

# Pick Paula's

## BUYER'S GUIDE

READY TO MAKE A MOVE?

972-816-3578



**MOVING**  
PickPaula.com

MTX REALTY

972-816-3578  
+PickPaula.com

The illustration shows a yellow moving truck with 'MOVING' and 'PickPaula.com' on its side. The truck is carrying several cardboard boxes, a potted plant, and a lamp. In the background, there is a stylized house with a red roof. A person is running towards the truck. The truck has 'MTX REALTY' logos on its wheels. A red circular callout contains the phone number '972-816-3578'. Below the truck, a phone icon is next to the text '972-816-3578 +PickPaula.com'.



# Top Reasons To Own Your Home



## Accomplishment



Feeling a sense of achievement and pride

## Loved Ones



Prioritizing the needs of those closest to you

## Stability



Locking in your monthly housing payment with a fixed-rate mortgage

## Financial Investment



Growing your assets and net worth

## Comfort



Enjoying features that enhance your lifestyle

## Privacy



Having a space that's your own

## Personal Expression



Tailoring your home to your unique style

## Community



Being a part of a broader social group

If you're ready to buy a home, let's get the process started **today.**



# Opportunities for Homebuyers Today

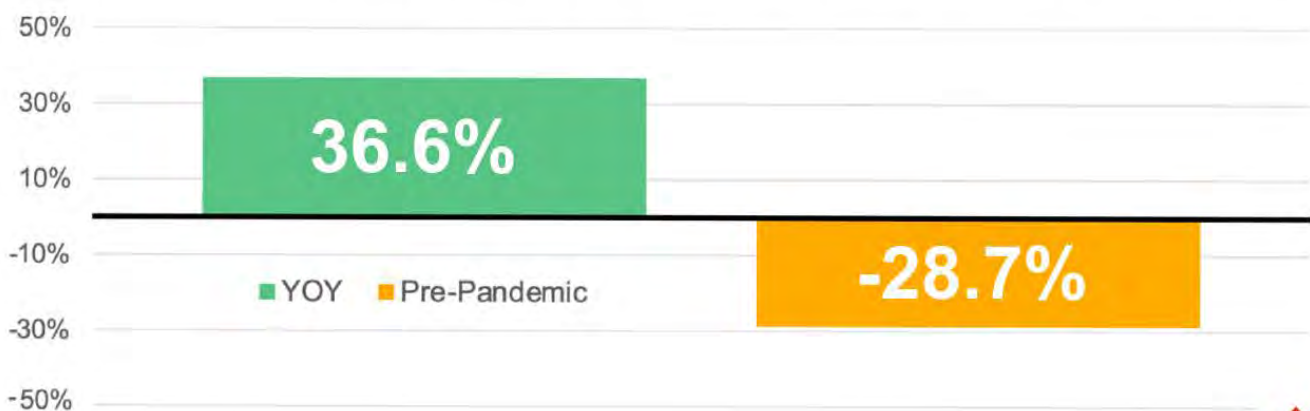
There's no denying that the past year has been tough for homebuyers. However, the market is currently undergoing a transition, which presents three key opportunities for today's homeowners.

## 1. The Supply of Homes for Sale Is Increasing

One of the biggest changes in the housing market this year is the rise in available homes for sale. According to data from \*Realtor.com\*, inventory has grown by more than 36% compared to last year. This gives you a better opportunity to find a home that fits your needs. However, it's important to note that we're not experiencing an oversupply. Inventory levels are still nearly 29% lower than what was typical before the pandemic (as shown in the graph below).

### Inventory is Improving, But Still Below Pre-Pandemic Norms

National Inventory Change, Percent Year-Over-Year vs. Pre-Pandemic (2017-2019)



