

# Things To Consider When Buying a Home



FALL 2024  
EDITION



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## The Eaton Group

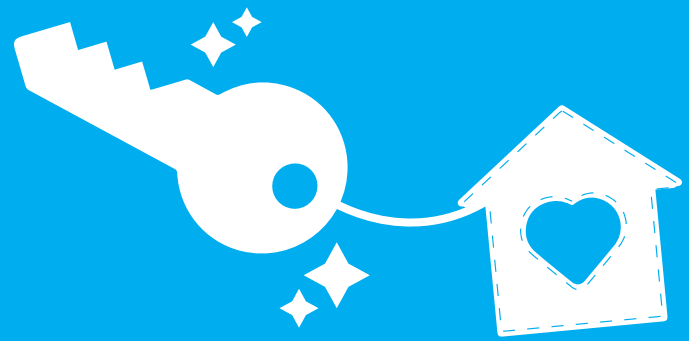
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# Top Reasons To Own Your Home



## Accomplishment



Feeling a sense of achievement and pride

## Loved Ones



Prioritizing the needs of those closest to you

## Stability



Locking in your monthly housing payment with a fixed-rate mortgage

## Financial Investment



Growing your assets and net worth

## Comfort



Enjoying features that enhance your lifestyle

## Privacy



Having a space that's your own

## Personal Expression



Tailoring your home to your unique style

## Community



Being a part of a broader social group

If you're ready to buy a home, let's get the process started today.

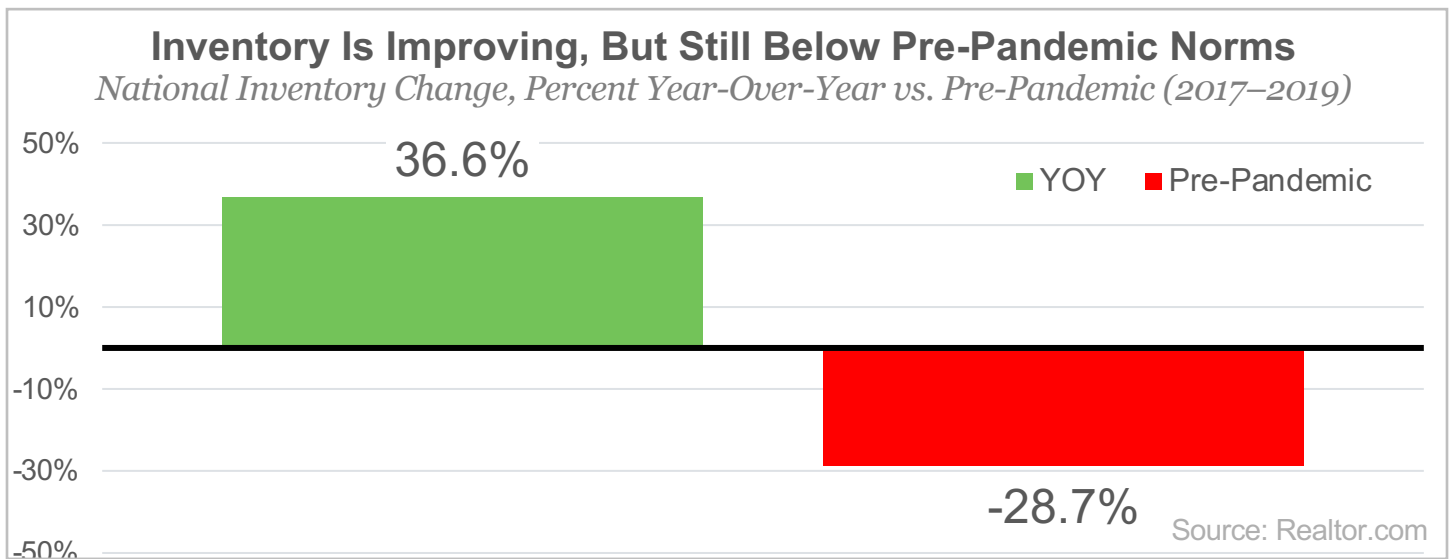


# Homebuyer Opportunities Today

*There's no arguing this past year has been challenging for homebuyers. But the market is in a transition right now. And that gives today's homeowners three key opportunities.*

## 1. The Supply of Homes for Sale Is Growing

One of the most significant shifts in the market this year is how the supply of homes for sale has increased. As data from *Realtor.com* shows, inventory is up more than 36% year over year. This means you have a better chance of finding a home that suits your needs and preferences. But that doesn't mean we've got a sudden surplus. We're still almost 29% lower than the inventory levels we had in normal, pre-pandemic years (*see graph below*):



