

EXPERT ADVICE: UTAH ASSOCIATION OF REALTORS

Is It Still a Good Time to Buy and Sell?

With all that's happened over the past few weeks, you may be wondering whether it makes sense to buy or sell a home right now. While the answer to that question depends on each family's circumstances, there are many reasons why it still makes sense to get in the market, even during this unprecedented time.

Low mortgage rates are expanding purchasing power

First, interest rates are incredibly low. Freddie Mac reported Thursday the average rate on a 30-year fixed-rate mortgage was 3.33%. That's down from 4.12% last year. For a buyer purchasing a \$300,000 home, that lowers their payment by more than \$100 each month.

There's also a possibility rates may get even lower. Here's what Freddie Mac's chief economist, Sam Khater, said about the current interest rate situation:

"While mortgage rates remained flat over the last week, there is room for rates to move down," Khater said. "This year the 10-year Treasury market has declined by over a full percentage point, yet mortgage rates have only declined by one-third of a point. As financial markets continue to heal, we expect mortgage rates will drift lower in the second half of 2020."

Market is still active

Even though there has been some slowing in the market in light of COVID-19 and the economic uncertainty, real estate sales are still moving.

Over the last seven days, the average number of under-contract listings on UtahRealEstate.com was actually about the same as last year: 48,416 in 2019 versus 48,411 in 2020. In March, there were more under-contract listings than in the four years prior.

Closed sales in March were down slightly from 2019 but remained close to the housing activity seen over the past four years.

Anecdotally, Realtors say they are still selling homes. What's changed is they are typically working with serious buyers and sellers rather than those who are casually looking.

Home prices should hold steady

Real estate markets in Utah were extremely hot before COVID-19 hit. They were so hot, in fact, that there was a record low number of properties on the market in February.

Because there were too many buyers for too few houses, a possible reduction in buyers is okay. In fact, many who found it incredibly difficult to purchase a home previously because of the intense competition will be relieved to have a market that's not quite as hot.

As of Thursday, inventory remained low. From April 2-8, the average number of active listings each day was still about 700 homes fewer than in 2019.

The chief economist of the National Association of Realtors, Lawrence Yun, spoke to Realtors this week about

the housing situation. He said that even if home sales fall in the short term, he believes the market will have a strong rebound after this crisis. He expects home prices to remain stable because there was a housing shortage before COVID-19.

"Home sales will decline this spring season because of unique economic and social consequences resulting from the coronavirus outbreak, but much of the activity looks to reappear later in the year," Yun said. "Home prices will remain stable because of a pandemic-induced reduction in inventory coupled with less immediate concerns over foreclosures."

The real estate market is changing daily. Make sure to talk to a local Realtor to get the latest information about what's happening in your area. Find one at [UtahRealtors.com](https://www.utahrealtors.com).

