homes With Price Reductions



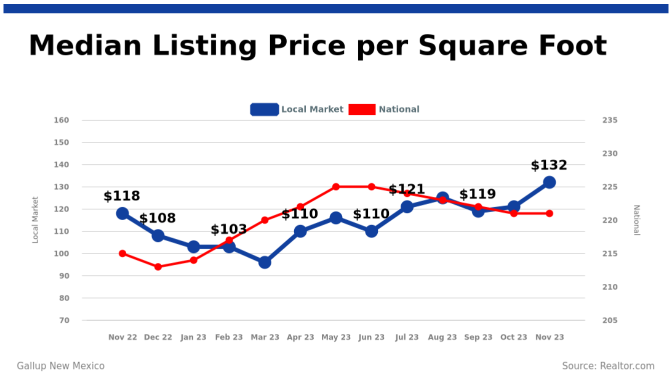
In November, the number of homes with a price reduction has surged, a noteworthy development considering the limited total listings (37 in total). This represents nearly 20% of listings requiring a price reduction to attract buyers. To avoid this, a proactive approach is crucial. Your real estate agent should provide a written market analysis when discussing the list price, employing Data Driven Pricing to determine the optimal price from the outset. This strategic approach enhances the chances of a successful sale by ensuring the property is competitively priced in the market.

Contrasted with early 2023, the Median Listing Price has consistently trended upward, with minor fluctuations. The dip at the year's start reflected the market's response to heightened mortgage rates and buyer hesitancy amid market changes. Yet, the continuous rise over the last 7 months underscores resilient buyer demand, despite the increased mortgage rates. This sustained upward trajectory showcases the market's adaptability and robust buyer activity in the face of evolving conditions.

Median Listing Price



PRICE PER SQUARE FOOT



The ongoing rise in the Median Price Per Square Foot in the local market indicates robust buyer demand and widespread acceptance of the shift in mortgage rates. Aligned with the steady increase in the Median List Price, this trend is anticipated to persist in the foreseeable future. The driving force behind this upward pricing trajectory is the significant shortage of inventory, both nationally and locally. This simple fact underscores the market dynamics, emphasizing the continued pressure on prices due to the imbalance between supply and demand.

Summary

Today's real estate inquiries covered diverse aspects, offering a comprehensive snapshot of the market. Starting with New Listings, the conversation highlighted a trend akin to October, indicating potential balance during the "Off Season." The Total Listing Count disclosed a threefold increase since last year, signaling a shift from a fervent seller's market. Sellers were advised to adapt strategies in response to this changing landscape.

Days on Market decreased to 48 days, emphasizing the need for swift adjustments if a listing doesn't secure a contract within the initial 30 days. Months of Inventory revealed a steady rise, advantageous for buyers and requiring sellers to ensure compelling properties.

The pending listing count dip during the holiday season was considered normal, offering potential advantages for both buyers and sellers with fewer competitors. The focus then shifted to the Number of Homes with a price reduction, stressing the importance of Data Driven Pricing. The message highlighted the significance of a written market analysis and data-driven pricing for a successful sale.

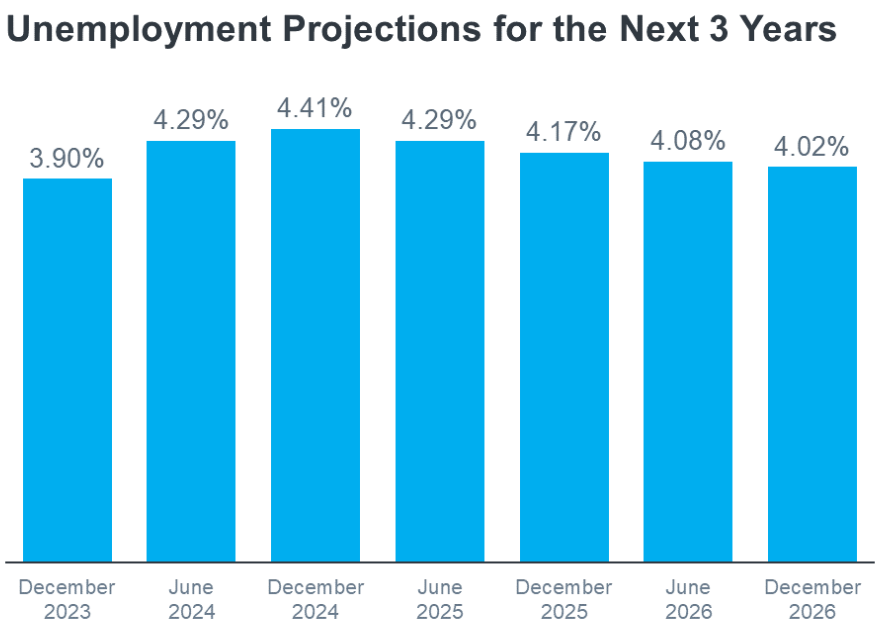
In summary, today's exploration touched on market trends, pricing strategies, and the interplay between supply and demand, providing valuable guidance for navigating the current real estate landscape for both buyers and sellers.