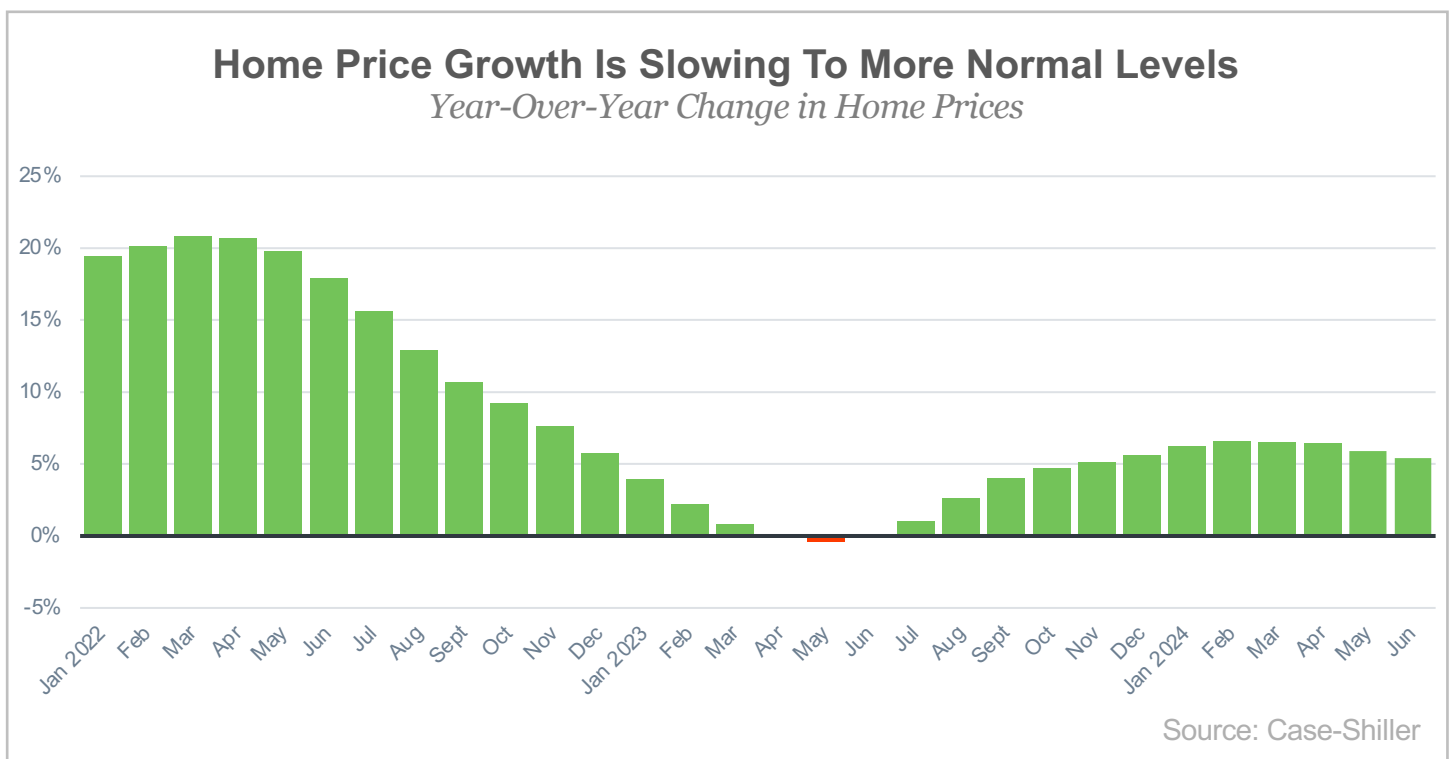
## 2. There's More New Home Construction

And if you still don't see an existing home you like, another big opportunity lies in the rise of new home construction. According to data from the *Census* and *NAR*, one in three homes on the market is a newly built home. But don't worry, that's not because of overbuilding – builders are just catching up after years of underbuilding.

And since builders have been focusing on smaller, more affordable homes, you can really open up your pool of options if you add new builds to your search.

## 3. Home Prices Are Moderating

And third, home prices are showing signs of moderation – and that's a welcome shift after the rapid appreciation seen in recent years (see graph below):



As Marco Santarelli, the Founder of *Norada Real Estate Investments*, says:

*“This moderation is mostly due to supply and demand. Supply is growing and demand is more moderate, so prices aren't rising as fast. But make no mistake, that doesn't mean prices are falling – they're just rising at a more normal pace. That slowing price growth means you're less likely to face the steep price increases we saw a few years ago.”*



## The Opportunity in Front of You

If you're ready and able to buy, you may find the coming months a bit easier to navigate. On the other hand, you could choose to wait. But if you do, here's the risk you run. As more buyers recognize the shift in the market, competition will grow again.

On a similar note, if mortgage rates come down further, more buyers will come back into the market. So, making a move now helps you take advantage of the current market conditions and get ahead of those other buyers.

