NOVEMBER
2022

Peak Possibilities

Your Monthly Guide to Informed Real Estate Decisions

ICOR™
Investment Community of the Rockies
COLORADO'S REAL ESTATE INVESTORS ASSOCIATION

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We're Not in Kansas Anymore

By Jeff Watson

It's a cinematic moment forever immortalized. A young lady and her little dog step nervously into the sunlight of a brand-new world. It's a cacophony of color, sound, and strange little people with squeaking voices.

"Toto, I've a feeling we're not in Kansas anymore."

Even though she was confronted by unfamiliar surroundings and terrifying dangers, Dorothy managed to conquer the challenges of Oz and return home victorious. It's a great story that offers a valuable lesson in real estate investing for us today: Times change and markets change, and we must deal with those changes.

Sellers may not be strange little people with squeaky voices, but they are often the slowest to recognize that things have changed. Many are still clinging to opinions of value from January and February of this year and are reluctant to acknowledge that rising interest rates have made the cost of money more expensive, thereby lowering the value of their homes. Buyers have less purchasing power.

Real estate investors who used to be able to make strong, all-cash offers are now finding that sellers still want full price, and that asking price now makes no sense from the perspectives of either buy and hold or fix and flip due to the changes in the market. In a trend that has not yet picked up much news reporting, some sophisticated, short-term rental operators are walking away from that business because they recognize that it is merely swapping hours for dollars, and they don't want that.

Join ICOR in November as we welcome Jeff Watson to discuss "Closing Deals in an Unpredictable Market"

The leadership of ICOR was visionary in that they anticipated the market shift we've seen this year and scheduled meetings in November 2022 designed to prepare its members for the shifting economy. These meetings will focus on a creative offer pathway to present sellers with multiple ways to sell their houses, maybe even for prices close to those market highs from January 2022.

Sellers usually have one of two principle problems. They either have a "house problem" or a "money problem". Once you learn to discern the real problem, you can move forward with a solution for the seller that also makes sense for you as an investor.

Most will agree that the house-buying techniques that have worked so well the last several years will not work in the next few years. If you want to stay in business, you need to adapt in order to survive.

NOVEMBER MEETING INFORMATION

November @ ICOR

Closing Deals in an Unpredictable Market with Jeff Watson

The market has shifted dramatically. With money being more expensive due to rising interest rates, cash offers no longer make sense. Buy-and-hold times are expanding due to supply chain constraints. Investors want to find a better, cheaper way to buy houses that is both tax savvy and affords them greater flexibility in how they structure the deals and take title.

Our speaker this month shares that, "Creative financing is the key to success in this market. And to succeed at creative financing, you must understand notes."

Jeff Watson returns for the November meeting, to share his expertise with creative deal making, with special attention to notes.

Learn:

- The two types of problems sellers have and how you can solve both
- The number one problem real estate investors have, and how to solve it
- How to make money on properties you otherwise would never have been able to buy
- Use a multiple-offer strategy that will let you outpace your competition

Don't miss:

- The multitude of ways to buy a house, beyond an all-cash offer
- The wealth-building power that comes from mastering negotiating seller financing
- Building a portfolio that will generate long-term capital appreciation and cash flow for decades to come

Presenter:

Jeffery S. Watson is an Ohio attorney who has had an active trial and hearing practice for over 30 years. As a real estate investor since 1994, investing in both residential and commercial properties Jeff has been through multiple market cycles. He currently represents established real estate investors in commercial and residential matters when the transactions involve self-directed retirement accounts. He is a recognized thought leader and innovator in the field of real estate and note investing , wealth building, and self-directed retirement account transactions. Thousands of investors have used documents created by Jeff to invest in notes or properties.

