

# Real Estate

YOUR HOME  
YOUR LIFE



# Housing Equity

Lenders have been seeking out ways to create a more equitable housing market.

One of these ways has been pushing to have rent payments be part of credit reporting, a movement led by Freddie Mac and Fannie Mae.

It's an effort to create a fairer financial future for renters. Traditionally, rent payments have not been factored into credit scores, despite being one of the most significant monthly expenses for millions of individuals and families. Recognizing the importance of rent payments in assessing creditworthiness can have profound implications for renters and the housing market as a whole.

By incorporating rent payments into credit reporting, individuals who have historically been marginalized or underserved by the traditional credit system stand to benefit significantly. Renters, particularly those with limited credit histories or lower incomes, often face barriers to accessing affordable housing and obtaining favorable loan terms due to their lack of traditional credit data. Including rent payments in credit reports provides a more comprehensive picture of an individual's financial responsibility and creditworthiness, allowing them to build and improve their credit scores over time.



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Moreover, integrating rent payments into credit reporting can help address racial disparities in the housing market. Studies have shown that people of color are disproportionately affected by limited access to affordable housing and higher rates of housing instability. By considering rent payments in credit assessments, lenders can better evaluate the creditworthiness of minority renters and potentially expand access to homeownership and other financial opportunities.

The Urban Institute reported in 2023 that inequitable access to credit is one of the

contributors to persistent racial disparities in home ownership, in part because Black households are more than five times as likely to be “unbanked,” meaning no one has an account at a credit union or bank.

They point out that rental payments are a strong predictor of mortgage performance, but rental payments usually are not reported to credit bureaus. Research conducted by The Urban Institute found supporting data that incorporating rental payment data into loan underwriting makes the mortgage application more

equitable and expands Black access to home ownership.

Including rent payments in credit reporting can positively influence loan approvals and interest rates for renters seeking to purchase a home. For many individuals, a strong credit score is essential for securing a mortgage with favorable terms. By demonstrating a history of on-time rent payments, renters can strengthen their credit profiles and increase their chances of qualifying for a mortgage. This, in turn, can help reduce barriers to homeownership and promote wealth-building

opportunities for renters, particularly those from underserved communities.

Integrating rent payments into credit reporting can incentivize timely rent payments and promote financial responsibility among renters. Knowing that their rent payments will be reflected in their credit reports, tenants may be more motivated to prioritize their housing expenses and maintain a positive payment history. This benefits renters by improving their credit scores and benefits landlords by reducing late or missed payments.

# Buying an Investment Property

Investing in real estate can be a lucrative venture, providing a steady income stream and possibly long-term appreciation.

Diving into the world of property investment, however, requires careful consideration and planning, especially when you're buying your first investment property.

Before you begin searching for properties, clarify your investment objectives. Are you looking for regular rental income, long-term capital appreciation, or both? Understanding your goals will help you narrow your options and make informed decisions.

Smart Asset said the first step is determining what type of property you want to invest in. Single-family homes have a higher appreciation value and usually have lower maintenance costs while multiple-family homes provide multiple income streams. Condos have lower profit margins, but don't require as much work and maintenance.

Determine how much you can afford to invest in a property. Consider factors such as down payment, closing costs, insurance, ongoing maintenance expenses and potential vacancies. It's essential to have a realistic budget to avoid overextending yourself financially.



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Conduct thorough research on the real estate market in your target area. Look into property prices, rental demand, vacancy rates and projected growth prospects. Understanding market dynamics will help you identify opportunities and make informed investment decisions.

Location is a crucial factor in real estate investment success. Consider proximity to schools, transportation hubs, employment centers and other essential facilities.

Analyze the potential returns on investment and monthly cash flow for each property you're considering. Calculate key metrics such as

cap rate, cash-on-cash return and gross rent multiplier to assess profitability. Factor in expenses such as property taxes, insurance, maintenance and property management fees.

Before making an offer, thoroughly inspect the property for any structural issues, maintenance needs or potential red flags. Consider hiring a professional inspector to assess the property's condition and identify any hidden problems that could affect its value or rental potential.

Explore your financing options and secure pre-approval for a mortgage if necessary. Shop around for the best

interest rates and loan terms to ensure that you're getting the most favorable financing package for your investment.

Decide whether you'll manage the property yourself or hire a professional property management company. If you choose to self-manage, be prepared to handle tenant issues, maintenance requests and other day-to-day responsibilities. Alternatively, outsourcing management can save you time and hassle but will incur additional costs.

Familiarize yourself with the legal and tax implications of property investment in your area. Understand landlord-tenant laws, zoning regu-

lations and tax deductions available to property investors. Consider consulting with legal and tax professionals to ensure compliance and optimize your tax strategy.

