



## Ivy Zelman Market Report (Q4-2020 through 2021)

[\(Listen to an Ivy Zelman interview here\)](#)

How to address the question... "Are we in a bubble?"

- **Financing**

- Lowest interest rates in history
- To understand this impact, look at payments not ticket price. People can afford more than they anticipated.
- Lower rates are unlocking the move up market in that people are able to trade equity and get into a more expensive home for a relatively similar payment as they are currently in
- Fixed rates this low, will keep people in the place they land, and therefore, people are more confident to acquire a home that they can see themselves living in for an extended period
- Note: as things get better with the corona virus and economy, rates may rise, making it even less affordable.
  - See long term stability below to help demonstrate the opportunity to leveraging rates right now vs. waiting for assuming doom and gloom

- **Long term stability**

- Lack of land inventory
  - Lack of infrastructure in open land areas create squeeze on ability to provide new lower price housing
- With low fixed rates, people are much more likely to stay long term
- Case studies of housing's strength through other economic downturns (refer to podcast)
  - As long as it's not housing's fault, then housing historically sustains
- Ability to work remotely-See Mobility
- Foreclosure scare not a reality
  - Many homeowners are equity rich and cash poor
    - If they can't cover payments, they can sell without issue
  - System can't process mass foreclosures at once even if that were going to be the case
- Huge percentage of our market is being purchased with cash
- Builders can't build enough inventory to meet current demand
  - In other words, very low threat of over supply

- **Mobility Rates are historically low, but increasing**

- 15% 1998-2002 mobility rate
- 11% in 2013-2018-mobility rate



- Aging in place
- Lack of discretionary upgrades
- Can't transfer mortgage rate
- Why increasing now
  - Remote work can now move mobility rates up!!
  - Major migration from big cities or high tax states
  - Low Interest rates have people comfortable upgrading
  - Millennials aging into Single Family Residential and willing to drive
  - Influx of cash buyers
  - Job Growth

## What situations would this be helpful?

- "I'm going to wait and see"
- "Do you think they'll take less?"
- "Is now a good time to sell?"
- "Is this going to be a bubble?"
- Revisit mortgage qualifications based (not the sticker, about the payment)

## How can we use this information?

- Recent Client purchase confirmation
- Discussions with people on the fence
- Educate active clients to increase their confidence in long term viability of the decision
- Social media tidbits
- Use as a proactive way to reach out and inform people
  - Social media post
  - Video-Can mass email in FUB
  - Monthly post card to sphere
- Follow ups and sphere touch bases
  - Casual conversation
- Holiday party conversation
- Reactivation:
  - People that have stopped looking for now
- Futurecast: What's Reno going to look like