### **Bottom Line**

*Let's connect to talk more about the opportunities you have in today's market.*

# Housing Market Forecast for the Rest of the Year

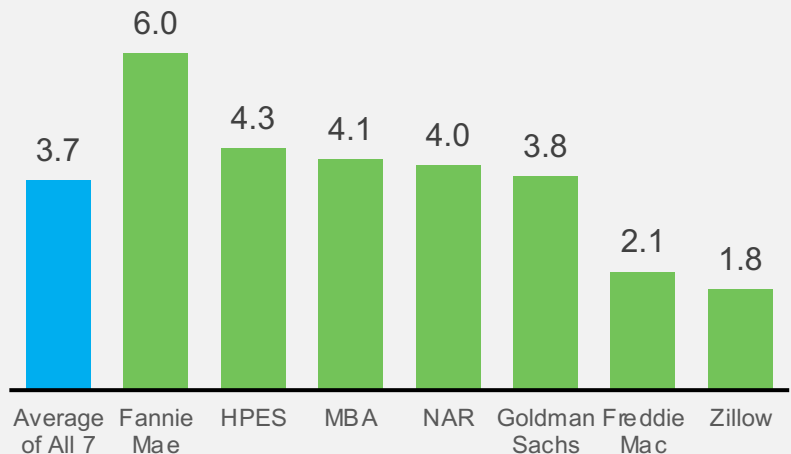


## Home Prices Expected To Climb Moderately

**Home prices will keep rising, just at a more normal pace.** That means you won't have to deal with prices skyrocketing when you buy, and your home should grow in value once you do.



**2024 Home Price Forecasts**  
Percent Appreciation



## Mortgage Rates Forecast To Come Down Slightly

**As inflation and the economy continue to cool, mortgage rates should ease.** This will help with affordability, especially as price growth moderates too. As the *Mortgage Reports* says:



*"With inflation dwindling and Fed cuts expected, most industry forecasts predict mortgage rates to decrease over the rest of 2024 and 2025. However, it could be more of a slow burn opposed to a rapid decline."*



# Focus on Time in the Market, Not Timing the Market

*Should you buy a home now or should you wait? That's a big question on many people's minds today. If you're ready and able to buy at today's rates and prices, it may be better to focus on time in the market, rather than timing the market.*

## **The Downside of Trying To Time the Market**

Trying to time the market isn't a good strategy because things can change. Here's an example. For the better part of this year, projections have said mortgage rates will come down. And while experts agree that's still what's ahead for the longer term, shifts in various market and economic factors pushed back the timing from original expectations. Here's how that's impacted homebuyers who've been sitting on the sidelines while home prices appreciated. As *U.S. News* says:

*"Those who put off buying a home during the past few years as they were holding out for lower mortgage rates have been left out of the market . . . mortgage rates have stayed higher for longer than previously expected, keeping monthly housing payments elevated. In other words, affordability didn't improve for those who chose to wait."*

This is why timing the market may not pay off if you're ready and able to buy now.

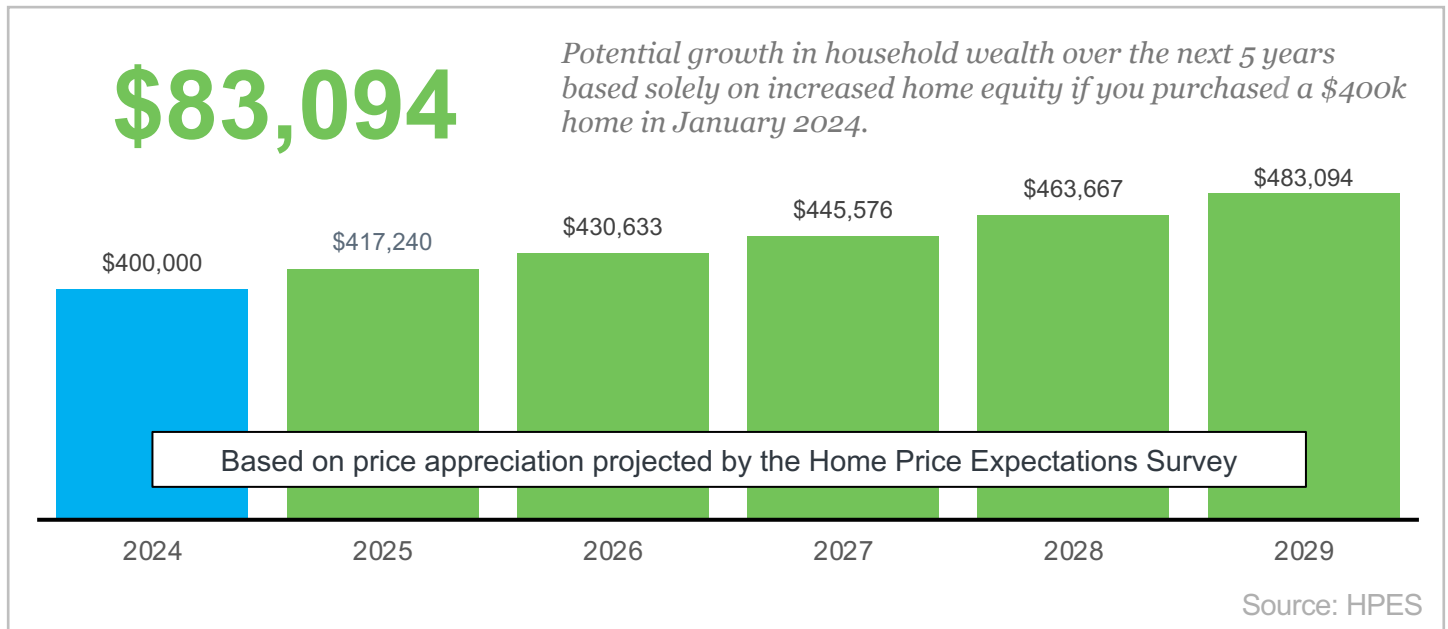
## **How Homeowners Benefit from Rising Prices**