COLDWELL BANKER
HIGH DESERT REALTY CO.

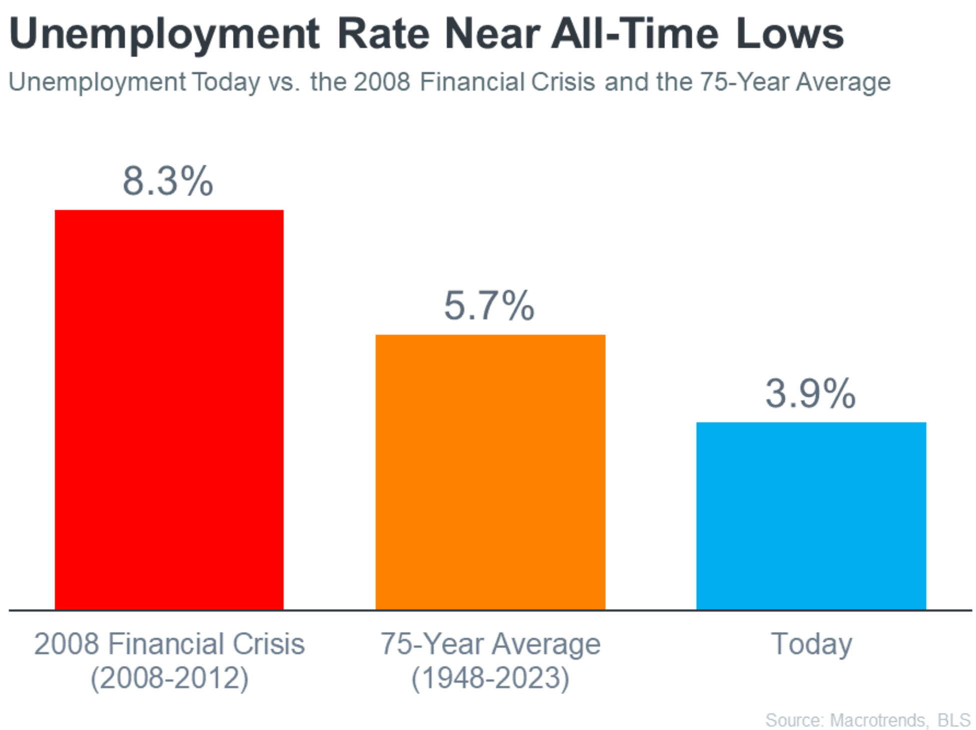
WHY THE ECONOMY WON'T TANK THE HOUSING MARKET

