Your Broker:

Rob Cassam

February 2023

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Kitchen Trends to Watch in 2023

The following are some of the biggest kitchen design trends to keep an eye on right now.

Smart Technology: Appliances connected to Wi-Fi that are voice-activated will be a big trend, and smart faucets that are touchless will be as well. The benefit of smart kitchens includes not only convenience but also the fact that they can save energy. Most smart appliances are more energy-efficient than their traditional predecessors.

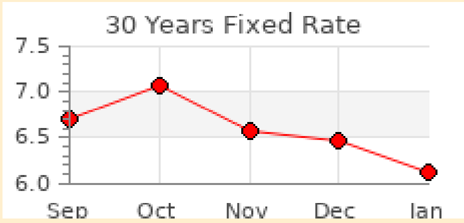
The Butler's Pantry: A butler's pantry isn't a new concept, but it's experiencing a resurgence in popularity. You'll also hear these called a functional or working pantry, and they're a place where you can add more storage or have a space dedicated to food prep. Creative homeowners also opt to use them as hidden coffee or beverage bars.

Using a Slab Backsplash: Using a slab backsplash means making it from one big piece of continuous material. You can opt to match it to your countertops or use something that contrasts in design or color if you want your backsplash to be a statement piece and focal point. You can use materials like quartz, marble, or granite for a slab backsplash, but you're certainly not limited to those materials.

Warm and Organic Elements: Organic colors with warmth are popular, such as earth tones. There's some return to dark stained wood cabinetry in the current kitchen design with an organic, earthy feel. Other colors are popular in kitchens, especially cabinetry, including blues and greens, saffron and shades of mauve.

Mortgage Rates
U.S. averages as of February 2023:

30 yr. fixed: 6.13%
15 yr. fixed: 5.17%
5/1 yr. adj: 5.42%



The State of Spending on Home Improvements

The NerdWallet Home Improvement Report recently looked at the latest American Housing Survey data, which asked homeowners about their activities related to home improvements and their feelings. Findings of that research included that the share of homeowners' planned improvements currently aren't targeted to homebuyers. Instead, the most commonly cited reasons homeowners say they're doing projects include making them more comfortable and satisfied with their living space.

Many respondents said they were planning small projects, like updating light fixtures, but around half said they were considering larger-scale projects, like adding a room or a complete renovation. Around 22% said they were hoping to renovate their kitchen, and the same percentage of respondents said they were considering renovating or adding a bathroom.

One analyst working on the NerdWallet survey said that many homeowners are likely to stay in their current home longer than they initially expected because they don't want to pay higher mortgage rates.

Is 3D Printed Housing the Future?

In a location outside of Austin, Texas, machines are creating three- and four-bedroom homes—100 to be exact. Lennar, one of the country's biggest homebuilders, partnered with ICON, a 3D printing company, on this project. They are creating the first housing development that's 3D printed on-site. ICON says it can build the wall system of the house, including the mechanical, plumbing, and engineering, two to four times faster than traditional homes and at as much as 30% of the cost.

So how does it work? First, a digital floorplan is loaded into the software system used. That software, Build OS, then prepares it for construction robotically. The structural reinforcement is automatically mapped out, and the electrical and plumbing outlets are placed during printing. The printer will then squeeze rows of concrete mixture like toothpaste, slowly building the structure up.

Ballard says ICON has plans to work with other builders already, with DR Horton being one of their early investors.

The current designs can have cave-like elements because a sense of organic form comes with 3D printing naturally. Some have described it as being like a bunker but also having a sense of coziness. There's an open concept currently pervasive in these designs, where you can see throughout the house when you're inside, and the doors are open.

It remains to be seen if there's going to be delivery on the promise that 3D printing will open up new possibilities to provide sufficient housing for the world.

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In the Calendar Year, When Is the Best Time to Buy a House?
By David Reed

As one year passes and another is introduced, we're all a bit guilty when it comes to reflecting back.. We look to our past and acknowledge our successes and review our so-called failures. Some do this more than others but it's still an annual ritual. Somehow, the calendar has an impact to some degree on most anything we do. But, as it relates to buying or selling a home, does the time of year dictate when we should or shouldn't buy or sell?

There are two basic thoughts about what time of year is best to sell or buy a home. Many say that in late spring or summer is the best time to buy or sell. It's this time of year when kids are out of school and that makes it easier to make a move compared to pulling kids out of school and plopping down into a brand new school district.

Sellers know this as well. When lots of moves abound, it makes sense to put a home in front of the most buyers as possible. And this is most often in the summertime when most schools are typically closed. There are more choices on the MLS. Buyers know that and also want to put their home on the market to get in front of as many faces as possible.

