

REAL ESTATE UPDATE

Summer 2022



The highly active market I have been profiling over the past 2 years continues to perk along. Attractive and properly priced listings are attracting multiple offers with sales prices commonly at/above the list prices. In the 40 years that I have been listing and selling residential real estate, I have never seen a market like this. In most local markets, prices are up 20% since Covid intruded our lives in March of 2020.

Until recently, this uptick in prices occurred with moderate inflation (it was 2.6% from March of 2020 to March of 2021). Now that inflation is at/around 8.5%, there is additional upward pressure on real estate prices. A significant change in mortgage interest rates does not seem to have made a dent in the demand for real estate. Last April, the 30 year rate was about 3.25%; today it is almost 5%. Do these factors, increased prices and higher interest rates, mean that you should not purchase a home? According to economist Laurence Kotlikoff, you should buy now. In his WSJ article dated 4/19/22, he said:

"Given all this, should you buy now or worry that if you do, house prices will crash? Buy now. Houses, like most physical assets, retain their real value during high inflation and have done far better than most such assets. Plus, if you buy a primary residence now and home prices fall, you won't be affected unless you need to sell. As long as you have a stable job, can manage your mortgage, and don't need to move anytime soon, a short-term drop in housing prices isn't a concern."

Beyond this, of course, is that you cannot time your purchase of a primary residence like you would a stock or bond. If you are living in a house that has become too small or too big, you can only defer a decision to move for so long. Eventually, life intervenes and you have to make the move. The comforting truth in real estate is that it is a two-sided transaction. As long as you are buying and selling in the same (or similar markets), whatever advantage you have as a seller is counter-balanced to a degree by the disadvantage you have as a buyer; this situation applies in a buyer's market, though the roles are reversed. The premium you are paying as a buyer in this market is challenging until you sell your current home and the roles are reversed! Given that this current surge in real estate prices is nationwide, it's a safe bet that your buying experience will be favorably balanced by your selling experience.

Another indicator that this surging market is not also a fickle market is that when these houses are selling quickly, it is often the case that there are not one or two other offers, there are sometimes 10+ offers. So when one buyer is successful, there are still many buyers in play who were not successful. While some of these buyers may head for the sidelines, most get right back on their horse and pursue the next opportunity. There is a lot of depth to this market; there is enough unmet demand for houses that I think the current market could continue at more or less the same pace for several more years.

As always, the Bill Reilly Team stays up to date with our markets and we'd love to be of service in your search for the right property or in the sale of your current property. Please call me or any of the associates on the team to start the conversation.

Respectfully,

Bill Reilly



Bringing people and houses together since 1982

Homes Listed & Sold by The Bill Reilly Team



Connecting Buyers with their new Home*



Helping your family is our family business.

* We represented the buyer in the sale of these homes.

Welcome to the Team!

Kayla Coleman



A native of Cleveland's Westside, Kayla has lived and traveled across the country and can confirm, there is truly no place like home. Having lived in North Carolina, Colorado, and in a camper, traveling through 32 states with her golden retriever, Sadie, Kayla has gained a unique perspective on the importance of home and community.

Moving back to Cleveland at the start of 2020 led Kayla to meet her husband, as well as reestablish her deep, loving roots in her hometown. This, along with her passion for working with people and living by the lake helped her to reach the decision to pursue a career in Real Estate and even better, a career working as a member of the Bill Reilly team. Bill personally sold Kayla's childhood home in Bay Village over 20 years ago and has since taken her under his professional, encouraging and reputable wing. Kayla is honored to be a member of the team and cannot wait to work with you!

Best, Kayla :)



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