Delaying your plans also means missing out on the equity you'd earn if you went ahead with your purchase today. And the potential equity gains that are at stake may surprise you.



Each quarter, *Fannie Mae* releases the *Home Price Expectations Survey* (HPES). It asks over one hundred economists, real estate experts, and investment and market strategists what they forecast for home prices over the next five years. In the latest release, experts projected home prices will continue to rise through at least 2028.

The graph below uses a typical home's value to show how it could appreciate over the next few years using the HPES projections:



## The Advice You Need To Hear If You're Ready To Buy

Right now, you may be focused on what's happening with mortgage rates and how those impact your monthly payment, but don't forget to factor in home prices.

Prices are expected to continue climbing, just at a more moderate pace. And while a moderate rise in prices may not be fun for you now, once you own a home, that growth will be a huge perk that pays you back over time. That's the time in the market piece.

Sure, you could try timing the market, but the equity you'll be missing out on in the meantime is something to seriously consider. If you're ready and able to buy now, you have to decide: is it really worth waiting?

**Rather than focusing on timing the market. It's better to have more time in the market.**

### Bottom Line

*If you're debating whether to buy now or wait, remember it's time in the market, not timing the market. And if you want to set yourself up for those big equity gains, let's connect to make it happen.*



“

*“There’s never a one-size-fits-all answer to whether now is the right time to buy a home. . . . There’s also no way to predict precisely what the market will do in the near future . . . . Perfectly timing the market shouldn’t be the goal. This decision should be determined by your personal needs, financial means and the time you have to find the right home.”*

*- U.S. News Real Estate*

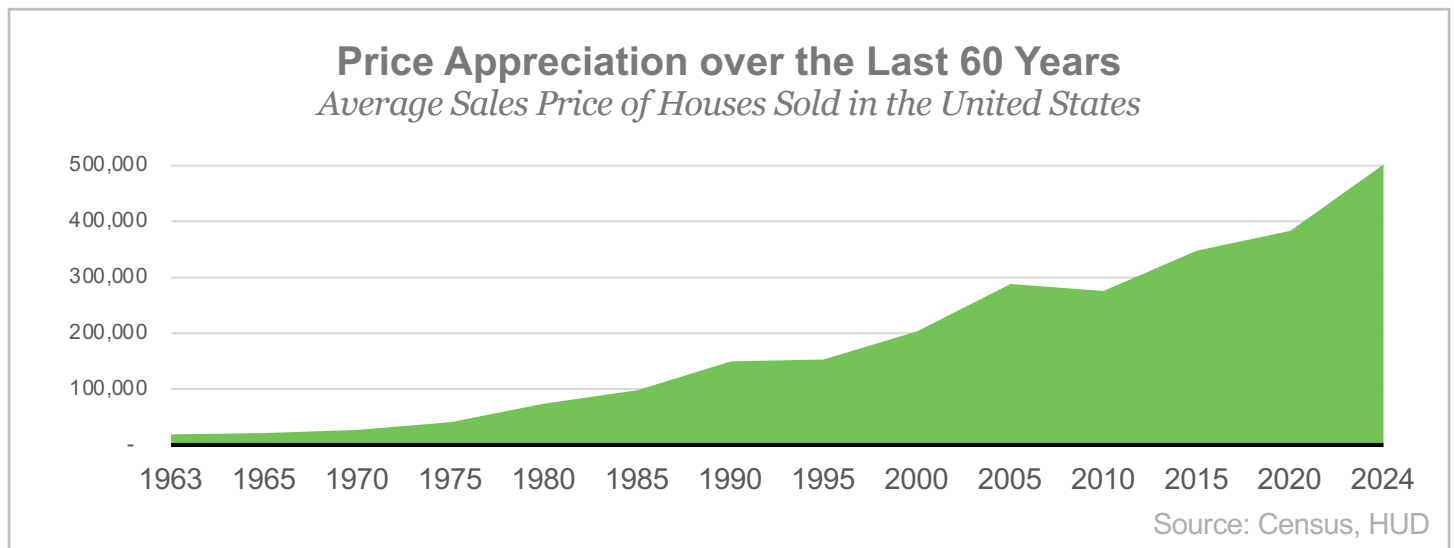


# The Perks of Buying over Renting

*Are you wondering if it makes sense to buy a home right now? While today's mortgage rates might seem a bit intimidating, here are two reasons why it still may be a good time to become a homeowner.*