This process can last all summer and in early fall as home sellers try to get their home on the market. More buyers equal more opportunities and can also increase the ultimate selling price as buyers compete for houses.

On the other hand, when homes hit the market in the dead of winter, there aren't as many buyers out there. Subsequently there aren't as many homes listed when compared to the late spring and summer months. Sellers and real estate agents certainly know this but when a home does become listed during this time, it's typically a very motivated seller.

The seller knows that there could probably be more money to be had if the home was listed smack dab in the middle of buying and selling season, but there may be some other reasons to sell in the winter. These motivations are the sellers' only but when a home does become listed in the winter, there's probably more going on than just the listing.

So which part of the year is better? That's for your real estate agent to help decide but in general, pay less attention to the calendar and more to your own needs. Forget the calendar. If you're ready to sell, full speed ahead. Decide what's best for you at the moment, and less on the calendar.

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What's the Rentvesting Trend All About?
By Ashley Sutphin

Only an estimated one-third of millennials in the U.S. own property, according to data from the U.S. Census Bureau. Would-be homeowners are continuing to have to fight against stagnant wages, rising home prices, and now soaring interest rates as well. A whole segment of the younger population is now known as "generation rent." Still, they're taking some of the things working against them and turning them into a new approach to property ownership called rentvesting.

What is Rentvesting?

Rentvesting refers to buying an investment property and renting it out, typically in an affordable or up-and-coming area. Then, you continue to rent the primary place where you live in the location you prefer. Investing in property isn't new, but more young people today are opting to hold off on buying their own home as a primary residence instead of investing in rentals.

The trend originated in Australia's major cities, but it's also become popular in the United States. There are benefits to rentvesting. One is that you can live where you want. You may not be able to afford to buy a home in your desired neighborhood or even city right now, but when you stay a renter, you can potentially afford it. Then, you're also putting your money to work as an investment.

Eventually, depending on your financial goals, when you're a rentvester, you might sell the property you earned an income from and then use that money and savings to buy the home you want. Rentvesting changes the traditional path to homeownership, but with the hurdles to buying a home, that may be needed for some. Some real estate experts describe rentvesting as balancing a lifestyle choice and building long-term wealth.

If things go according to the plan, the house you buy while you're still a renter will go up enough in value to be your ultimate springboard to your own home.

You're starting to build equity even if you can't afford the home you want. Depending on your situation, you could also live in the house eventually. Still, even if you don't, there's a high probability the value will go up, so you might get the equity to borrow against the property, even if you don't sell it.

What About the Downsides?

Rentvesting certainly isn't easy. You're dealing with multiple properties, and you have to keep your landlord happy while also being a landlord and keeping your tenants happy. It's not simple to be a landlord, so you have to be realistic about the time you can dedicate to managing the house. You'll have to set aside money if there are unexpected expenses along the way, which is often the case.Lenders usually charge higher interest rates on investment properties. They may require a larger down payment too, but it could give you more flexibility to gain entrance into the real estate market.

What to Consider with Rentvesting

It's a big financial decision to rentvest. First, you have to ensure the investment makes financial sense. You have to factor in the down payment, closing costs, and monthly mortgage payments. In an ideal world, your monthly rental income covers the mortgage repayments, and you might even make a bit of a profit, but the world isn't ideal, so you have to make sure you have the income to cover any rough times.

Choosing the location is important with rentvesting. It may not be the neighborhood you'd personally love to live in, but it needs to hold appeal for some people.

Finally, as with any investment, think long-term. You want to make sure that you're at least going to be able to make back your upfront costs with the appreciation of the property. Consider at least a five-year timeline with this approach to investing and owning property; ideally, ten years is better.

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What's On a Rental History Report?
By Ashley Sutphin

A rental history report is something that a landlord or property manager will rely on pretty heavily to judge an applicant's performance as a tenant in the past. If you have a positive rental history, you will be much more likely to secure a home, especially in a competitive market.

Rental history reports are documents that a reporting agency compiles, which are a comprehensive look into your rental history. They could include information about evictions, past landlords, debts, addresses where you've lived, and other information relevant to you as a renter.

There are a lot of reporting agencies that provide screenings for landlords. A rental history report isn't the same as a credit report, but it's pretty likely a landlord will use both to screen you.

Specific Information That's On Your Rental History Report

While it can vary depending on the company and the renter, the information that's most likely to show up on a rent history report includes:

- A detailed list of all the places where you've rented (your past addresses)
- Contact information for the property manager or landlord in charge of each property during the time you lived there.
- Dates you lived in each of your rentals.
- How much you paid in rent everywhere you lived.
- Late rent payments.
- Evictions
- Broken leases.
- Any major problems that occurred when you were renting.
- Recommendations, whether positive or negative, from past landlords.

So, where does this information come from?