WEDNESDAY NOVEMBER 29TH, 2023HOUSING MARKET UPDATES

IF YOU'RE WORRIED ABOUT A COMING RECESSION, YOU'RE NOT ALONE. OVER THE PAST COUPLE OF YEARS, THERE'S BEEN A LOT OF RECESSION TALK. AND MANY PEOPLE WORRY, IF WE DO HAVE ONE, IT WOULD CAUSE THE UNEMPLOYMENT RATE TO SKYROCKET. SOME EVEN FEAR THAT A SPIKE IN UNEMPLOYMENT WOULD LEAD TO A RASH OF FORECLOSURES SIMILAR TO WHAT HAPPENED 15 YEARS AGO.
HOWEVER, THE LATEST *ECONOMIC FORECASTING SURVEY* FROM THE *WALL STREET JOURNAL* (WSJ) REVEALS THAT, FOR THE FIRST TIME IN OVER A YEAR, LESS THAN HALF (48%) OF ECONOMISTS BELIEVE A RECESSION WILL ACTUALLY OCCUR WITHIN THE NEXT YEAR:
"ECONOMISTS ARE TURNING OPTIMISTIC ON THE U.S. ECONOMY . . . ECONOMISTS LOWERED THE PROBABILITY OF A RECESSION WITHIN THE NEXT YEAR, FROM 54% ON AVERAGE IN JULY TO A MORE OPTIMISTIC 48%. THAT IS THE FIRST TIME THEY HAVE PUT THE PROBABILITY BELOW 50% SINCE THE MIDDLE OF LAST YEAR."
IF OVER HALF OF THE EXPERTS NO LONGER EXPECT A RECESSION WITHIN THE NEXT YEAR, YOU MIGHT NATURALLY THINK THOSE SAME EXPERTS ALSO DON'T EXPECT THE UNEMPLOYMENT RATE TO JUMP WAY UP – AND YOU'D BE RIGHT. THE GRAPH BELOW USES DATA FROM THAT SAME WSJ SURVEY TO SHOW EXACTLY WHAT THE ECONOMISTS PROJECT FOR THE UNEMPLOYMENT RATE OVER THE NEXT THREE YEARS (*SEE GRAPH BELOW*):



IF THOSE EXPERT PROJECTIONS ARE CORRECT, MORE PEOPLE WILL LOSE THEIR JOBS IN THE UPCOMING YEAR. AND JOB LOSSES OF ANY KIND ARE DEVASTATING FOR THOSE PEOPLE AND THEIR LOVED ONES. HOWEVER, THE QUESTION HERE IS: WILL THERE BE ENOUGH JOB LOSSES TO CAUSE A WAVE OF FORECLOSURES THAT WILL CRASH THE HOUSING MARKET? BASED ON HISTORICAL CONTEXT FROM *MACROTRENDS* AND THE *BUREAU OF LABOR STATISTICS* (BLS), THE ANSWER IS NO. THAT'S BECAUSE THE UNEMPLOYMENT RATE IS CURRENTLY NEAR ALL-TIME LOWS (*SEE GRAPH BELOW*):



AS THE ORANGE BAR IN THE GRAPH SHOWS, THE AVERAGE UNEMPLOYMENT RATE DATING BACK TO 1948 IS 5.7%. THE RED BAR SHOWS, THE LAST TIME THE HOUSING MARKET CRASHED, IN THE IMMEDIATE AFTERMATH OF THE 2008 FINANCIAL CRISIS, THE AVERAGE UNEMPLOYMENT RATE WAS UP TO 8.3%. BOTH OF THOSE BARS ARE MUCH HIGHER THAN THE UNEMPLOYMENT RATE TODAY (*SHOWN IN THE BLUE BAR*).

