



LONDON
PROPERTIES

2018 SUMMER HOUSING REPORT

MARKET FACTS:

Summer is here and our real estate market is just as HOT! Here's what we know:

1. Inventory is up - Buyers have more inventory to choose from than any other point in the last two years.
2. Economists agree that, "A strengthening economy, healthy consumer balance sheets, and low mortgage interest rates are supporting the continued strong demand for residential real estate." -Frank Martell, CEO, CoreLogic
3. "Buyers thought they could wait forever because rates were going to stay low forever. They're starting to realize that if they're going to buy, they should probably buy now." - Rick Palacios Jr.

AS OF JULY 2018:

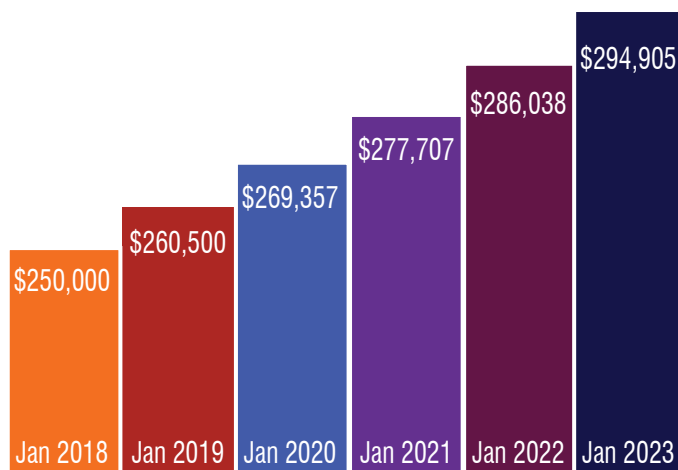
- **RESIDENTIAL INVENTORY IS UP A SURPRISING 4.8% FROM LAST YEAR**
- **2Q SALES DOWN 1.5% FROM 2Q, 2017**
- **2Q 2018 MEDIAN SALES PRICE IS UP 9.2% COMPARED TO 2Q 2017**
- **MEDIAN SALES PRICE IS \$270,000**
- **CUMULATIVE DAYS ON MARKET IS 40**
- **INTEREST RATES ARE MOVING UP**

MORTGAGE RATE PROJECTIONS

QUARTER	FANNIE MAE	MBA	NAR	AVERAGE OF ALL
2018 3Q	4.6	4.7	4.7	4.67
2018 4Q	4.6	4.9	4.83	4.77
2019 1Q	4.6	5.0	4.9	4.83
2019 2Q	4.6	5.1	5.0	4.90

THE GOOD NEWS FOR SELLERS:

- With continued appreciation, most sellers now have strong equity positions. (Even those who purchased just three years ago.)
- Continued increases in construction material and labor is raising the cost of new home construction.
- We're in a very positive move up market for sellers. The Home Price Expectation Survey best illustrates where prices may be heading. Every quarter, Pulsenomics surveys a nationwide panel of over 100 economists, real estate experts, investors, and market strategists. The experts project:
 - Home values are expected to appreciate by 4.2% in 2018.
 - Cumulative appreciation of nearly 17% by 2022.
 - If the experts are right and you purchase a \$250,000 home now, that home would appreciate over \$44,000 over the next few years.



GOOD NEWS FOR BUYERS:

- According to a report by Trulia, "buying is cheaper than renting in 100 of the largest metro areas by an average of 33.1%"
- "Households must consume housing whether they own or rent. Homeowners, however, pay debt service to pay down their principal while households that rent pay down the principal of a landlord plus a rate of return. Owning often does end up making more financial sense than renting." – Joint Center for Housing Studies, Harvard University
- **There is a loan for you:** Ask your agent for a referral to a mortgage loan officer. A multitude of programs exist. Recent national articles have also referenced "crowd funding" and programs from HomeFundMe, BofA, and Morgan Stanley who offer creative sources for down payments.
- "Nationally, interest rates would have to reach 9.1%, a 100% increase over today's average of 4.6% for renting to be cheaper than buying." – Freddie Mac
- This demonstration illustrates the impact an interest rate increase would have on the payments of a home selling for approximately \$250,000 today if home prices appreciated by just 5.3% as predicted by the experts at CoreLogic. Their advice, buy now!

MORE GOOD NEWS:

- "Nationally, homes are just about the most affordable they have been in the last 40 years. In 2017, the median household could afford a home 1.4 times more expensive than the median home price. In 1980, the median household could only afford about 3/4 of the median home price." – Trulia
- "People have more equity now than they did at the height of the housing bubble, partly because of the climbing prices and partly because people are staying in their homes longer, which gives them more time to appreciate. At the same time, we haven't seen people borrowing as much from their home equity as they did in the past."

–Joe Mellman, TransUnion

- "Steady income and job growth, combined with increased building permit activity, has increased the market potential for home sales on an annual basis...the outlook for further increases in market potential remains bullish...Increasing demand from Millennials and first-time home buyers in general, bode well for the housing market."

–Mark Fleming, First American Chief Economist

- "No relief in sight on the costs of construction materials for home builders. Gypsum prices are up more than 8% year-over-year. Roofing asphalt... up 6% and prices of lumber are up 17%."

– Kiplinger Letter

Look at the actual reasons you are contemplating buying or selling to begin with. Are the reasons related to proximity to work or school, the right sized home, a better interest rate and payment, investment, scaling down, or moving up? Consider all the factors and remember just like our seasons, these factors can change. This Summer just might be the perfect time for you to make a move.

RENTING vs. BUYING

HISTORICALLY:

NOW:

PERCENTAGE OF INCOME NEEDED TO AFFORD MEDIAN RENT

25.8%

28.8%

PERCENTAGE OF INCOME NEEDED TO AFFORD MEDIAN HOME

21.0%

17.1%

	Mortgage	Interest Rate*	Payment (P&I)**
TODAY	\$250,000	4.57%	\$1,277.13
Q3 2019	\$263,250	5.10%	\$1,429.19
Difference in Monthly Payment			\$152.19
<small>*Rates based on Freddie Mac prediction at time of print.</small>			
	Monthly	Annually	Over 30 Years
	\$152.19	\$1,826.28	\$54,788



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