

Housing Economists Warn of Bubble Due to Low Home Construction in Nashville

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The success of the real estate market relies on a growing supply of home being constructed to meet the demands of the number of homebuyers. At the 2018 REALTORS Legislative Meetings & Trade Expo, the panels focused on how the health of the economy is affected by the strength of the real estate market.

One session specifically addressed the relationship between home prices and the construction of residential buildings. Speakers on the panel agreed that a low inventory of new homes could lead to a drastic increase in home prices and ultimately create an affordability crisis.

Evan Roberts is the owner of a ?We Buy Houses? company, Dependable Homebuyers. He noted that younger adults are not able to afford newly constructed homes at a lower rate than the generations that came before them. He blamed high housing costs and the ratio of income to that of the prices of new homes for this discrepancy. Cities such as Miami, Portland and Nashville are being hit hard by the inequality between the demand for homes and homes available.

One of the most discussed issues at the Expo was whether the country is currently in a market bubble. Mr. Roberts doesn?t think the country is currently in a bubble. His reasoning is that he is seeing less instances of banks approving dangerous loans, which he believes contributed to the last market crash and recession. Furthermore, he doesn?t believe the country is at risk for a market bubble, despite the huge difference between the amount of new homes and the demand for housing.

Other people who attended the sessions regarding the housing market aren?t as sure that a market bubble isn?t coming down the pike. The Chief Economist of NAR, Lawrence Yun, shares their concerns. He says unless the supply of new homes doesn?t increase to meet the demands, a drastic increase in home prices could trigger an affordability crisis. The best way to remedy the imbalance between the current supply and demand is to increase the inventory of new homes available.

Two of the greatest problems facing companies that construct new homes are the lack of skilled workers and the rising costs of materials needed for new home construction. According to another Chief Economist, Ken Simonson, the recession brought about a 30 percent decrease in construction employment that has never fully recovered. This is one of the biggest employment drops across all industries. For more information about the company and the services they provide visit https://drive.google.com/a/dependablehomebuyers.com/file/d/1BhoEJZjImBuEH3UUnXqe1vLt4X15iO1o/preview.

Material costs, from diesel fuel to copper and lumber, have all seen an increase in cost. Even the price of concrete, a construction necessity, has risen over 5 percent. Companies are also unable to find the money or time to train inexperienced workers or rehire the skilled laborers who were laid off during the last recession.

Since there aren?t enough new homes on the market for potential homebuyers, many of them are turning to Dependable Homebuyers and other companies that offer renovated inventory in the real estate market.

Those interested can keep up with all the latest housing market news by following Dependable Homebuyers.
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For more information about Dependable Homebuyers Nashville, contact the company here:Dependable Homebuyers NashvilleDependable Homebuyers(615) 257-7774info@dependablehomebuyers.com182 Millwood Dr, Nashville, TN 37217

Dependable Homebuyers Nashville

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