## 2. Increased New Home Construction

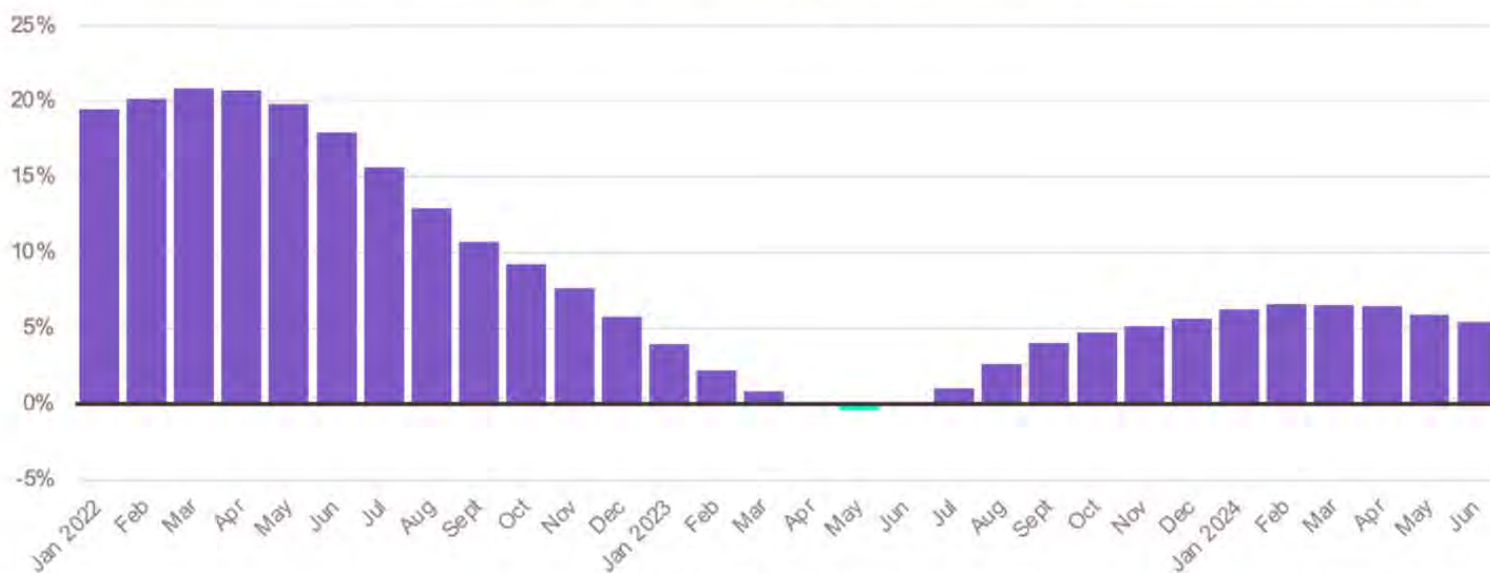
If you're not finding an existing home that suits your needs, another major opportunity lies in the growing availability of new construction homes. Data from the Census Bureau and NAR shows that one in three homes on the market is newly built. This isn't due to overbuilding—builders are simply catching up after years of underbuilding. Plus, many builders are focusing on smaller, more affordable homes, giving you more options if you include new builds in your search.

## 3. Home Prices Are Stabilizing

Another positive development is that home prices are starting to stabilize. After the rapid price increases of the past few years, this moderation is a welcome change (as shown in the graph below).

### Home Price Growth Is Showing To More Normal Levels

Year-Over-Year Change in Home Prices



Source: Case-Shiller

As Marco Santarelli, Founder of Norada Real Estate Investments, explains:

“This moderation is primarily driven by supply and demand. While supply is increasing and demand has cooled, prices aren't climbing as quickly. However, don't be mistaken—prices aren't dropping; they're simply rising at a more typical rate. This slower price growth means you're less likely to encounter the sharp price jumps we saw a few years back.”

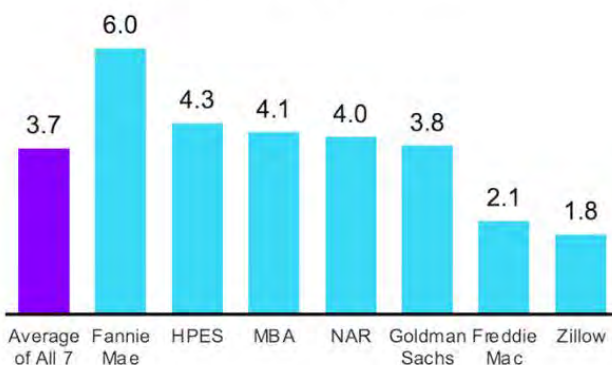
# Housing Market Forecast for the Rest of the Year

## The Opportunity Ahead

If you're prepared and ready to buy, the coming months may offer a smoother experience. However, if you decide to wait, there's a potential risk. As more buyers notice the market shift, competition will increase again.

