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# Are we headed for another housing bubble and crash?

Given talks of a new "housing bubble" it makes sense to wonder if **right now** is the right time to buy a home. As an experienced mortgage professional, I understand the challenges homebuyers are facing, and would be happy to talk through the options that make sense for you.

[Book an appointment](#)

## What is a housing bubble?

Real estate bubbles can form when offers from a high number of buyers drive up prices on the limited number of available homes. The bubble is said to "pop" when prices drop suddenly because supply either increases, or demand decreases.

A sudden drop in home values could result in a new homeowner finding themselves owing more than their home is worth. It can also cause investors to get stuck with a home they wanted to sell.

## Why was 2008 different?

The infamous housing bubble crash of 2008 was caused by multiple factors that we are better safeguarded from today.

In the years prior to "the housing crash", certain lenders approved buyers for loans they simply couldn't afford. Today, the [Dodd-Frank Wall Street Reform and Consumer Protection Act](#), passed into law in 2010, protects homebuyers from "predatory mortgage lending while making it easier for homebuyers to understand the terms of a mortgage before agreeing to them."

## Supply and demand

Housing experts and economists as interviewed by [Forbes](#), seem to agree that the market will "stay hot" for some time.

Millennials are still in the market for housing, and Gen Z is close behind. Gen Z is also a bit more financially stable than the previous generation, meaning the number of qualified homebuyers will likely remain high for years to come.

Additionally, the slowed construction of new homes caused by inflation seen over the last decade, coupled with the decreased housing supply over the same time period means supply isn't likely to catch up any time soon.

## Consumer confidence

With rising inflation, the continued threat of new Covid variants, and the war in Ukraine, it's no surprise that people are hesitant about spending money in the current economy.

In a May 31, 2022 press release, [The Consumer Confidence Board](#) stated "purchasing intentions for cars, homes, major appliances, and more all cooled—likely a reflection of rising interest rates and consumers pivoting from big-ticket items to spending on services."



## Should you buy a home right now?

The honest answer is: it depends.

Homebuyers need to consider how long they plan on staying in their home. Interest rates can be refinanced when they drop, which historically they eventually do, given enough time. Home values also fluctuate regionally, as differences in local markets play a big role in determining a home's value.

Homebuyers must balance their long and short-term financial goals with what their current finances can handle.

I'm available to sit down and discuss the options that make the most sense for you.

[Book an appointment](#)

Sincerely,

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