

A Tale of Two Markets

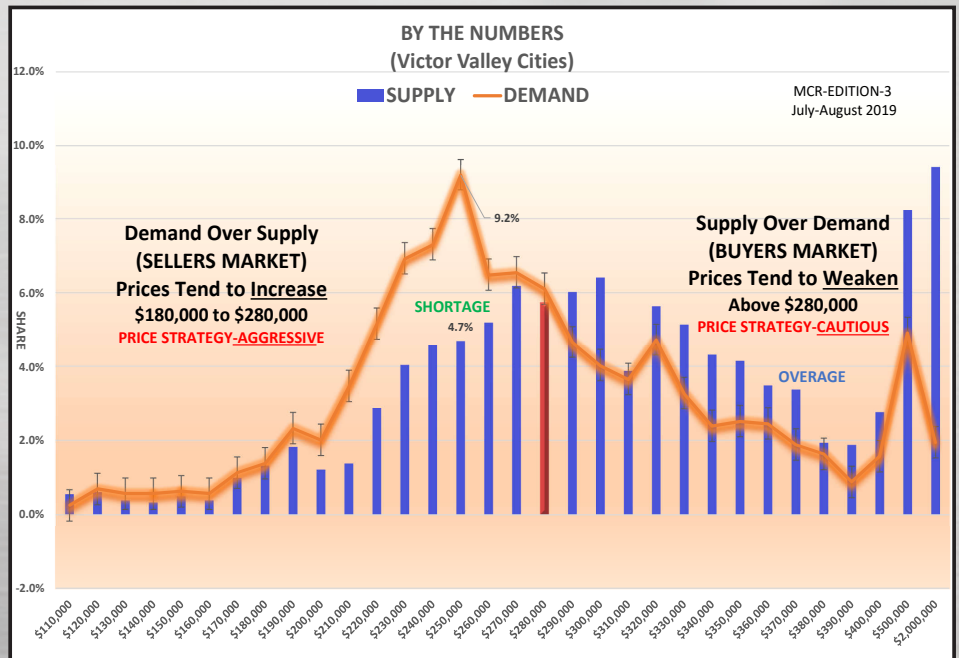
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We are now well into the dog days of summer. The weather is hot like the beginning of the selling season which started in March. 2018 saw a sluggish median sales price increase of 2%. Which is a far cry from the double digit price increases we saw from 2012 to 2016. In 2017 we finally slowed to single digit median sales price increase. The first half of 2019 reignited the fire. This year we have seen a 4.6% median sales price increase. November of 2018 was a challenging month for sellers because of the rate increase. 2019 started off very slowly then picked up momentum as the rates improved.

A market is all of the buyers and sellers in the area or region under consideration. The value, cost, and price of items traded are as per forces of supply and demand in that market. Given that definition, there is a minimum of two distinct markets operating in the Victor Valley real estate market. Those that are to the left in the graph above and those to the right on the price line. It's the "Tale of Two Markets." It will be that way in the best of times and the worst of times. Sellers need to consider that concept when planning their listing, pricing and listing management strategies. If not, it costs you money and time.

(Remember, buyers by a payment.) Where are we going to go from here? We are officially in the longest recovery in history, we are in a trade war, we are near full employment, the wages are increasing and the Fed just cut rates 3.75% for FHA and 4% for conventional. With all those factors one would think the median price would continue to rise. There a lot of positives. Then we run into the challenge of affordability. If you look at the graph above, you will see the tale of 2 markets. The Blue bars in the graph represent the supply and the orange line represents the demand.



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