Additionally, if mortgage rates drop further, more buyers will re-enter the market. Acting now allows you to capitalize on the current market conditions and stay ahead of the competition.

### 2024 Home Price Forecasts Percent Appreciation



Home prices will keep rising, just at a more normal pace. That means you won't have to deal with prices skyrocketing when you buy, and your home should grow in value once you do.

As inflation slows and the economy stabilizes, mortgage rates are likely to decrease, making homes more affordable, especially as price growth continues to moderate. According to *\*The Mortgage Reports\**:



“With inflation easing and anticipated Fed rate cuts, most forecasts suggest that mortgage rates will gradually fall throughout 2024 and 2025. However, this decline is expected to be steady rather than quick.”



# Focus on Time in the Market, Not Timing the Market

Should you buy a home now or wait? This is a question many are asking. If you're financially ready and able to purchase at current rates and prices, it might be wiser to focus on your time in the market rather than trying to time the market.

## The Risk of Trying to Time the Market

Attempting to time the market isn't the best approach because conditions can change unexpectedly. For instance, much of this year's projections indicated that mortgage rates would decline. While experts still foresee lower rates in the longer term, shifts in market and economic factors have delayed the expected timeline. This has impacted homebuyers who've been waiting on the sidelines while home prices continued to rise. As *\*U.S. News\** explains:

“Those who delayed buying a home in hopes of lower mortgage rates have been left out of the market... mortgage rates have remained elevated longer than anticipated, keeping monthly housing payments high. In other words, waiting didn't improve affordability for those buyers.”

This shows that trying to time the market may not be a winning strategy, especially if you're ready to buy now.

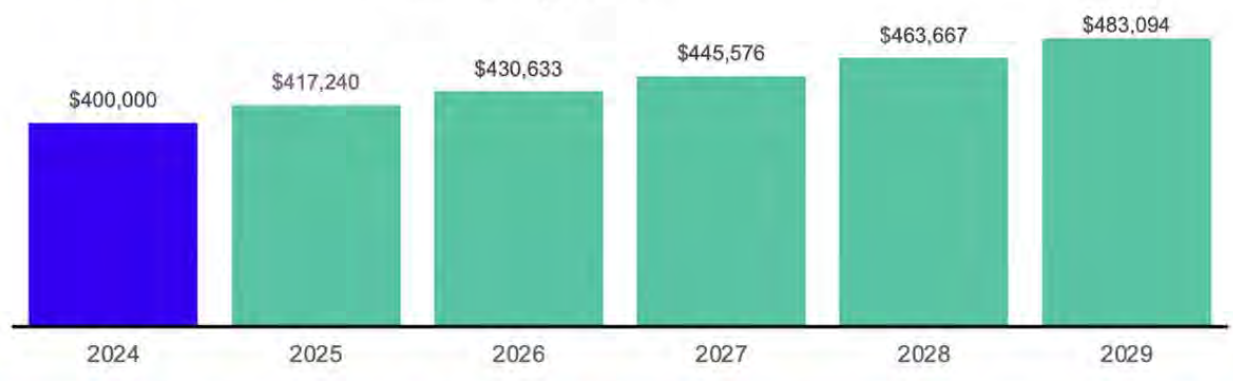
## How Homeowners Gain from Rising Prices

By postponing your plans, you also miss out on the equity you could start building right away. The potential for significant equity growth might be more substantial than you think.

Each quarter, Fannie Mae publishes the Home Price Expectations Survey (HPES), which gathers insights from over 100 economists, real estate professionals, and market strategists on their predictions for home prices over the next five years. According to the most recent survey, experts anticipate home prices will continue to increase through at least 2028.

The graph below illustrates how the value of a typical home could appreciate over the coming years based on the HPES projections.

**\$83,094** Potential growth in household wealth over the next 5 years based solely on increased home equity if you purchased a \$400k home in January 2024.