The real estate market is constantly evolving, so stay informed and adaptable. Continuously educate yourself on industry trends, market developments and investment strategies to make informed decisions and maximize your returns.

SmartAsset recommends developing a local network of experts that includes such professionals as plumbers, electricians and maintenance workers.

# Catering to an Aging Population

As the population continues to age, there's a growing demand for housing that meets the unique needs and preferences of older adults.

From specialized design elements to enhanced accessibility features, several factors appeal to an aging demographic in the housing market.

Boomers, who number nearly 76.4 million according to the U.S. Census data, are well into their retirement years and Gen X is getting ready to join them. The Alzheimer's Association reports that nearly 6.7 million people over the age of 65 have Alzheimer's. All of this demographic has special housing needs. When these needs are met, they are able to stay in their homes longer and not have to move to a facility as early.

Architectural firms are responding to these needs by creating homes and communities with such things as memory gardens, game rooms and safety features.

Incorporating universal design principles into homes ensures that they are accessible and usable by people of all ages and abilities. This includes features such as zero-step entrances, wider doorways and hallways, lever-style door handles and open floor plans that allow for easy maneuverability with mobility aids like wheel-



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chairs or walkers.

Accessibility is a top priority for many older adults when choosing a home. Features like grab bars in bathrooms, walk-in showers with bench seating and adjustable countertops and cabinets make daily tasks easier and safer for aging residents. Additionally, single-story layouts eliminate the need to navigate stairs, reducing the risk of falls.

Good lighting is essential for older adults, especially those with vision impairments. Homes with plenty of natural light and well-designed artificial lighting help enhance visibility and create a

sense of warmth and comfort. Installing task lighting in key areas such as kitchens, bathrooms and reading nooks improves functionality and safety.

Many older adults prefer housing options that are located near essential amenities such as grocery stores, medical facilities, pharmacies and public transportation. Easy access to these services reduces reliance on driving and promotes independence and social engagement.

Communities that offer amenities catering to older adults' social and recreational needs are highly attractive.

This includes features like community centers, fitness facilities, walking trails and social activities tailored to older residents' interests. Access to these amenities fosters a sense of belonging and encourages an active lifestyle.

Maintenance-free or low-maintenance housing options are appealing to older adults looking to simplify their lifestyles. Features such as exterior maintenance services, landscaping assistance and snow removal services alleviate the burden of home upkeep.

Safety and security are paramount concerns for older

adults, especially those living alone. Homes equipped with features such as security systems, gated entrances, well-lit outdoor areas and emergency call systems provide peace of mind and enhance residents' sense of security.

Flexibility in home design allows older adults to adapt their living spaces to changing needs and preferences over time. Features such as adaptable rooms that can serve multiple purposes, adjustable shelving and cabinetry and technology-enabled home automation systems enhance convenience and functionality.

# Zero Energy Ready Homes

With ever-more-dire climate threats and rising energy costs, sustainability is more in demand than ever. Buyers are looking for energy-efficient homes and the market is responding.

One significant advancement in this field is the Department of Energy (DOE)-certified Zero Energy Ready Homes (ZERH). These homes represent the pinnacle of energy efficiency and sustainability, incorporating a range of innovative elements to minimize energy consumption and environmental impact while maximizing comfort and affordability.

So, what exactly are Zero Energy Ready Homes, and what sets them apart from traditional homes?

Zero Energy Ready Homes are high-performance residences that are designed and built to achieve a remarkable level of energy efficiency. These homes are so well-insulated and airtight that they require very little energy for heating, cooling and lighting. The ultimate goal of ZERH is to achieve net-zero energy usage, meaning that the home produces as much energy as it consumes over the course of a year.

The National Association of Realtors cited one such example of a builder who was taking



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advantage of Department of Energy incentives as Netze Homes. They take steel recycled from cars to build homes that they say are 20 times stronger than those built from wood. They have tighter frames and a lower air exchange making them more efficient.

To achieve net-zero energy usage, Zero Energy Ready Homes incorporate several key elements:

**Superior Insulation:** ZERH are constructed with high-quality insulation materials and advanced building techniques to minimize heat loss in the winter and heat gain in the summer, ensuring a comfortable indoor environment year-round.

**High-Performance Windows:** Energy-efficient windows with low-E coatings and insulated frames help reduce heat transfer and prevent air leakage, further enhancing the home's energy efficiency.

**Air Sealing and Ventilation:** ZERH are meticulously sealed to minimize air leaks, ensuring better indoor air quality and reducing energy waste. Additionally, mechanical ventilation systems are installed to provide fresh air while recovering heat from outgoing air.

