



## Three Reasons You Don't Need to Panic in 2019

There are a lot of real estate pundits cultivating feelings of fear and alarm right now. Let's face it, headlines of horror can sell newspapers (or at least get you to click on and read the article). It's true the U.S. housing market is slowing down – January marks the sixth consecutive month of declining sales – but does that mean we are heading for housing disaster?

Here are three reasons why it might not be nearly as bad as people are saying it's going to be:

### Home builder confidence is actually increasing.

According to the National Association of Home Builders / Wells Fargo Housing Market Index (HMI) released on February 20th, home builder confidence rose four points - to 62 - in February. This increase marked the second consecutive month in which all the HMI indices posted gains. Why is that important?

The Housing Market Index (HMI) is based on a monthly survey of NAHB members. The survey asks respondents to rate market conditions for the sale of new homes at the present time and in the next six months as well as the traffic of prospective buyers of new homes. The HMI takes the pulse of the single-family housing market. Any number over 50 indicates that more builders view conditions as good than poor.

### Low interest rates may deliver a huge spring in 2019.

The numbers are starting to trend in the buyer's favor. Mortgage rates fell in November and continued to drop in December. Currently mortgage interest rates are sitting at a 12-month low. Combined with strong jobs growth and a robust economy, experts agree that this reduction in mortgage interest rates should bring buyers back to a market that is ready and waiting.

"Wages are growing on par with home prices for the first time in years.....spring home sales should help the market begin to recover from the malaise of the last few months," said Sam Khater, chief economist at Freddie Mac.

## Things are not the same as they were in 2008.

While many economists think there is a possibility of a recession in the near future, there's no need to worry about a replay of 2008. That's because most of the financial factors that caused the last crash don't exist in 2019. If there is another recession, most people are not going to lose their jobs or homes.

Economists think we might see a downturn toward the end of 2019 or beginning of 202, but it will be brief and not nearly as devastating as the last one. Our 4% unemployment rate, may increase slightly and job growth will slow. But none of the widespread layoffs, scores of foreclosures or plunging home prices that we all experienced at the end of the last decade.