Based on price appreciation projected by the Home Price Expectations Survey  
Source: HPES

### The Advice You Need If You're Ready To Buy

While it's natural to focus on mortgage rates and how they affect your monthly payments, don't overlook home prices. Experts predict prices will continue to rise, though at a slower pace. While this moderate price increase might feel like a downside now, once you own a home, that growth becomes a major advantage, helping build your equity over time. This is the value of time in the market.

You could wait and try to time the market perfectly, but in doing so, you risk missing out on the equity gains that could accumulate during that time. If you're financially ready to buy now, ask yourself: is waiting really worth it?

Instead of focusing on timing the market, it's better to prioritize more time in the market.

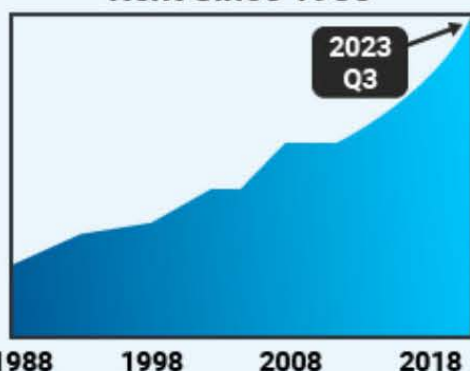


# The Difference Between **Renting** and **Buying a Home**

When deciding between buying a home or renting, think about these three important factors.

## Buying a Home Means Avoiding Rising Rents

Median Asking Rent Since 1988



1988 1998 2008 2018

### When You Rent:

Your monthly payment generally goes up each time you sign or renew a lease.

### When You Buy:

With your fixed-rate mortgage, your monthly payment is locked in for the length of your home loan.

## Homeowners Own a Tangible and Valuable Asset



... the average U.S. homeowner now has about **\$290,000 in equity.**

CoreLogic



### When You Rent:

You won't get any return on your investment as you pay your rent monthly.

### When You Buy:

As home prices rise, and as you pay down your home loan, you build equity.

## Owning Your Home Grows Your Wealth Over Time



A monthly mortgage payment is often considered a forced savings account that helps homeowners build a net worth about 40 times higher than that of a renter.

Lawrence Yun  
Chief Economist, NAR



### When You Rent:

When the cost of renting goes up, it's more difficult to save money for a down payment to buy a home.

### When You Buy:

As you build equity through the years, you give your net worth a big boost.



# How Homeowner Net Worth Grows with Time

*If you're thinking about buying a home this year, be sure to consider the long-term financial benefits of homeownership*

## Home Equity Boosts Your Net Worth

Equity is the current value of your home minus what you still owe on your loan. It goes up when.