For full details or to register visit www.icorockies.com/events

Colorado Springs
Tuesday, November 8th
Hyatt Place Colorado Springs
503 Garden of the Gods Rd West
Colorado Springs, CO 80907

Denver
Wednesday, November 9th
Lakewood Cultural Center
470 South Allison Parkway
Lakewood, CO 80226-3123

Northern Colorado / Fort Collins
Thursday, November 10th
Chicago Title of Colorado
4645 Ziegler Road Ste 220
Fort Collins, CO 80528-9601

Check Out ICOR's Free & Preferred Resource Pages

Located on the ICOR website, for tools and resources to help YOU save time and money!

For Investor Resources visit
www.icorockies.com/investor-resource

For Landlord Resources visit
www.icorockies.com/landlord-resources

ICOR Business Member Directory

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Contractor/GC	Diana Maldonado | Many Build	720.354.2630	alex@manybuildsolutions.com
Estate Planning	Pam Maass | Law Mother	702.706.0036	pam@lawmother.com
Financial Planning	Chris Tanner | New Direction Trust Company	877.742.1270	info@ndtco.com
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Wholesaling	Jose Sala | 5280 Haus	720.633.0617	jose@keygleehaus.com

November Meetings

ICOR – Colorado Springs
In Person
Tuesday, November 8th, 6 PM-9 PM (MDT)

ICOR – Denver
In Person
Wednesday, November 9th, 6 PM-9 PM (MDT)

ICOR – Northern Colorado / Fort Collins
In Person
Thursday, November 10th, 6 PM-9 PM (MDT)

Webinars & Workshops

Beginner Investor Subgroup
Webinar
Thursday, November 3rd

Women's Real Estate Investment Hour
Webinar
Friday, November 4th

Find Gold In Performing & Non-Performing Real Estate Notes
Workshop
Saturday, November 12th

As an investor, would you rather play the role of the bank or play the role of landlord? If you'd be happier never dealing with a tenant or their toilet, this workshop will show you how to invest in notes.

Apartment/Multi-Family Investors Networking & Learning Luncheon
In-Person Focus Group
Tuesday, November 15th

State of the Rental Market
Webinar
Wednesday, November 16th

Find out more and register online at www.ICOROCKIES.com/events

RENTAL PROPERTY EXPERT
VINCENT DEORIO / VINCENT.DEORIO@REALATLAS.COM / REALATLAS.COM

Eight Factors to Consider When Selecting the Right Real Estate Investment Market

Investing in residential real estate has many benefits, including the ability to create generational wealth and spur local economic development, but how does an investor select the right market to optimize these benefits? While there are many aspects to consider when selecting a new market for investing, the most important factor is the long-term viability of the market.

Measuring the long-term viability, or 'investability,' of a market might sound like a daunting task…because it is. The process could take months or even years filled with research to complete. But here are eight helpful factors to consider when selecting a new investment market.

1. Job centers/economic diversity
2. Pricing and leverage
3. Vibrant culture/community
4. Median age of the population
5. Transportation
6. Path of development
7. Asset class: single-family vs. multifamily
8. Local zoning laws

1. Job Centers/Economic Diversity

An investor should identify where the job centers are located when selecting a new investment market. Whether in the CBD (Central Business District) or suburbs, job centers create salaries and wage growth for local workers. The higher the salaries and wage growth in an area, the more consumption, sales and services occur. Vibrant job centers create jobs for hundreds of thousands of people and spur both rental and investment demand. In turn, demand creates supply from developers and home sellers.

Examining job growth over the past 10 years, as well as forecasted job growth in a market's main job center is critical to selecting a new investment market. Another consideration is the diversity of the microeconomy. For instance, does the market have an array of employment opportunities in varying sectors, such as professional services, transportation and healthcare sectors? Or, is the market too heavily reliant on one particular sector, such as hospitality?

Understanding long-term job growth is crucial when looking at specific markets. If a market is firing on all cylinders with booming job centers and job growth, it will have a major impact on other crucial market demographics. Strong long-term job growth prospects indicate that in-migration and population growth are positive.

