

# Doron F. Eghbali Real Estate Law Blog on Lawyers.com

## [Questions and Answers on the Status of Housing Market](#)

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The following seeks to shed some preliminary light on the status of housing market:

### **Is the Housing Market Improving?**

Although the housing market shows some signs of stabilization, the recovery seems to be at best tentative and fragile. In fact, about 6.7 million households with mortgages are behind on their payments or are in foreclosure. The figure represents 13% of total US households with mortgages, according to Mortgage Bankers Association. There is a grim possibility that at least some of the 13% lose their homes and add to the already existing glut of homes on the market.

In addition, the unemployment is rising and employers have taken a wait-and-see approach to ensure the economy is taking the turn for the better before commencing hiring in a tangible way. This means while more people are losing their paychecks, more people will have difficulty paying their mortgages and the specter of more foreclosures.

### **When Will the Housing Market Bottom Out?**

It would be very difficult to discern when the housing market has bottomed out for the following reasons:

- Monthly indicators tend to bounce erratically from month to month mainly because of federal government incentives or help to troubled homeowners or mortgage lenders. For instance, tax exemption for first-time home buyers distorts monthly numbers and gives some glimmers of hope while in reality the underlying housing market remains weak. In addition, the federal government's \$75 billion-dollar Making Home Affordable program - in which government pays cash incentives to lenders for lowering mortgage payments - has not helped many mortgage-paying households. Last month, an oversight panel created by Congress reported that only 2000 of 500,000 loan modifications in the program had become permanent.
- Different regions in the nation are recovering at different pace. For instance, while the much coveted Virginia suburbs might be recovering rapidly, the picture is very different in most parts of California and Florida.

### **How Would You Measure the Health of Real Estate Market in Your Local Area?**

- Ask a good real estate agent how many homes are listed for sale and how many months will take at the current level of real estate market activity to absorb that supply. Anything about over six months is considered high, because sellers might have to cut prices.
- Count the number of for-sale signs and vacant houses. If there are more than a couple of vacant houses in a block, that is not a good sign, especially if nobody is taking care of them.

### **How Would You Know the Value of Your Home?**

It is very hard to know the value of a house, until the house is put up for sale on the market. The home's value also depends on a willing and able buyer who shares your taste.

Some websites - including Zillow.com, HomeGain.com, and Cyberhomes.com - provide estimates of home values. These estimates are largely based on recent sales of nearby homes, and in some cases the estimates are off the mark. However, they offer you a ballpark idea of a home's value.

In addition, you could talk to a trustworthy real estate broker or if you do not mind spending some dollars, hire a professional appraiser.