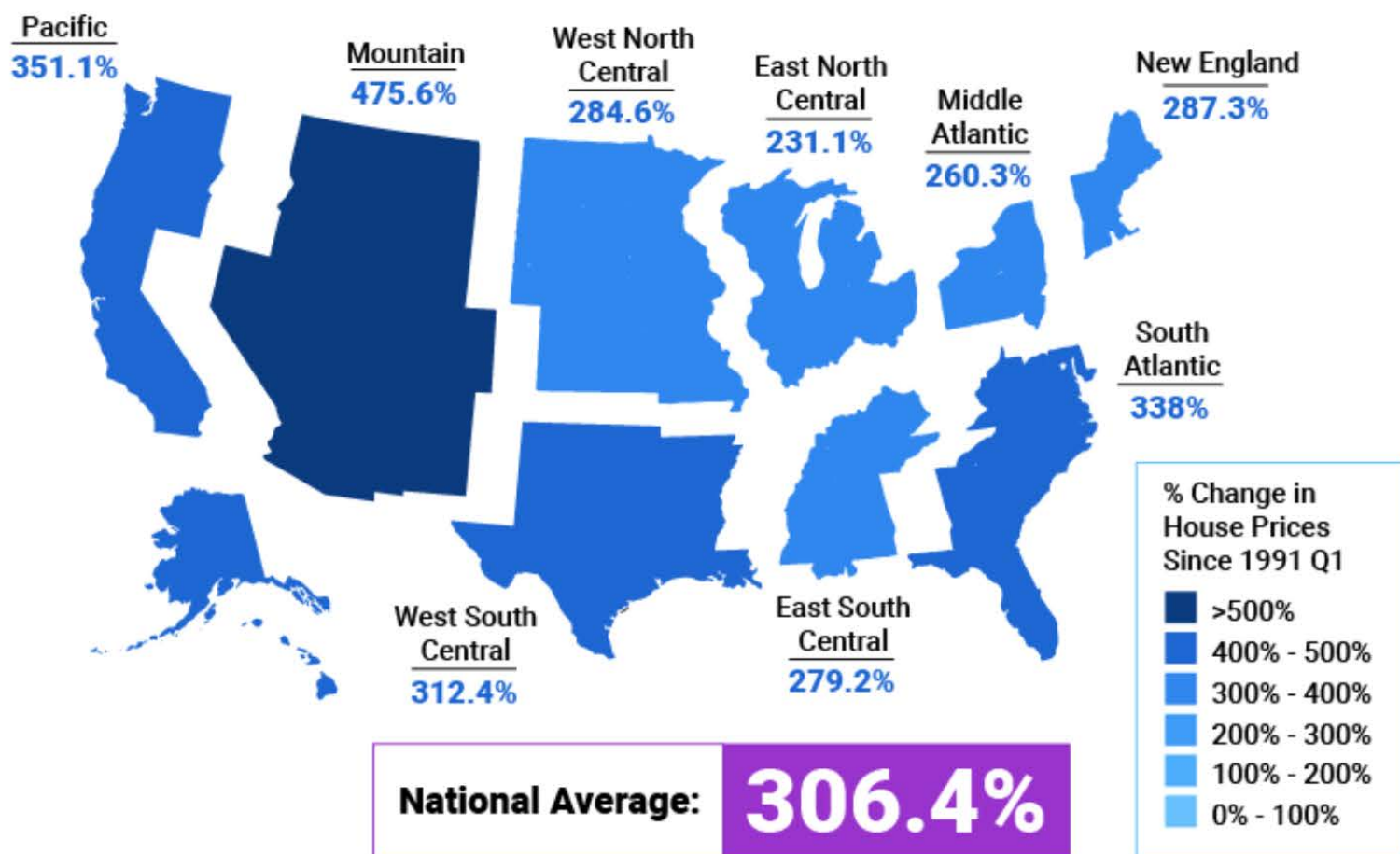
- You pay down your loan
- Home price appreciation makes your home's value go up



Here's a look at how just the home price appreciation piece can increase your wealth over time.

## Percent Change in Home Prices

Since Q1 1991, Q3 2023





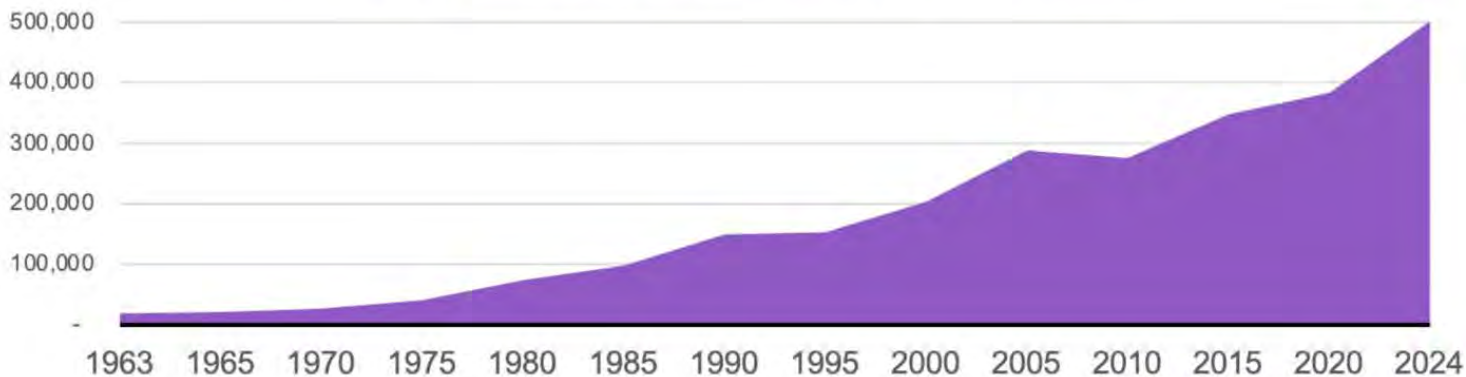
# Buying VS Renting

## Home Values Typically Increase Over Time

There has been some uncertainty recently about the direction of home prices, but rest assured, on a national level, they are still rising. In fact, historically, home prices tend to increase over the long term (as shown in the graph below).

