

The US Housing Market Outlook

Although it's impossible to predict the future, current trends and statistics create a picture of the market's health.

THE NATIONAL MARKET AS WE BEGIN 2019

Home sales are down **1.5 percent** from a year ago.¹ Experts say that many buyers are priced out of the market or they're waiting until more homes within their price range are available.

Home prices are up **4.6 percent** and the average home value is **\$264,800**.¹ Sales may be down, but prices will continue to rise. This is good news for sellers, but may keep buyers on the sidelines in high-price markets.



Homes are selling fast. Homes are on the market for an average of only 29 days, with 52 percent of homes on the market for less than a month.¹

Inventory is tight.¹ People are staying in their homes longer and housing starts are at an all-time low.² However, housing permits are up 8.4 percent over last year, which means more inventory to come.³

Competition is high. First-time buyers made up 31 percent of home purchasers.¹ For those in the market to buy, get preapproved for a mortgage to stay competitive. If you need a lender, I can refer you to a great one in my network.

Let's set a time to talk about our local market. I'd love to share my housing market insights with you and do an annual review if you currently own.

New tax code may have an impact.

The interest deduction is capped at \$750,000 (down from \$1 million) and the property tax deduction is capped at \$10,000. This may mean less expendable cash for those with, or needing, a big mortgage.

THREE THINGS TO WATCH FOR IN 2019

1. Interest rates.

Experts predict the Federal Reserve will increase interest rates two times in 2019.⁴ However, increases are expected to be gradual.

2. Inflation.

Inflation is expected to increase slightly in 2019, due in part to a strengthening labor market and tariffs.

3. Strength of economy.

The economy continues to grow and strengthen, a trend that is expected to endure in 2019.

Sources: 1. National Association of REALTORS
2. CNN Money
3. National Association of Home Builders
4. HousingWire
5. Wall Street Journal



Rick McDowell and Jimmy McDowell

Premiere
PROPERTY
Group, LLC

Premiere Property Group, LLC
1500 NW Bethany Blvd, Ste 190
Beaverton, OR 97006
(503) 887-0597 Rick's Cell
(971) 600-4688 Jimmy's Cell



Will We See a Market Correction?⁵

Recently, you may have seen news headlines predicting the next recession. The economy has been growing since 2009, the longest stretch in US history.⁵ Since the economy is cyclical, it's only natural to wonder when the economy will begin to retract.

Causes of a downturn. Recessions are often caused by unforeseen events or circumstances that shock the market. Sixty-two percent of experts say an overheating economy will lead to the Fed tightening its belt.⁵ Others say a financial meltdown may be caused by an asset bubble, fiscal crisis or international trade disruptions.⁵

Reason to be optimistic. Housing isn't likely to play a large role in the next recession.⁵ Although affordability remains a concern in many areas of the country, experts say that housing is unlikely to cause another recession.⁵

Take headlines with a grain of salt. Experts predicted recessions in 2011 and 2016, and neither transpired. It is important to remember that growth doesn't last, so a downturn would be considered natural. Over the next year, economists predict the Gross Domestic Product (GDP) will continue to grow and unemployment rates will fall further. The risk of recession in the next year is only about 15 percent, and the changes to the tax code effective this year are expected to drive business investment spending.

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