

# Chatham's Corner

Prestige Properties Realty

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## State of the Market

According to the Austin Board of Realtors, **home sales volume across the entire Austin-area MSA grew in February** from the same time last year.

Areas, including central Austin which have the highest demand and lowest inventory, experienced double digit price percentage increases and overall declines in sales activity.

**Dwindling inventory at the lower price points in both Cedar Park and Austin** is discouraging some buyers from purchasing. Increased interest rates has added to the problem with **many buyers** (especially first time buyers) **finding it difficult to find a home in their price range.**

Travis county currently has a **2 month supply** of housing inventory, **Hays** has **2.5 months**, and

### **Williamson 2 months.**

These numbers have decreased slightly from last quarter levels which is normal for the busier spring market. Median prices for all counties is up.

**Single family home prices in the city of Austin** increased to **\$367,701**, in **Williamson county** to **\$275,000** and in **Hays** to **\$255,000.**

**Interest rates** began creeping up towards the end of last year and have continued to **rise** in 2018. There have been some fluctuations, but overall, the trend has been upward. The average 30 year fixed rate in 2017 was 3.65%. This year, rates hit 4.5% but are now hovering around **4.3% for a 30 year fixed mortgage.**

**What does this mean in terms of payment?** If, for example, you have a \$300,000 mortgage, the

difference in mortgage payment is roughly \$112 for a 4.3% interest rate over a 3.65% rate. Not a huge amount, but as rates rise, the increased payments will begin to price some buyers out of the market. The higher the interest rate, the less expensive the home buyers can afford. When lenders qualify buyers, they look at what monthly payments will be.

**Interest rates are expected to continue to climb**, but it shouldn't be a sharp increase. If you are considering **buying** this year, you may want to do it **sooner, rather than later.**

## **How Much Mortgage Can You Afford?**

There's no doubt, buying a home is exciting, especially if it is your first purchase. Most people buy real estate only a few times during their lifetime.

It can be difficult to know exactly how much of a mortgage you can afford, however. Here are three easy steps to help you figure that out.

**Create a budget.** You will need to know how much money you have coming in compared to going out. Don't forget short and long term investments and other savings. It's also wise to have at least **six months worth of mortgage payments** available in case you have any unexpected expenses or emergencies.

#### **Take into consideration increased expenses.**

When you buy a home, some of your monthly expenses will increase and you will have some new expenses you didn't have before. You may need funds for homeowners' insurance, property taxes (if they aren't escrowed), yard maintenance, and association dues. Don't forget the cost of home improvement projects too.

#### **Determine your optimal mortgage payment.**

Once you've created a budget, you'll know exactly how much you have left to make the

mortgage payment. If you can't afford the payment you want, look for ways to adjust some of your budget items. For example, try to lower your car insurance cost or take a less expensive vacation. Additionally, **just because the lender says you qualify for a certain monthly amount doesn't mean you need to get a mortgage for that much.** It's always best to be conservative. Better to have extra money you can save each month as opposed to being stretched too thin.

**Once you have figured out how much you want to spend, give me a call and we will find your dream home!**

#### **Your Help with Referrals**

**Thank you for referring me over the years—your support is very much appreciated. If you have family or friends who need help buying or selling property, please don't hesitate to let me know and I'm happy to help.** You can call or text their information and I can contact them. **I'm never too busy for any of your referrals.** If it's outside my

areas of expertise, I will let you know and find an agent who can help.

**Additionally, with every closed referral, I will send you a \$50 gift certificate.**

#### **On the Personal Side**

In my last newsletter, I shared about my December bike accident. I was mountain biking with John and **fell off a steep hill, breaking and dislocating my wrist.** Surgery was mid-December.

I'm happy to say I am now out of my splint and have **resumed my normal activities.** My left wrist is still stiff, but mobility is improving weekly. I did get back on the mountain bike last week, but have to say, I'm not sure I want to go back to the steep trails. Time will tell. **For now, I'm enjoying all the other activities I love** including swimming and tennis.

**John** continues to **mountain bike** without me and is really enjoying it. Because most of his work building new homes takes place during the week, he is often out on the trails on the weekend. (Check out his projects at

[www.CasaSerenoHomes.com](http://www.CasaSerenoHomes.com)) Fortunately, he has a great group of bikers to go riding with, so I don't feel too guilty that I'm not joining him.

**Jessica** seems to be **enjoy high school**. She's getting more grown up and mature each passing week. She's still on the **mountain biking team** (her first race was in January and she had a blast!) as well as taking **guitar lessons** in her spare time. During spring break, she took and passed a course to lifeguard. Her plan is to get **her first job as a lifeguard this summer** at one of the Austin area public pools.

**Jessica loves music**, and convinced me to drive her to see **Demi Lovato in Dallas** over spring break. It was quite a concert. She is an amazing singer, although I have to some of the language and choreography made me uncomfortable. We did have a great time. Taylor Swift, her favorite, is due to perform nearby in October, so I'm guessing I'll be the one that gets "volunteered" to take her to that.

I hope you are having a wonderful spring and look forward to catching up soon. Please don't hesitate to let me know anything I can help with!

### At the Demi Lovato Concert



**Jessica on Mountain Bike**