## Home Values Typically Go Up over Time

There's been some confusion over the past year or so about which way home prices are headed. Make no mistake, nationally they're still going up. In fact, over the long-term, home prices almost always go up (see *graph below*):

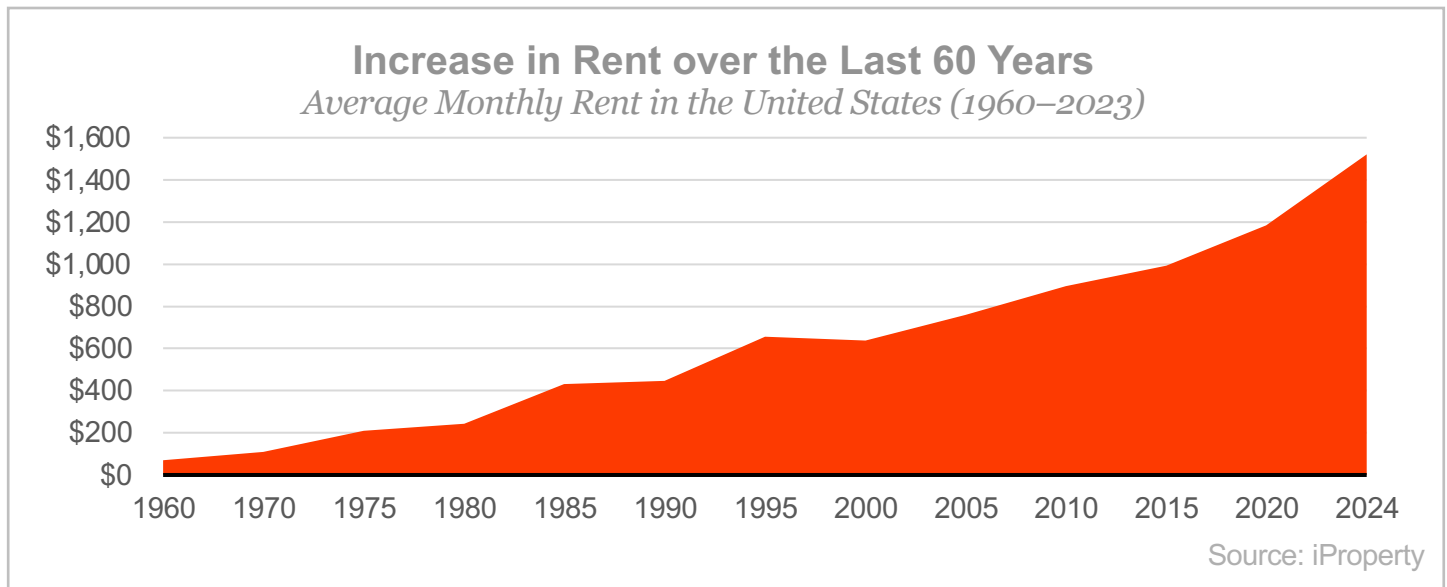


Based on the graph above, you can see the overall trend in home prices has climbed steadily for the past 60 years. There was an exception during the 2008 housing crash when prices didn't follow the normal pattern, but generally, home values keep rising.

This is a big reason why buying a home can be better than renting. As prices go up and you pay down your mortgage, you build equity. Over time, this growing equity can really increase your net worth.

## Rents Keep Rising in the Long Run

Here's another reason you may want to think about buying a home instead of renting – rent just keeps going up over time. Sure, it might be less expensive to rent right now in some areas, but every time you renew your lease or sign a new one, you're likely to feel the squeeze of your rent getting higher. According to data from *iProperty Management*, rent has been going up pretty consistently over the last 60 years, too (see graph below):



So how do you escape the cycle of rising rent? Buying a home with a fixed-rate mortgage helps you stabilize your housing costs and say goodbye to those annoying rent increases. That kind of stability is a big deal.