### Price Appreciation over the Last 60 Years

Average Sales Price of Houses Sold in the United States



Source: Census, HUD

Based on the graph, it's clear that home prices have steadily increased over the past 60 years. While the 2008 housing crash was an exception, overall, home values tend to rise consistently. This is one of the key reasons why buying a home is often more beneficial than renting. As home prices appreciate and you pay down your mortgage, you build equity, which over time, can significantly boost your net worth.

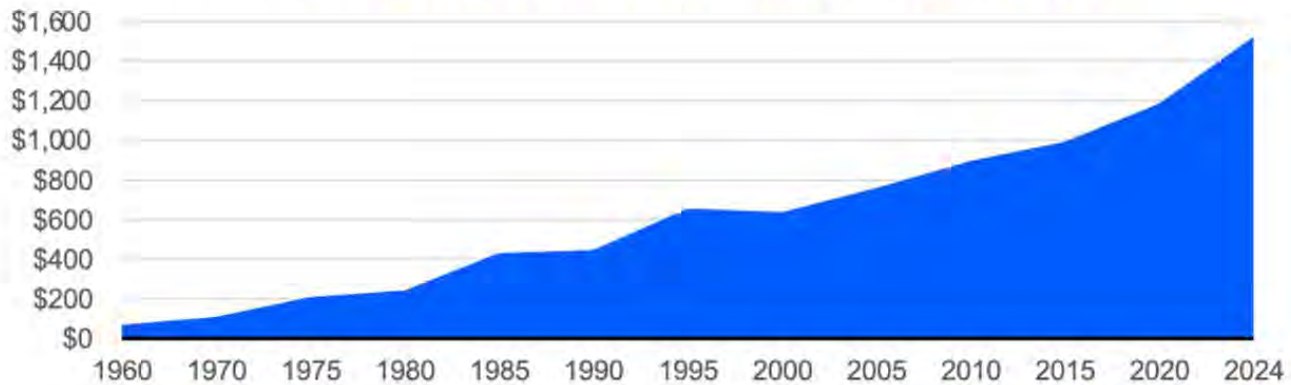


## Rents Keep Increasing Over Time

Another reason to consider buying a home instead of renting is that rent prices tend to rise consistently over time. While renting may seem less expensive in certain areas right now, with each lease renewal or new agreement, you're likely to face higher rent costs. Data from \*iProperty Management\* shows that rent has steadily increased over the past 60 years as well (as shown in the graph below).

### Increase in Rent over the Last 60 Years

Average Monthly Rent in the United States (1960-2023)



Source: Census, HUD

## How Do You Break Free from Rising Rent?

One way to escape the constant cycle of rising rent is by purchasing a home with a fixed-rate mortgage. This helps stabilize your housing costs, giving you the peace of mind that comes with predictable payments, free from rent increases. That stability is a significant advantage.

Your housing payments are an investment, and you have a choice to make: do you want to invest in your own future or continue paying your landlord?

When you own a home, you're building equity and investing in yourself. Even if renting seems cheaper at the moment, the money you spend on rent is gone forever. As Dr. Jessica Lautz, Deputy Chief Economist and VP of Research at the National Association of Realtors (NAR), explains:

“If a homebuyer is financially stable, able to manage monthly mortgage costs, and can handle the associated household maintenance expenses, then it makes sense to purchase a home.”

Ultimately

In the end, buying a home provides more advantages than renting, even when mortgage rates are higher. If you want to escape rising rent costs and benefit from long-term home price appreciation, let's connect to explore your options.



## Why Pre-Approval Is So Important

If you want to buy a home, working with a trusted lender to get pre-approved should be a priority. Even though more homes are being listed for sale, the overall number of available homes is still below average. This means there aren't enough homes for everyone who wants to buy one, creating competition among buyers.