2. Pricing and Leverage

A property's asking price, combined with an investor's financial wherewithal, plays a pivotal role in market selection. In fact, pricing is the most critical factor for many investors. Many seek out properties with high cap rates—anywhere between 5% and 8%—given the market's geographic location.

Pricing, however, should only serve as a jumping-off point. A market with affordable real estate could also have low-quality schools and high crime rates, so many other considerations that follow should be factored into the market-selection process.

Given the low cost of debt capital, it may be more beneficial to take advantage of low interest rates and government programs when investing. For first-time home buyers, a U.S. Federal Housing Administration (FHA) loan, or owner-occupied financing, allows a buyer to put down 3.5% of the purchase price as a down payment. This helps an individual purchase an investment property if they are unable to put down the typical 20% to 25%. In addition, this type of leverage becomes extremely helpful in the context of our current housing climate.

3. Vibrant Culture

While more esoteric than the other factors, identifying a vibrant culture and community remains important to the market-selection process. For instance, in the emerging Arvada, Colorado market, there are ample cultural activities, including the Tartan Festival, the Blues & BBQ Festival, the Sustain Arvada Festival and the Harvest Festival. More than 100 restaurants and shopping venues are also located in the city, according to the local visitors' and convention bureau website.

In less than 25 minutes, Arvada residents can travel to Union Station via train to partake in all of downtown Denver's cultural activities, including the Denver Art Museum, the Museum of Contemporary Art, the Colorado State Capitol, the booming 16th Street Mall and much more. A vibrant culture and community attract residents to a market, which results in increased demand for rental units.

4. Median Population Age

The age of local residents has a surprisingly powerful impact on market selection. Although millennial real estate investing trends have captured countless headlines over the past five years, in reality, this generation has limited spending power. Since they have limited funds and have more debt (student loans and credit cards), they don't have the ability to put more money back into their community.

Instead, generation X and baby boomers have more disposable income than their younger counterparts. The aforementioned generations also tend to amass more savings. The peak age for spending on housing is 44, according to CoreLogic. Therefore, a savvy investor should research age demographics when selecting a new investment market.

5. Transportation

Sound transportation infrastructure positively impacts real estate investing. Public transit options like heavy rail, light rail and buses enable employees to quickly and conveniently reach their jobs. Well-planned freeway systems and roadways with short commute times to job centers are also essential to selecting real estate.

The Environmental and Energy Study Institute (EESI), the American Public Transportation Association (APTA), and the National Association of Realtors (NAR) found that mobility options create value for residential, multifamily and commercial real estate investors. Between 2012 and 2016, residential properties with access to heavy rail, light rail and bus transit systems commanded a higher median sales price: between 4% and 24% higher. Similarly, commercial property values grew between 5% and 42%.

Transit-oriented areas also bring lower transportation costs to residents, giving them less reason to own cars and yet giving them better access to jobs.

From a sustainability perspective, bicycle paths and markets with high walkability scores have become increasingly important to renters. As a result, savvy investors should also consider investing in markets with a variety of transportation options.

6. Path of Development

To determine whether a site is viable for acquiring a property in a new market, an investor should examine the path of development, or viability of the land. The National Association of Home Builders (NAHB) recommends walking the subject property and taking site photos, considering rock outcroppings, low-lying areas, floodplains, wetlands, high points and ridge lines. Sounds and smells, views and vistas and unique natural features should also be taken into account.

An environmental professional can guide investors if more technical concerns arise. For example, if they need assistance identifying whether the land is characterized or exposed to poor soils, soil erosion, geologic hazards, ingress and egress limitations, surface drainage or a high-water table. They can also determine if the market has a high number of industrial facilities or brownfield sites. These factors play a part in determining how to select the right market.

7. Asset Class: Inventory of Single-Family and Multifamily Rentals

A buyer should identify the number of single-family rental (SFR) housing units, as well as the number of multifamily units in a new market. Generally speaking, there are more multifamily rentals than SFRs since people tend to be owner-occupants of those structures. A number of online resources should have this data, such as Zillow and multiple listing services (MLSs).