**Your housing payments are like an investment, and you've got a decision to make. Do you want to invest in yourself or keep paying your landlord?**

When you own your home, you're investing in your own future. And even when renting is less expensive, that money you pay every month is gone for good. As Dr. Jessica Lautz, Deputy Chief Economist and VP of Research at the *National Association of Realtors* (NAR), states:

*“If a homebuyer is financially stable, able to manage monthly mortgage costs and can handle the associated household maintenance expenses, then it makes sense to purchase a home.”*

### Bottom Line

*When it comes down to it, buying a home offers more benefits than renting, even when mortgage rates are high. If you want to avoid increasing rent payments and take advantage of long-term home price appreciation, let's connect to go over your options.*

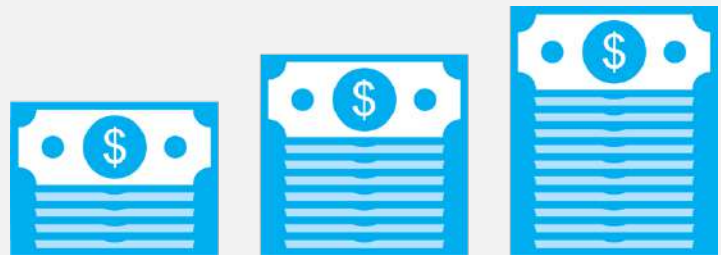
# How Homeowner Net Worth Grows with Time

*If you're thinking about buying a home this year, be sure to consider the long-term financial benefits of homeownership.*

## Home Equity Boosts Your Net Worth

Equity is the current value of your home minus what you still owe on your loan. It goes up when:

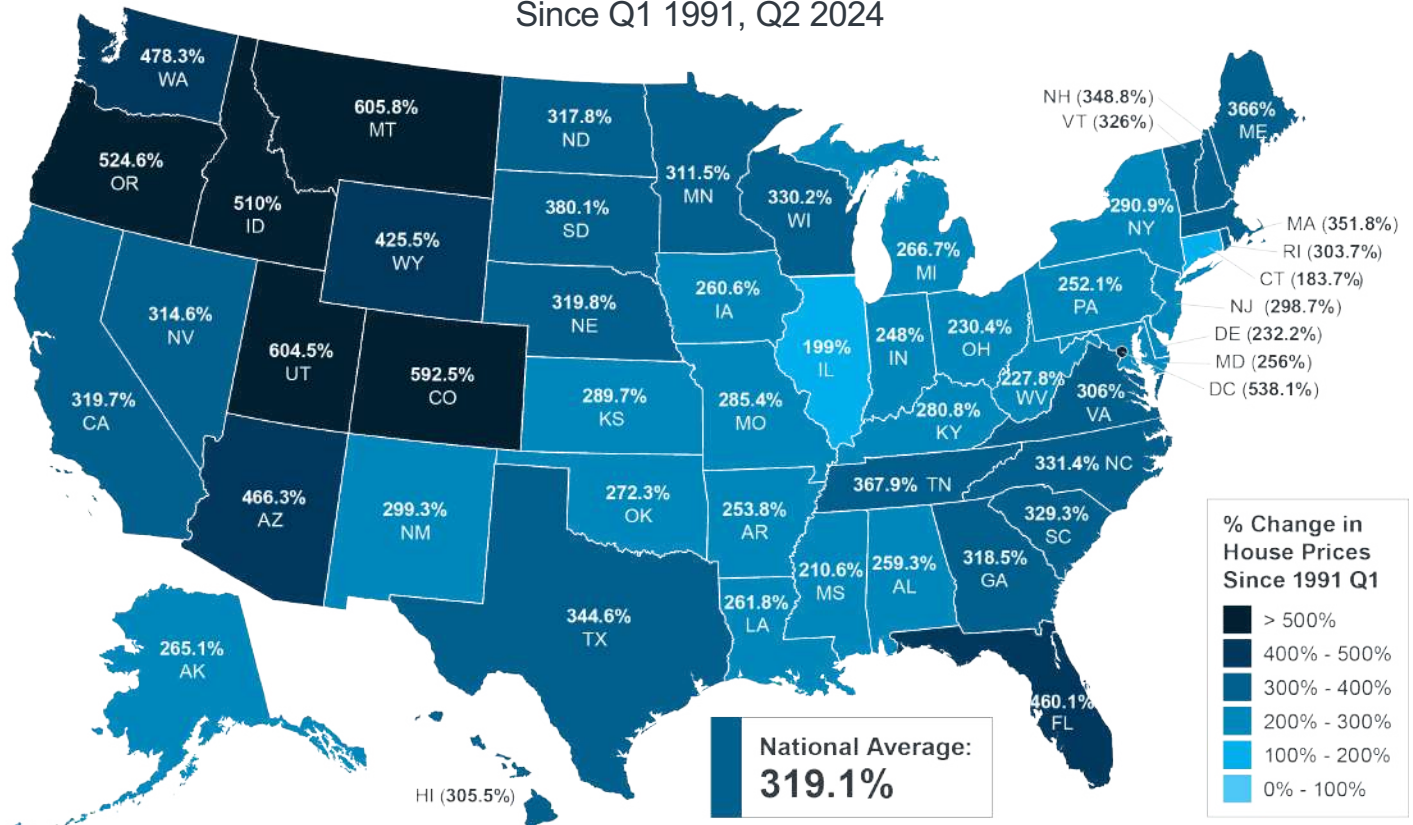
- You pay down your loan
- Home prices appreciate



Here's a look at how just the home price appreciation piece can increase your wealth over time.