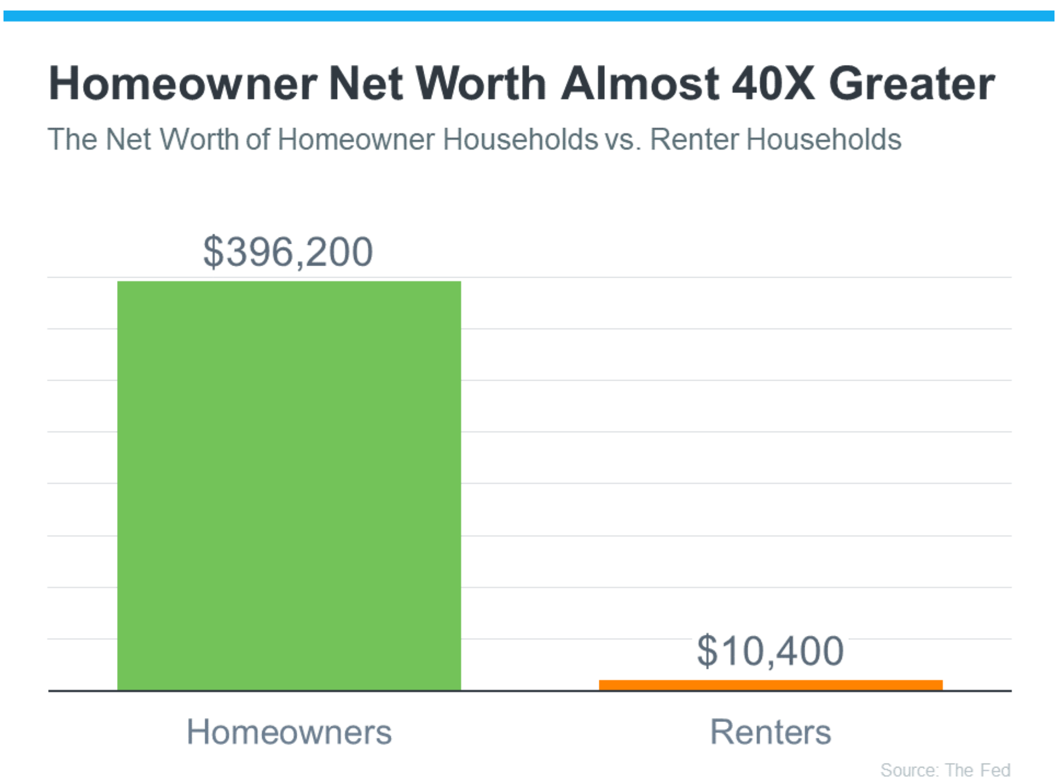
MOVING FORWARD, PROJECTIONS SHOW THE UNEMPLOYMENT RATE IS LIKELY TO STAY BENEATH THE 75-YEAR AVERAGE. AND THAT MEANS WE WON'T SEE A WAVE OF FORECLOSURES THAT WOULD SEVERELY IMPACT THE HOUSING MARKET.

BOTTOM LINE

MOST ECONOMISTS NO LONGER EXPECT A RECESSION TO OCCUR IN THE NEXT 12 MONTHS. THAT'S WHY THEY ALSO DON'T EXPECT A DRAMATIC RISE IN THE UNEMPLOYMENT RATE THAT WOULD LEAD TO A RASH OF FORECLOSURES AND ANOTHER HOUSING MARKET CRASH. IF YOU HAVE QUESTIONS ABOUT UNEMPLOYMENT AND ITS IMPACT ON THE HOUSING MARKET, LET'S CONNECT.

HOME OWNER'S NET WORTH HAS SKYROCKETED!

IF YOU'RE WEIGHING YOUR OPTIONS TO DECIDE WHETHER IT MAKES MORE SENSE TO RENT OR BUY A HOME TODAY, HERE'S ONE KEY DATA POINT THAT COULD HELP YOU FEEL MORE CONFIDENT IN MAKING YOUR DECISION. EVERY THREE YEARS, THE *FEDERAL RESERVE BOARD* RELEASES THE *SURVEY OF CONSUMER FINANCES* (SCF). THAT REPORT COVERS THE DIFFERENCE IN NET WORTH FOR BOTH HOMEOWNERS AND RENTERS. SPOILER ALERT: THE GAP BETWEEN THE TWO IS SIGNIFICANT.
THE AVERAGE HOMEOWNER'S NET WORTH IS ALMOST 40X GREATER THAN A RENTER'S. AND HERE'S THE DATA TO PROVE IT (*SEE GRAPH BELOW*):



THE BIG REASON HOMEOWNER NET WORTH IS SO HIGH
IN THE PREVIOUS VERSION OF THAT REPORT, THE NET WORTH OF THE AVERAGE HOMEOWNER WAS ROUGHLY $255,000 AND THAT OF THE AVERAGE RENTER WAS $6,300. BUT IN THE RELEASE THAT JUST CAME OUT THIS YEAR, THE GAP WIDENED AS HOMEOWNER NET WORTH CLIMBED DRAMATICALLY. AS THE *SURVEY OF CONSUMER FINANCES* (SCF) REPORT SAYS:
". . . THE 2019-2022 GROWTH IN MEDIAN NET WORTH WAS THE LARGEST THREE-YEAR INCREASE OVER THE HISTORY OF THE MODERN SCF, MORE THAN DOUBLE THE NEXT-LARGEST ONE ON RECORD."