Pre-approval can help you stand out in this competitive market. It shows sellers you're serious because you've already undergone a credit and financial check. As Greg McBride, Chief Financial Analyst at Bankrate, explains:

“Pre-approval carries more weight because it means lenders have actually done more than a cursory review of your credit and finances. They have reviewed your pay stubs, tax returns, and bank statements. A pre-approval means you've cleared the hurdles necessary to be approved for a mortgage up to a certain dollar amount.”

Sellers appreciate this because it indicates the sale is more likely to proceed smoothly without unexpected delays or issues. In a competitive situation, having a pre-approval can give you an edge over other buyers, making it more likely you'll secure your dream home.

# The Impact of Changing Mortgage Rates

If you're looking to buy a home, you should know even a small change in mortgage rates has an impact on your purchasing power. This chart shows how rates generally affect your monthly payment.



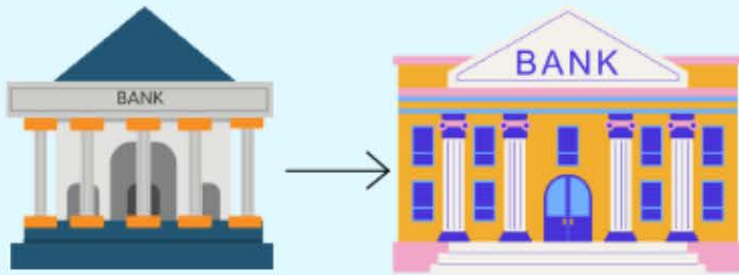
Home Loan Amount	Fixed Mortgage Interest Rate	Monthly Mortgage P&I*	Monthly Difference
\$250,000	8.0%	\$1,834.41	-
	7.5%	\$1,748.04	\$86.37
	7.0%	\$1,663.26	\$171.15
	6.5%	\$1,580.17	\$254.24
\$450,000	8.0%	\$3,301.94	-
	7.5%	\$3,146.47	\$155.47
	7.0%	\$2,993.86	\$308.08
	6.5%	\$2,844.31	\$457.63
\$800,000	8.0%	\$5,870.12	-
	7.5%	\$5,593.72	\$276.40
	7.0%	\$5,322.42	\$547.70
	6.5%	\$5,056.54	\$813.58

\*Principal and Interest Payment.

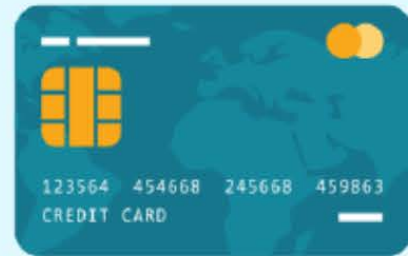
Total monthly payment may vary based on loan specifications such as property taxes, insurance, HOA dues, and other fees. Interest rates used here are for marketing purposes only. Consult your licensed Mortgage Advisor for current rates.

# Things To Avoid After Applying for a Mortgage

*Consistency is the name of the game after applying for a mortgage. Be sure to discuss any changes in income, assets, or credit with your lender, so you don't jeopardize your application.*



**Don't change bank accounts.**



**Don't apply for new credit or close any credit accounts.**



**Don't deposit cash into your bank accounts before speaking with your bank or lender.**



**Don't co-sign other loans for anyone.**



**Don't make any large purchases.**

**The best plan is to fully disclose and discuss your intentions with your lender before you do anything financial in nature.**



# Mistakes Other Buyers Are Making

## Challenges Homebuyers Face and How to Avoid Them

No matter the market, buying a home comes with its challenges—and today’s market is no exception. The best way to avoid common pitfalls is to lean on the expert advice of a real estate agent. Their insights can help you steer clear of some of the biggest mistakes homebuyers are making right now.

### 1. Delaying Pre-Approval

One key step in the homebuying process is getting pre-approved for a mortgage. A lender will review your finances to determine how much they’re willing to lend, giving you a clear understanding of your budget before you start your home search. While searching for homes may seem more exciting than discussing finances, it's essential to get pre-approved first. As *CNET* explains:

“If you wait to get preapproved until the last minute, you might be scrambling to contact a lender and miss the opportunity to put a bid on a home.”