## Percent Change in Home Prices

Since Q1 1991, Q2 2024





# The Biggest Mistakes Buyers Are Making Today

*Buyers face challenges in any market – and today’s is no different. But, there’s one way to avoid getting tripped up, and that’s leaning on a real estate agent for expert advice.*

**An expert’s insights will help you avoid some of the most common mistakes homebuyers are making right now.**

## **1. Putting Off Pre-Approval**

As part of the homebuying process, a lender will look at your finances to figure out what they’re willing to loan you for your mortgage. This gives you a good idea of what you can borrow so you can really wrap your head around the financial side of things before you start looking at homes. While house hunting can be a lot more fun than talking about finances, you don’t want to do this out of order. Make sure you get your pre-approval first. As *CNET* explains:

*“If you wait to get preapproved until the last minute, you might be scrambling to contact a lender and miss the opportunity to put a bid on a home.”*

## 2. Holding Out for Perfection

While you may have a long list of must-haves and nice-to-haves, you need to be realistic about your home search. Even though your ideal state is you find a home that checks every box, you may need to be willing to compromise. A home that has everything you want may be too pricey. As *Investopedia* puts it:

*“When you expect to find the perfect home, you could prolong the homebuying process by holding out for something better. Or you could end up paying more for a home just because it meets all your needs.”*

Instead, look for something that has most of your must-haves and good bones where you can add anything else you may need down the line.

## 3. Buying More House Than You Can Afford

With today’s mortgage rates and home prices, there’s no arguing it’s still expensive to buy a home. And while it may be tempting to stretch your finances a bit further than you’re comfortable with to make sure you get the house, you want to avoid overextending your budget. Make sure you talk to your agent about how changing mortgage rates impact your monthly payment. *Bankrate* offers this advice:

*“Focus on what monthly payment you can afford rather than fixating on the maximum loan amount you qualify for. Just because you can qualify for a \$300,000 loan doesn’t mean you can comfortably handle the monthly payments that come with it along with your other financial obligations.”*

## 4. Not Working with a Local Real Estate Agent

This last one may be the most important of all. Buying a home is a process that involves a lot of steps, paperwork, negotiation, and more. Rather than take all of this on yourself, it’s a good idea to have a pro working with you. The right agent will reduce your stress and help the process go smoothly.

### Bottom Line

*Mistakes can cost you time, frustration, and money. If you want to buy a home in today’s market, let’s connect so you have a pro on your side who can help you avoid these missteps.*

# Things To Avoid After Applying for a Mortgage

*Consistency is the name of the game after applying for a mortgage. Be sure to discuss any changes in income, assets, or credit with your lender, so you don't jeopardize your application.*



**Don't** change bank accounts.



**Don't** apply for new credit or close any credit accounts.

**Don't** deposit cash into your accounts before speaking with your bank or lender.



**Don't** co-sign other loans for anyone.

**Don't** make any large purchases.



**The best plan is to fully disclose and discuss your intentions with your lender before you do anything financial in nature.**