**Energy-Efficient HVAC Systems:** These homes feature state-of-the-art heating, ventilation and air conditioning (HVAC) systems designed to maximize energy efficiency

and minimize energy consumption, resulting in lower utility bills for homeowners.

**Renewable Energy Sources:** Many Zero Energy Ready Homes incorporate renewable energy technologies such as solar panels or wind turbines to generate clean, renewable electricity on-site. These systems help offset the home's energy consumption and can even produce surplus energy to be exported back to the grid.

**Energy-Efficient Appliances and Lighting:** ZERH are equipped with ENERGY STAR-rated appliances and LED lighting fixtures, which consume significantly less energy than conventional models while delivering the same level of

performance.

**Advanced Building Materials:** From insulated concrete forms (ICFs) and structural insulated panels (SIPs) to advanced framing techniques and high-performance roofing materials, ZERH use a variety of innovative building materials to enhance energy efficiency and durability.

Department of Energy-certified Zero Energy Ready Homes represent a groundbreaking approach to residential construction, combining cutting-edge technology, sustainable design principles and superior craftsmanship to create homes that are comfortable, affordable and environmentally responsible.

# Rise of Native Landscaping

In recent years, there has been a notable shift in housing trends towards embracing nature and incorporating native landscaping techniques.

This movement, often referred to as “rewilding,” emphasizes the use of indigenous plants and natural landscaping practices to create sustainable and biodiverse outdoor spaces. As homeowners become increasingly aware of the importance of supporting local ecosystems and preserving biodiversity, the popularity of rewilding and native landscaping continues to grow.

Rewilding involves restoring and enhancing natural habitats within residential areas, allowing native plants and wildlife to thrive. Instead of manicured lawns and non-native ornamental plants, rewilded landscapes feature a diverse array of native trees, shrubs, grasses and wildflowers that support local ecosystems and provide essential habitat and food sources for native wildlife.

According to the National Association of Realtors, the rewilding trend is popular among eco-conscious buyers who want to promote biodiversity and are committed to restoring ecosystems.

One of the key principles of



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rewilding is the use of native plants, which are uniquely adapted to local climate conditions and soil types. Unlike non-native cultivars, native plants require minimal maintenance, irrigation and chemical inputs, making them ideal for sustainable landscaping. Native plants also play a crucial role in supporting pollinators such as bees, butter-

flies and birds, which rely on native flora for food and shelter.

However, one important consideration when implementing rewilding and native landscaping is the avoidance of cultivars – plant varieties bred for specific traits such as size, color or disease resistance. While cultivars may seem attractive due to their

uniform appearance and low maintenance requirements, they often lack the genetic diversity and nectar/pollen-producing capabilities of their native counterparts.

Using cultivars can have detrimental effects on pollinators and other wildlife by reducing the availability of essential resources and disrupting natural ecosystems.

Cultivated plants may produce less nectar and pollen, making them less attractive to pollinators and ultimately contributing to declines in insect and bird populations.

Instead of relying on cultivars, homeowners interested in rewilding and native landscaping should opt for locally sourced native plants whenever possible. Native plants are better adapted to local environmental conditions and provide essential resources for native wildlife.

By selecting a diverse mix of native species, homeowners can create vibrant, biodiverse landscapes that support a wide range of beneficial insects, birds and other wildlife.

In addition to supporting biodiversity, rewilding and native landscaping offer numerous benefits for homeowners, including reduced water usage, improved soil health, and increased resilience to pests and diseases. Native plants require less water and maintenance than non-native species, helping homeowners save time and money on lawn care and landscaping expenses.

Overall, the housing trend of rewilding and native landscaping reflects a growing awareness of the importance of preserving local ecosystems and supporting biodiversity. By embracing native plants and natural landscaping practices, homeowners can create beautiful, sustainable outdoor spaces that benefit both people and the planet.

# Ins and Outs of Open Houses

Open houses offer both buyers and sellers a platform to interact and explore potential opportunities.

For buyers, these events provide a firsthand look into properties they might consider purchasing, while for sellers, they offer a chance to showcase their homes to interested parties.

## TIPS FOR BUYERS

Do your homework. Before attending an open house, research the property and its neighborhood extensively. Look into comparable sales, local amenities, schools and crime rates to gain a comprehensive understanding of the area's suitability.

Come prepared. Bring a notebook, camera or smartphone to take notes and pictures during the open house. Pay attention to details such as the condition of the property, layout and any potential issues that might need addressing.

Ask questions. Don't hesitate to inquire about the property's history, recent renovations and any potential maintenance issues. Engage with the listing agent to gain valuable insights and clarify any concerns.

Be respectful. While exploring the property, remember to be courteous and respectful of the seller's space. Avoid touching personal belongings and refrain from making negative comments that could offend the homeowner or listing agent.