Knowing the percentage of SFR vs. multifamily rentals will help determine which type of product to acquire. Since SFR tends to have more square footage, bedrooms and yard space and is in low supply across the country, an investor can often collect higher rents than they can for a comparably sized multifamily property.

8. Local Zoning Laws

Local zoning laws play a critical—but sometimes overlooked role—in the market selection process. Stringent zoning laws often place significant upward pressure on pricing. For instance, San Francisco and New York City typically rank as the most restrictive markets for development. These areas tend to have as many as three or more different entities that must approve a project, according to the National Bureau for Economic Research. In addition, there is a more intense level of involvement in the regulatory process reported on the part of public and local officials in these markets. Also, these cities are likely to have open space requirements and exaction fee programs imposed on builders.

On the other hand, the price of construction tends to remain in line with asking prices in regions with less-restrictive zoning laws. Emerging markets in Arizona, Utah and Colorado fit into this category, although some of these markets have passed sustainability-related zoning laws that aim to protect renters, properties and the environment. So, a market with long-term planning and zoning laws that protect community interests may end up being a seasoned investor's best choice.

The market-selection process includes many variables and caveats, along with months or even years of research. Utilizing a full-service real estate company that specializes in local market investing and brokerage will simplify the entire process. Not only does real estate have the ability to change the trajectory of an investor's life by helping them acquire wealth, it has a significant impact on future generations. As a result, selecting the perfect market should be of utmost importance to both first-time and seasoned real estate investors.

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How To Winterize Your Rentals and Vacant Properties

As temperatures begin dropping this Fall, it is important to winterize your real estate investments, to prevent costly damage and insurance claims. Whether you manage your own properties or hire a property management company, you should think about putting your winterizing procedures at the top of your priorities for your rentals, vacant-homes, and commercial buildings.

Winterizing is preparing your property's systems to handle the winter weather conditions. In Colorado, we usually get our first snow fall in October. Therefore, landlords, property managers and homeowners usually start the winterization process during the first two weeks of October to avoid calls for burst pipes or broken tree branches after a snowstorm. Proactive planning saves owners and property managers both time and money in the long run. With that in mind, we will discuss some steps for the winterization of your property.

Normally, insurance policies cover against, fire, hail, snow, rain, wind, ice, frozen pipes, and mechanical breakdown. However, if you file a claim, you would be subject to a deductible. My suggestion is to have a list of maintenance and repairs to avoid having a claim filed under your property. Below is my list of recommendations to prepare your real estate investment from the winter temperatures:

1. Keep the heat on. It should be included in your lease agreement to have the minimum temperatures of 60 degrees when the tenant(s) are on vacation. It will prevent a claim or more expensive repairs.
2. Outdoor pipes shut off and sprinkler system blown out.
3. Cover outdoor plumbing and pipes with a foam pipe insulation.
4. Inspect your HVAC system with a professional to make sure they are running efficiently.
5. Replace caulking or sealant as needed for your windows and doors.
6. Shop for snow and ice removal services. Before the snow arrives, you should look for snow removal contractors to help you with your properties and avoid a liability claim.
7. Trim tree branches to prevent falling and damage your property, the tenant's, or the neighbor's. Frequently, I hear about claims from falling tree branches on vehicles or the neighbor's property.
8. Clean your chimneys. If you have a wood burning fireplace, it is recommended to hire a professional to clean and inspect the chimney for any signs of damage or obstruction.
9. Testing smoke and carbon monoxide detectors.
10. Inspect your vacant properties often during the winter. You may want to completely turn off the water supply, drain the pipes and toilets, and put non-toxic antifreeze in the toilet bowls.
11. If your dwelling is vacant: Be sure you've removed all food from your pantry before vacating the place, so pests don't have something to feed on if they do get inside.

Why should you winterize your properties if you have insurance?