## 2. Holding Out for Perfection

While it's natural to have a list of must-haves and nice-to-haves, you need to be realistic during your home search. Ideally, you'll find a home that checks every box, but you might have to compromise. A perfect home might be out of your price range. As

*\*Investopedia\** explains:

“When you expect to find the perfect home, you could prolong the homebuying process by holding out for something better. Or you could end up paying more for a home just because it meets all your needs.”

Instead, focus on finding a home that meets most of your must-haves and has the potential for upgrades down the line.

## 3. Buying More House Than You Can Afford

Given today's mortgage rates and home prices, buying a home can be costly. It may be tempting to stretch your budget to secure a home, but it's important not to overextend yourself. Be sure to discuss how fluctuating mortgage rates will affect your monthly payments with your agent. As *\*Bankrate\** advises:

“Focus on what monthly payment you can afford rather than fixating on the maximum loan amount you qualify for. Just because you can qualify for a \$300,000 loan doesn't mean you can comfortably handle the monthly payments that come with it, along with your other financial obligations.”

## 4. Not Working with a Local Real Estate Agent

Perhaps the most important step is to work with a local real estate agent. Buying a home involves many steps, from paperwork to negotiations, and having a professional guide you through the process can significantly reduce your stress and ensure everything goes smoothly. The right agent will help you navigate the complexities and make your experience more manageable.



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# Why You Need an Agent

If you've decided you're ready to buy, you might be wondering where to start. It can feel overwhelming, but the good news is you don't have to navigate this process on your own.

## The Value of a Trusted Real Estate Agent

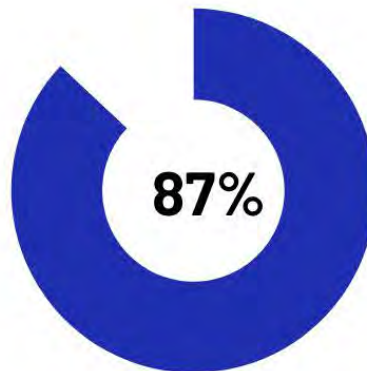
When it comes to buying a home, expert advice from a trusted real estate agent is invaluable, especially now. Here's why:

A real estate agent does much more than you may realize. They guide you through every step of the home-buying process and look out for your best interests. They simplify a complex process and alleviate much of the stress involved in what is likely your largest purchase ever. This is exactly what you need and deserve.

This is part of the reason why a recent survey from Bright MLS found that an overwhelming majority of people agree that an agent is a key part of the home-buying process (see visual below):



Of respondents agree  
"It would be **very stressful** to  
navigate the home buying process  
without a real estate agent or broker"



Of respondents believe  
"A real estate agent or broker is  
an **essential trusted advisor** for  
a home buyer"



## Top Ways Real Estate Agents Add Value

To give you a better idea of how agents can make a difference, here are some key ways they add value:

- 1. Deliver Industry Expertise:** The right agent will guide you through every step of the buying process with their professional training and expertise. In today's complex and ever-changing market, having the best advice is essential.
- 2. Provide Expert Local Knowledge:** A great agent can help you make sense of data, separate fact from fiction, and understand how current market trends apply to your unique search. They can explain how quickly homes are selling, highlight listings you don't want to miss, and provide insights into your specific local market so you can make a confident decision.
- 3. Explain Pricing and Market Value:** Agents help you understand the latest pricing trends in your area. They can tell you what a home is valued at in your market, what to consider when making an offer, and if there are potential issues with a property. Having an expert who understands true market value for individual neighborhoods is priceless. They ensure your offer is fair and competitive in today's housing market.
- 4. Review Contracts and Fine Print:** In a fast-moving and heavily regulated process, agents help you make sense of necessary disclosures and documents. Having a professional explain the details could make or break your transaction, and it's certainly not something you want to figure out on your own.
- 5. Bring Negotiation Expertise:** From offer to counteroffer, inspection to closing, there are many stakeholders involved in a real estate transaction. An agent will advocate for you, working with each party to achieve the best possible outcome. Having someone on your side who knows you and the process makes a significant difference, providing support and expertise at every turn.

*For more information about  
buying or selling your home,  
contact me today!*

**PutTheWeightOnMe**

**MTX**  
REALTY



**MTX**  
REALTY

  
**PAULA MERRIMAN**  
REALTOR