It depends. Private consumer reporting companies put together some rental reports, and they'll get the information from various services. A lot of companies like these exist, but just a few are officially documented with the Consumer Finance Protection Board. Some landlords will opt to check into your rental history on their own. They might contact your previous landlords directly to ask about how you were as a tenant. If you've never rented before, you don't have a rental history, in which case a landlord will look at things like your credit report and pay stubs. They'll probably also call references, and they might ask you to get a co-signor for your lease.

Does Every Landlord Check Your Rental History?

Nearly all landlords are probably going to check your rental history. Sometimes, this may be a pretty informal process. If you're applying with a private landlord, they might ask for contact information for your past landlords.

If you're thinking about renting from a property management company or large landlord, they'll likely get a report from a screening company after you apply.

Check Your Report

Like your credit report, you don't have to get a copy of your report of your rental history, but you should. There can be wrong information on them, leading you to get denied even though it's a mistake. You can get a copy of your rental history report for free under the Fair Credit Reporting Act. If you're applying for rentals currently, or you will be soon, ask the potential landlords you're hoping to rent from what company they use, and pull your report from that. There can be different information reported between companies. If you do see something wrong with your report, dispute it. You can talk to the company that provided the report, and they'll want to see evidence to support what you're telling them. If there's accurate but negative information, you might be able to speak to your past landlord and see if they'll update it. If it's a big problem, like an eviction, there's not likely much you can do about this.

Finally, you should remember that lenders may also look at your report when you're ready to apply for a mortgage. Lenders may contact some or all of your past landlords and are especially interested in how you paid your rent. If you were 30 days or more late more than a few times, it's likely to impact your chances of getting a home loan.

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All-Cash Home Sales Soar
By Ashley Sutphin

According to Redfin, in October, one-third of home purchases were all-cash. That puts the sale of all-cash homes at the highest level seen since 2014.

An estimated 31.9% of home purchases throughout the country were paid for with cash in October, up almost 30% from the previous year.

All-cash purchases started going up at the start of 2021 after reaching a record low in April 2020 (20.1%). Redfin's report notes that the factors leading buyers to pay in cash differ in the slowing market than during the frenzied pandemic buying market.

Redfin's researchers say that affluent buyers in the current market want to pay in cash because mortgage rates are surging, so they are hoping to avoid loans and the interest payments coming with them. Mortgage rates have dipped recently but are still above 6%.

During the housing boom of the pandemic, buyers were paying cash because there was enormous competition among buyers, and all-cash offers were a good bargaining tool when a buyer could afford them.

The Redfin analysis found that purchases with all cash increased in 29 out of 39 markets from October 2021 to October 2022. Riverside, California, saw them increase the most. They went up from 19.2% of purchases to 38%. Cleveland followed, which saw an increase from 32% to 47%. In Florida, all-cash purchases were most common in October. For example, almost 50% of the homes purchased in Jacksonville were bought with cash. The West coast markets saw the lowest shares of all-cash buys, especially in the Bay Area. In San Jose, only 14.3% of homebuying transactions were cash; in Oakland, 16.5% were all cash.

Redfin analysis from July of 2022 found that the cities where cash purchases are most common include:

- Nassau County, NY
- West Palm Beach, FL
- Jacksonville, FL
- Milwaukee, WI
- Fort Lauderdale, FL
- Orlando, FL
- Atlanta, GA
- Cleveland, OH
- Charlotte, NC
- Tampa, FL

The same Redfin report found there's an uptick in FHA loans. Around one in seven mortgaged home sales used an FHA loan, the most significant share in almost two years.

Conventional loans are still the most common route for buyers, but FHA loans allow buyers to make a lower down payment. They've gotten increasingly popular because of the slowdown in competition to buy homes. During the pandemic, they were less common because sellers often received competing offers and chose ones with the strongest financing.

When there's a cash offer, the process of buying and selling can be a little different compared to the involvement of a mortgage. The process is usually faster since there's no application process that would otherwise include documentation and underwriting. The buyer usually won't need an appraisal but has to figure out the title policy and insurance and provide proof of funds. With all-cash offers, it's possible to close in as few as two weeks, whereas average mortgage loans can take 40 days or more.

There are usually fewer contingencies with cash sales since the buyer doesn't need the financing contingency. They're less likely to need a sales contingency for another home, but cash buyers may prefer to keep an inspection contingency.

Appraisals are usually mandated by lenders, so a buyer might not have to worry about this unless they want to, and the closing process is more straightforward when it just involves cash. The closing costs are lower without lending fees, and the paperwork is reduced. Of course, to make an all-cash offer feasible, you need to have a considerable amount of money and realize that you're tying up your wealth in an all-liquid asset. You also can't use tax deductions related to your mortgage.

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