If you're interested in the property, follow up with the listing agent after the open house to express your interest. Prompt communication can signal your seriousness as a potential buyer.

## TIPS FOR SELLERS

Prepare your home. Prior to hosting an open house, ensure your property



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is clean, decluttered and staged to highlight its best features. Consider making minor repairs and enhancements.

Investopedia said the prime time for

open houses is typically the first weekend after a home is listed for sale. It is often a time to hear feedback from people about things that might be easily changed such as an unappealing

paint color.

Create a welcoming atmosphere: Make potential buyers feel welcome by providing refreshments and creating a warm ambiance. Play soft background music and use subtle scents to create a pleasant sensory experience.

Showcase your home's unique selling points during the open house. Whether it's a spacious backyard, modern kitchen or luxurious master suite, emphasize these features to capture buyers' attention.

Prepare informational packets or brochures detailing essential information about the property, including floor plans, recent upgrades and neighborhood amenities. This allows prospective buyers to take home valuable insights.

Be sure to remove any valuables to protect yourself against theft.

Typically an open house will be hosted by a real estate broker as people visiting will feel more free to ask questions if the owner isn't present. The host should be prepared to answer questions, address concerns and provide personalized tours.

## TYPES OF OPEN HOUSES

HGTV says one option is to create an "extreme open house" where you offer an exciting party with catered refreshments, entertainment and prizes. Brokers might prepare goody bags for potential buyers to take with them. Sometimes these events will be livestreamed.

Another form of open house is called a broker open house. Usually held midweek, it is not open to the public, but only to other real estate agents. It introduces the home to other local industry professionals, encouraging buyers' agents to schedule a showing. It also allows the seller's real estate agent to ask their peers about the property and its price.

# Housing Market Predictions

Real estate experts are pondering the fate of the housing market in 2024.

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The market saw highs surrounding the COVID-19 pandemic, but 2023 was a rough year, with high interest rates and a low inventory of homes available for sale. Now homeowners, prospective buyers, and industry experts are eager to discern what trends are on the horizon.

The outlook for the housing market in 2024 hinges on a multitude of factors, ranging from economic indicators to policy interventions. Here's a closer examination of key considerations influencing the potential trajectory of the market.

The pace and robustness of the broader economic recovery will play a pivotal role in shaping the housing market's fate. Factors such as GDP growth, employment rates, wage growth and consumer confidence will influence housing demand and affordability.

Mortgage interest rates significantly impact housing affordability and demand. The trajectory of interest rates, as determined by central bank policies and market forces, will influ-

ence borrowing costs for homebuyers. Lower interest rates generally stimulate housing demand, while higher rates can dampen activity.

Industry experts are, according to Forbes Advisor, convinced that the Federal Reserve isn't going to raise rates again in 2024. On Jan. 31, 2024, they kept rates unchanged for the fourth time and have indicated there will be rate cuts later this year. However, Bankrate's chief financial analyst, Greg McBride, predicts that rates won't drop below 6% until late in the year.

The balance between housing supply and demand is a critical determinant of market conditions and price trends. Supply shortages, exacerbated by factors such as labor and material shortages, zoning restrictions and slow construction activity, have contributed to rising home prices in many markets.

Addressing supply constraints will be crucial for restoring balance to the housing market.

A "balanced" market exists when

there is a five- to six-month supply of homes on the market for sale. As of December 2023, the supply was at 3.2, making it firmly a seller's market. Lawrence Yin of the National Association of Realtors said the market could easily absorb a doubling of inventory.

The National Association of Home Builders/Wells Fargo Housing Market Index reported in February 2024 that builder sentiment rose from 44 to 48, with ratings of 50 or higher indicating good conditions for new construction. Meanwhile in January, the U.S. Census Bureau and the U.S. Department of Housing and Urban Development reported the 12th consecutive monthly increase in new single-family building permits.

According to the National Association of Realtors, home prices are still at a historic high with the median sales price for an existing home at \$382,600 in December 2023. They predicted that median home prices will rise 1.4% in 2024 and another 2.6% in 2025.

Government policies and interventions, including fiscal stimulus measures, housing assistance programs and regulatory changes, can have significant implications for the housing market. Policy decisions related to taxation, mortgage lending standards and housing affordability initiatives can also influence the market.

The interconnectedness of the global economy means that international events and trends can affect domestic housing markets.

Factors such as geopolitical tensions, trade policies and global economic conditions can influence investor sentiment, interest rates and capital flows, all of which have implications for the housing market.

While predicting the housing market's exact trajectory is inherently challenging, several indicators suggest a potential for a strong market in 2024. Continued economic growth, supportive monetary policies and ongoing efforts to address supply constraints could bolster housing market activity and affordability.