As I mentioned above, insurance should cover water damage, snow, rain, ice and burst pipes. However, each policy has individual language. Some policies only cover the cost of the repairs, but not the damage surrounding the property while others may just be the opposite. Every insurance carrier requires the property owner to take appropriate steps to avoid potential problems.

No one wants to deal with the consequences, repairs, and cost of failing to prepare and winterize a real estate investment. If you have too many properties or you are an out of state investor, I highly suggest contacting a reputable property management company to help you with the winterization and maintenance. I also suggest contacting your insurance agent to understand the policy language regarding your coverage during the winter. If you need help understanding your policy, please contact me and I will be happy to explain the terms from the insurance and investing point of view.

PRIVATE BANKING SYSTEM EXPERT
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Banking and Real Estate Investing

Banking and Real Estate Investing have several crossovers. Banking is arguably the most important business in the world. Without it, everything comes full stop. Money moves every day from our bank accounts to other bank accounts — from those bank accounts to even larger bank accounts. Depositors bring in the money, banks loan out the money to people who then put that money back in other banks. It facilitates the buying of necessities and things squandered. It keeps industries running. Nations borrow from Nations. Lives are made or destroyed by the banks too.

Make Your Money Move

Ironically, in banking, the money cannot stop – it must be moving. If the money stops, that means people aren't depositing money, people aren't borrowing money, and the banks aren't making money.

In real estate investing, the money cannot stop either. We need cash flow. If the cash flow stops, that means our tenants are not paying rent, or our buyers are not buying properties. If there's no in-flow of money, there's no out-flow of money to our pockets (let's just say it how it is).

Think Long Range

Banks think long range. They're making loan for 12 months, 60 months, 15 years, 30 years.

In real estate investing, we should be thinking long range too. Most of us in the buy and hold, commercial, or multi-family game are thinking long range. We're not usually looking at year one and basing our decision. We're looking long term. And that's the ticket to passive income.

Don't Be Afraid To Capitalize

Banks have to start somewhere. One way or another they are going to capitalize the bank to get started. Each time they make a new loan, they need to make sure they have capitalized, via other depositors, before they can loan money out to you.

In real estate investing, we have to capitalize our real estate investing strategies as well. We have to put down payments (where's it come from?). We have to put in the up-front work before getting the deal (sweat equity, marketing money, education). We have to have skin in the game.

Rethink Your Thinking

Don't you think banking and real estate are a good pair? What if… just what if… we could be the bank? And you can. It's called the Infinite Banking Concept.

Make Your Money Move

In your own privatized banking system, you can utilize this growing pile of money over and over and over again in your life to make you money elsewhere — you get to be the bank.

Think Long Range

You can replace the banking function in your life over time and create financial velocity that can literally last for generations. How much interest would you save in life if you never had to borrow from an outside bank again? You get to dictate the loan terms. You get to decide how long you're going to capitalize the system, how long you're going to keep loans out, how long you're going to be the bank. Would your children and grandchildren benefit down the road if they could utilize this from day one?

Don't Be Afraid To Capitalize

All businesses start somewhere. Capitalize your system now and reap the rewards over time. The more you pump into your own banking system, the more you create uninterrupted compounding growth that can be far superior to any bank on the street you'll ever meet.

Rethink Your Thinking

Create a privatized banking system where you control the banking function in your life, changing the financial trajectory of you and those you love.

SELF-DIRECTED IRA EXPERT
SARAH SHELLAM / SARAH.SHELLAM@QUESTTRUST.COM / QUESTTRUSTCOMPANY.COM

3 Ways Self-Directed IRAs are Putting the Control Back into Investor Hands

IRAs are popular with Americans, there is no question about that. As of 2020, over 47.9 million Americans, or about 37.3% of households own a traditional IRA, according to research from the Investment Company Institute. It's clear to see that the financial perks of these accounts are well-known, and each year more and more people open their own IRAs and Self-Directed IRAs to take advantage.

