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January '23

WIZARD ARTICLE

WHAT IS HAPPENING IN
THE REAL ESTATE MARKET

CENTURY 21® Beggins
Enterprises

Happy New Year! Welcome back to “more” NORMAL! After more than 30 years as a Real Estate Broker with CENTURY 21 Beggins Enterprises supervising over 50,000 transactions and Billions of dollars of sales with literally thousands of real estate agents, I’m looking forward to a little “more” NORMAL.

The buyer and investor frenzy fed by sub-3 % interest rates created an incredible amount of demand - which quickly led to an inventory shortage that led to multiple offers and higher-than-asking price offers. It may sound like a dream for a Real Estate Agent, but it was a ton more work. Imagine writing dozens of offers for one family only to get beat out, time after time, by Multiple Cash Buyers willing to waive contingencies and pay over the asking price. Or, imagine being a Listing Agent helping a Seller navigate 25 offers on one home and having to reject the 24 families who didn’t win. It was a stressful time.

Well, that’s over for now, but it’s not much better. Homes for Sale Inventory is about double what it was, but it’s still 70% below where we used to be. For example, in 2004 our company had around 800 active listings for sale. During the last frenzy, we dropped below 100 active listings, and as of this writing, we have about 200 active listings. This means we still have an inventory shortage, but Buyer/Investor demands have slowed way down.

As an aside, I don’t see the listing shortage getting much better any time soon. The smart people who refinanced their loans at 3% or less are not wanting to sell those homes and lose their 30-year fixed-rate mortgage. They’re finding that they can rent the house for a huge cash flow gain and use that rental income to defer the cost of their new 6% mortgage. We’re back to regular people in real estate! Generally, the people who are selling must sell. Job transfer, family growth, family shrinking, divorce, and death are the properties that we’re selling these days.

I’d also like to address the unlikelihood that you’re going to see a boom in foreclosures. Here’s why. Let’s say a family loses their income and they fall behind on their mortgage. The lender will likely file a foreclosure notice. But rather than get the foreclosure and destroy their credit, they likely have enough equity to sell the home and pay off the lender. We even have Investors now that will BUY their home and rent the same home back to the family, so they don’t have to switch schools, etc.



Factors that may lead to more foreclosure filings are rising real estate taxes and insurance rates. A lot of buyers bought houses with artificially low real estate taxes due to the Save our Homes Tax Act which capped a homesteaded property's tax assessment at 3% per year. Over the past few years, many properties doubled in value. The problem is, the new Buyer's tax escrow payment was based on the Seller's tax bill, but the Buyer's new tax bill will be based on the new, higher, market value which creates two problems. 1) They'll have to make up the cash shortage at the end of the year and 2) Their Tax Escrow for next year will increase substantially which could create cash flow problems. If their insurance rate increases or if the Insurance Company threatens to cancel due to the age of their roof, it could create another cash flow problem.

In closing, if you want to move, don't be afraid to buy or sell a home today. You'll actually have a better experience! And don't worry about interest rates. They are what they are and if you need a mortgage you'll have to pay the market rate or put more cash down to buy down the current rate. Both are options and many Sellers are willing to help Buyers since homes are not flying off the shelves like they used to. Think of it like gasoline. We all liked paying \$1.75 a gallon, but now if you need gas, you're going to pay the market price.

I told our agents to forget almost everything we taught them about working with buyers and sellers a year ago. We've re-taught them. This is a whole different market, and it takes different approaches. If you're looking to buy and/or sell in this market, your well-trained C21 Beggins agent is here to assist you and is knowledgeable about how to protect our customers in this Complicated, Complex, and Competitive market. Give your CENTURY 21 Beggins agent a call. We just may be able to provide a cool solution, and we're happy to help. We're here for you and we've got your back!

Until next time, may you have fair weather and following seas!

Craig J. Beggins

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Sarah started out in Hospitality with Hyatt hotels, then went into property management. This gave her an advantage to see the bigger picture in housing when moving, and the struggles people work through. Helping people make big decisions with peace of mind and seeing them happy in a home is her passion.

She has three dogs who are her joy and her daily exercise! You can find Sarah at a park, gardening or the beach on a day off enjoying Florida sunshine. Sarah enjoys seeing the potential in things, creating a world where vision comes to life. This is her approach to older and new homes alike.

Working with Century 21 Beggins is a great advantage, because we are not only the largest Century 21 in the SouthEast United States with over 10 offices, we train daily! You are not just hiring one agent, but a whole team who represents you in the highest standard: Single Agency. This allows for Confidentiality, Obedience, loyalty and Full Disclosure, which many brokerages cannot offer. Call today to start the conversation!

LANGUAGES

English