HRRE 7-5-2021 Bread

2021 is officially half over!

July is an important month for many reasons. There's the Fourth of July and the Gettysburg Civil War battle – both happened in the Keystone State of Pennsylvania. Without either one going the way they did, it's anyone's guess how America might have turned out today.

Then there are birthdays in my family starting with my dad born on July 17, 1912 in Salt Lake City, Utah. His parents were medical people (MD and nurse) employed by the hard-rock mining unions, not the companies, to care for the workers. The family moved around a lot finally settling in New Mexico.

Two other births include my oldest daughter, Whitney, born on July 16, 1978, and my step-son Matt on July 15, 1969. Yes, a busy month!

July also marks the mid-point of the year – it's half over! I find July a good time to reflect on what the year has been and where it might end up come December. So here goes:

- The US and world economies are in general looking and doing great. Yes, there are supply bottlenecks and companies struggling to return to pre- Covid conditions, but optimism in the air that we are heading in the right direction.
- Interest rates are stable for now, but the central banking systems of the world are making noises about raising rates to combat the perception and growing of inflation. The US Federal Reserve System, the Fed, influences almost all world banking systems, and right now its message is "to stay the course" pending inflation reports. As these reports come out, monetary leaders will balance jobs and production issues against the erosion of inflation. Right now, job grow is the most important concern, but inflation is next in line.
- Home mortgages have been rising since late 2020 hitting 3.4% this May. Rates are now falling ever-so-much to 3.2 and less. Some lenders are quoting below 3% loans but with increased fees. The drop has more to do with lenders "looking for business" when refinancing mortgages dried up when rate rose above 3%.
- US home value appreciation for major metro areas is tracking between 17-24%. Even historically by-passed parts of the country are doing well. However, a high appreciation level is economically un-sustainable and harmful. It shuts out too many entrée-and-mid-level buyers to home ownership – the nation's greatest source of individual wealth and grow in this country.
- A collapse of the housing market or general economy is not anywhere in the cards for this year and beyond. Forecasting such statements is good for six months at the best, but this recovery has strong legs and government backing. Also, the quality of buyers since the Great Recession has been very strong backed by good jobs, large down payments, and savings. None of the conditions that caused the Great Recession presently exist.
- Housing supply inventory will be a problem for the remainder of the year…and beyond. I see monthly fluctuations but no return to historically higher inventory levels. Builders never really recovered from the Great Recession, as well as their rising development and building costs. Retiring homeowners aren't moving away after retirement as they once did, staying put in a paid off home or low interest mortgage surrounded by family and friends from decades of living here.