Whether you are new to the world of IRA investing or have been saving with one for decades, you may have never heard of a Self-Directed IRA and are wondering what exactly it means. In short, Self-Directed IRAs function just like regular IRAs in terms of the standard rules and regulations, but they offer more investment options and unique benefits. Most brokerage firms stick to ordinary investments, so the key to saving with a Self-Directed IRA is first finding a reputable company that specializes in them and understands what makes them so powerful. Explained below are a few benefits.

More flexibility with investments. Self-Directed IRAs exist to give investors more options for asset growth besides a typical stock, bond, mutual fund, or CD. Some investors may know about a start-up business or rental property that they would like to invest in, but find it isn't included on their list of available options with a more traditional custodian. With Self-Directed IRAs, investors have more control over what they invest their money in, even if they want to invest it in real estate, promissory notes, or other private commodities.

Personal expertise. If you work in a particular field or participate in a unique hobby, you can use your expert knowledge to make smarter investments. For instance, a realtor has greater knowledge about real estate than the average person and can easily spot a good deal when they see one. Using a Self-Directed IRA provides more investment choices to a person whose niche isn't included within average IRA options.

Greater earning potential. Because investors who utilize Self-Directed IRAs are usually more knowledgeable investors, they have the potential to earn big time with particular investments. They can spot trends in their market and know when to jump in the game. A savvier investor can take advantage of the more open choices available to them and invest in a business, niche, or commodity otherwise not accessible to them or anyone else through a standard IRA.

While Self-Directed IRAs can prove a useful tool for certain people, novice investors may want to educate themselves in a particular field and gain more experience within the market before utilizing this option. Just as these accounts can have greater earning potential, they tend to be a higher risk option for investors who don't know what they're doing. To remain compliant with all IRA rules and regulations, it's important to be aware of what you are allowed to do with your account and to understand what (and who) is prohibited. As long as you follow the rules, do your homework on the investment, and have a knowledgeable custodian that you're working with, you'll be able to put the financial control back in your own hands while never missing out on the perfect opportunity again!

ESTATE PLANNING EXPERT
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Not All Trusts are Created Equal— Understanding Asset Protection Trusts

Asset protection planning isn't something you can put off until something bad happens. Like all planning, to be effective, you must have asset protection strategies in place well before something happens.

Most lawyers will advise you to put the assets you're leaving your kids in a revocable living trust—and this is the right move. But most lawyers will structure the trust to distribute those assets outright to your children at certain ages or stages.

And if you've used an online do-it-yourself will or trust-preparation service like LegalZoom® you will most likely be offered only two options: outright distribution of the entire inheritance to your kids when you die, or partial distributions when they reach specific ages and stages as described above. Either of those options leaves their inheritance—and your hard-earned assets—at risk. Indeed, once assets pass into your child's name, all of the protection previously offered by your trust disappears.

Say for example, your daughter receives her inheritance and later gets a divorce. Despite what you might think, those funds are fair game to her future ex-spouse in a divorce settlement. Once your assets have been inherited by your child outright, they are no longer protected.

There's no way to foresee what the future has in store for your kids—these kinds of events happen to families every day. And that's not even taking into consideration that your kids might simply blow through their inheritance and spend it all on unnecessary luxuries. Lifetime Asset Protection Trusts are specifically designed to prevent your hard-earned assets from being wiped out by such risks. And at the same time, your children will still be able to use and invest the real estate and funds held in trust as needed.

Proper planning can protect your family's legacy. If you are ready to create a comprehensive plan to protect your family, visit LawMother.com/go to schedule a complimentary 15-minute call.

LONG-TERM FINANCING EXPERT

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Flexibility in Financing

With the latest unemployment and CPI numbers published in October, the market is certain of one thing and that is the Fed will be gracing us with more rate hikes at least through the end of 2022. So in this high-rate environment, how do real estate investors instill certainty into their investment strategy when it comes to financing that next deal? Answering that question might be akin to having a crystal ball. Most real estate professionals believe this rate environment is temporary and sooner or later, rates will be coming back down to reasonable levels. It's a question of when.