ONE OF THE BIGGEST REASONS HOMEOWNER NET WORTH SKYROCKETED IS HOME EQUITY.

OVER THE LAST FEW YEARS, KNOWN AS THE 'UNICORN' YEARS FOR HOUSING, HOME PRICES WENT THROUGH THE ROOF. THAT'S BECAUSE THERE WEREN'T ENOUGH HOMES FOR SALE, AND THERE WAS A BIG INFLUX OF BUYERS RUSHING TO BUY THEM AND TAKE ADVANTAGE OF THE THEN RECORD-LOW MORTGAGE RATES. THAT IMBALANCE OF SUPPLY AND DEMAND PUSHED PRICES HIGHER AND HIGHER. AS A RESULT, MOST HOMEOWNERS WHO HAD A HOME DURING THAT TIME SAW THEIR EQUITY GROW A LOT.

IF YOU'RE STILL IN THE MIDDLE OF MAKING YOUR DECISION ON WHETHER TO RENT OR BUY, YOU MAY WONDER IF YOU MISSED THE BOAT ON THE BIG NET WORTH BOOST. BUT HERE'S WHAT YOU NEED TO REALIZE. AS A RECENT ARTICLE IN THE ASCENT EXPLAINS:

"WHETHER YOUR NET WORTH INCREASED IN RECENT YEARS OR NOT, THERE ARE STEPS YOU CAN TAKE TO BOOST THAT NUMBER IN THE COMING YEARS. . . BUYING A HOME CAN BE A GREAT WAY TO GROW YOUR NET WORTH, SINCE HOME VALUES HAVE A TENDENCY TO RISE OVER TIME."

HISTORICALLY, HOME PRICES CLIMB OVER TIME. EVEN NOW THAT MORTGAGE RATES ARE CLOSER TO 7-8%, PRICES ARE STILL RISING IN MANY AREAS OF THE COUNTRY BECAUSE SUPPLY IS STILL LOW COMPARED TO DEMAND. THAT'S WHY EXPERT FORECASTS FOR THE NEXT FEW YEARS CALL FOR ONGOING APPRECIATION – JUST AT A PACE THAT'S MORE TYPICAL FOR THE HOUSING MARKET.

WHILE IT LIKELY WON'T BE THE RECORD RAMP-UP THAT HAPPENED OVER THE LAST FEW YEARS, PEOPLE WHO BUY NOW SHOULD CONTINUE TO GROW EQUITY IN THE YEARS AHEAD. THAT MEANS, IF YOU'RE READY AND ABLE TO BUY A HOME TODAY, YOU'LL BE MAKING AN INVESTMENT THAT'LL HELP BUILD YOUR NET WORTH IN THE LONG RUN.

AS JESSICA LAUTZ, DEPUTY CHIEF ECONOMIST AT THE NATIONAL ASSOCIATION OF REALTORS (NAR), SAYS:

". . . WHEN DECIDING TO RENT VS BUY, ONE MUST CALCULATE THE TOTAL COST OF HOMEOWNERSHIP (MAINTENANCE, UTILITIES, COMMUTING, ETC.) AND THE TOTAL FINANCIAL BENEFIT. BASED ON NEW FED DATA . . . THE MEDIAN NET WORTH OF HOMEOWNERS WAS $396,200 VS RENTERS AT $10,400. THERE IS NO QUESTION ABOUT THE WEALTH GAINS THAT HOMEOWNERSHIP PROVIDES."

BOTTOM LINE

IF YOU'RE ON THE FENCE ABOUT WHETHER TO RENT OR BUY A HOME, REMEMBER THAT HOMEOWNERSHIP CAN GIVE YOUR NET WORTH A BIG BOOST OVER TIME. IF YOU WANT TO LEARN MORE ABOUT THIS OR THE MANY OTHER BENEFITS OF OWNING A HOME, LET'S CONNECT.