Rather than trying to time the next pullback in rates or coughing up massive rate buy-down fees at your next loan closing, perhaps the thing investors need to consider is flexibility when it comes to their loan terms. When rates come down and the opportunity to refinance into a loan you want to keep for more than just a few years presents itself, what will be the cost of refinancing your current loan? Before you secure a loan on your next deal, ask yourself and your lender the following questions:

- What is my pre-payment penalty? Do I have options to shorten it?
- What shorter-term loan products are available?
- Should I consider an interest only loan? Maybe, based on these questions:
  - How long am I planning on holding the property?
  - Is paying down the loan balance over the next few years more important than having better monthly cash cashflow? Or should I put down more money now and have better cash flow over the next few years.

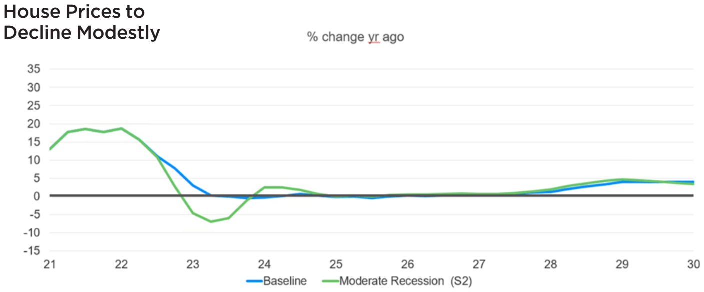
Today, many investors are falling victim to the "deer in headlights" syndrome due to high interest rates and uncertainty about the overall market. Most national real estate data tracking companies have forecasted a flattening of home prices or very modest appreciation in most markets over the next couple of years. If anything, the higher rates and flattening of prices are going to create more opportunities for investors to find new deals and negotiate better terms. Don't miss out on those opportunities, rather, afford yourself flexibility when financing your next deal.

TADD JONES / TADD@BOOMERANGCAPITAL.COM / BOOMERANGCAPITAL.COM

Bottoms Up!

As you follow the headlines, or maybe the 'advice' of your 'helpful friends' from outside the industry, it would seem things are pretty convoluted. To help make a bit more sense of it, let's look at our market in two different ways: 'top-down' and 'bottom up'. These two ways are obviously related, but there are some important distinctions.

As far as 'top-down,' the single-family residential market continues to moderate and return closer to normal. And yes: things aren't all peachy with what seems to be a lot of angst among prognosticators seemingly trying to out-do each other in dire predictions in fringe scenarios, but those seem increasingly unlikely and do not bear scrutiny. Moody's is frequently quoted in hyperbolic terms, but their forecasts are far from scary. Looking at the actual forecast: "Nationally, moderate depreciation in house prices is coming. Prices will continue to rise through the end of 2022, but at much slower rate than in 2021. There will be modest price declines in 2023, and then prices will mostly flatten. If there is a recession, prices will likely drop farther." Moody's also provides an indication of magnitude and timing:



Fitch sees things similarly: "Fitch Ratings estimates that national home price sales were overvalued by 11.0% in 1Q22". Fannie Mae expects home prices to decrease 1.5% in 2023; Freddie Mac (as of July) was still forecasting a slight increase in prices through the fourth quarter of 2023. Goldman Sachs expects a 5-10% decline from the peak and Morgan Stanley is predicting a 7% decline from the peak. One of the best ways to keep track on an ongoing basis is the CME Case-Shiller futures, which also broadly agrees, expecting a 12.9% lower price in February of 2024 when comparing to the expected price of November 2022.

It's not all rosy and moderate in the SFR market, which is the source of some of the angst. Low inventory means sales volumes are off, meaning realtors (who are paid per transaction) aren't happy. With the rise in rates, anyone in the mortgage business, which has become very dependent on refis, is likewise unhappy. And new home builders have been having a rough go that started with supply chain issues last year and then has just kept going this year with their premium homes less in demand. This means there are some unhappy people in the space.