# The Top 5 Reasons You Need an Agent When Buying a Home

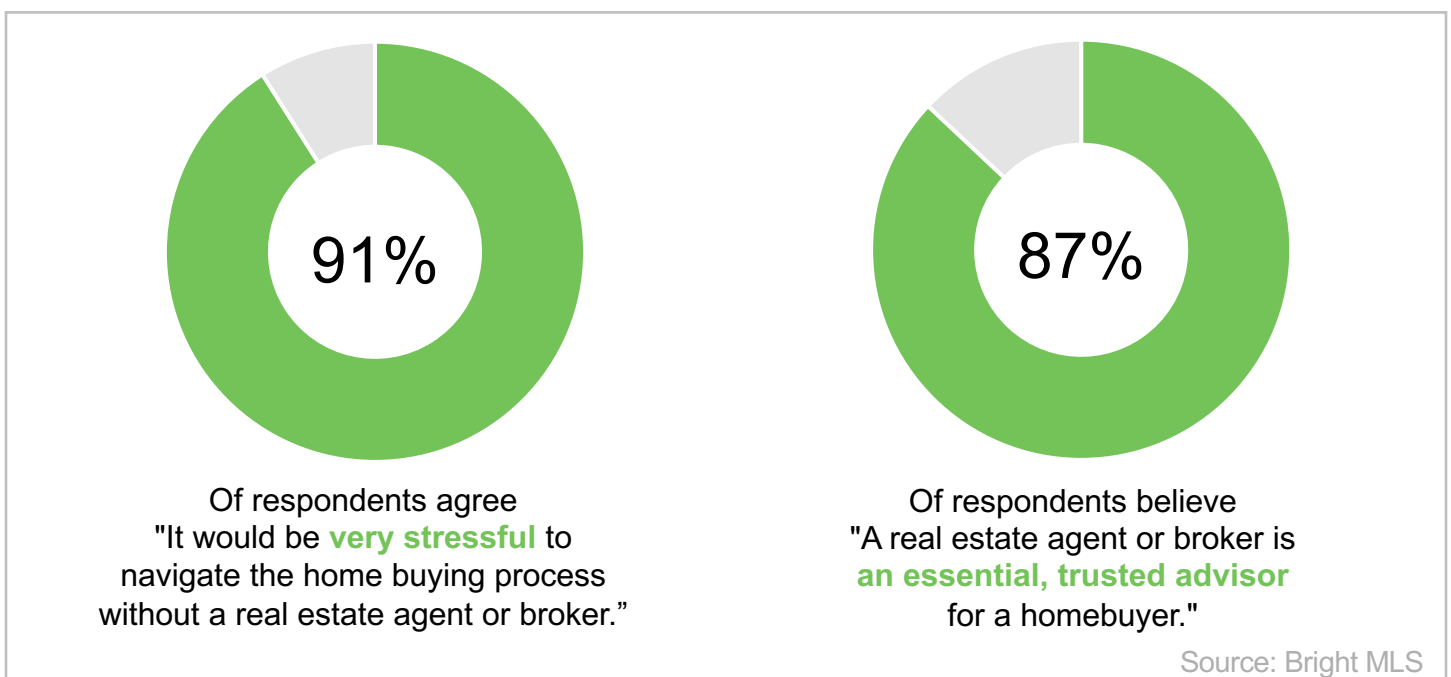
*If you've decided you're ready to buy, chances are you're trying to figure out what to do first. It can feel a bit overwhelming to know where to start, but the good news is, you don't have to navigate all of that alone.*

When it comes to buying a home, expert advice from a trusted real estate agent is priceless, now more than ever. And here's why.

**A real estate agent does a lot more than you may realize.**

Your agent is the person who will guide you through every step when buying a home and look out for your best interests along the way. They smooth out a complex process and take away the bulk of the stress of what's likely your largest purchase ever. And that's exactly what you want and deserve.

This is at least part of the reason why a survey from *Bright MLS* found an overwhelming majority of people agree an agent is a key part of the homebuying process (see visual below):



To give you a better idea of just a few of the top ways agents add value, check out this list.

- 1. Deliver Industry Expertise:** The right agent – the professional – will coach you through everything from start to finish. With professional training and expertise, agents know the ins and outs of the buying process. And in today's complex market, the way real estate transactions are executed is constantly changing, so having expert advice on your side is essential.
- 2. Provide Expert Local Knowledge:** In a world that's powered by data, a great agent can clarify what it all means, separate fact from fiction, and help you understand how current market trends apply to your unique search. From how quickly homes are selling to the latest listings you don't want to miss, they can explain what's happening in your specific local market so you can make a confident decision.
- 3. Explain Pricing and Market Value:** Agents help you understand the latest pricing trends in your area. What's a home valued at in your market? What should you think about when you're making an offer? Is this a house that might have issues you can't see on the surface? No one wants to overpay, so having an expert who really gets true market value for individual neighborhoods is priceless. An offer that's both fair and competitive in today's housing market is essential, and a local expert knows how to help you hit the mark.
- 4. Review Contracts and Fine Print:** In a fast-moving and heavily regulated process, agents help you make sense of the necessary disclosures and documents, so you know what you're signing. Having a professional that's trained to explain the details could make or break your transaction and is certainly something you don't want to try to figure out on your own.
- 5. Bring Negotiation Expertise:** From offer to counteroffer and inspection to closing, there are a lot of stakeholders involved in a real estate transaction. Having someone on your side who knows you and the process makes a world of difference. An agent will advocate for you as they work with each party. It's a big deal, and you need a partner at every turn to land the best possible outcome.

## Bottom Line

*Real estate agents are specialists, educators, and negotiators. They adjust to market changes and keep you informed. And keep in mind, every time you make a big decision in your life, especially a financial one, you need an expert on your side.*

*Expert advice from a trusted professional is priceless.*



*“A real estate agent can give you professional legal guidance, market expertise and support, which will save you time, money and stress. They can also increase your chances of finding the right home so you don’t have to spend hours scouring the internet for listings.”*

- CNET

# A Look at Our Local Market

Data on the 7-county metro area in Minnesota

## Median Listing Price

List Price for Available Homes in this Market, Not Sold Price



## Median Listing Price

Median listing price is the list price for available homes for sale.

Our local market follows the national market pretty closely here. The only difference is that our median listing price tends to come in just under the national. This is good news for home buyers, as it means affordability is better here.

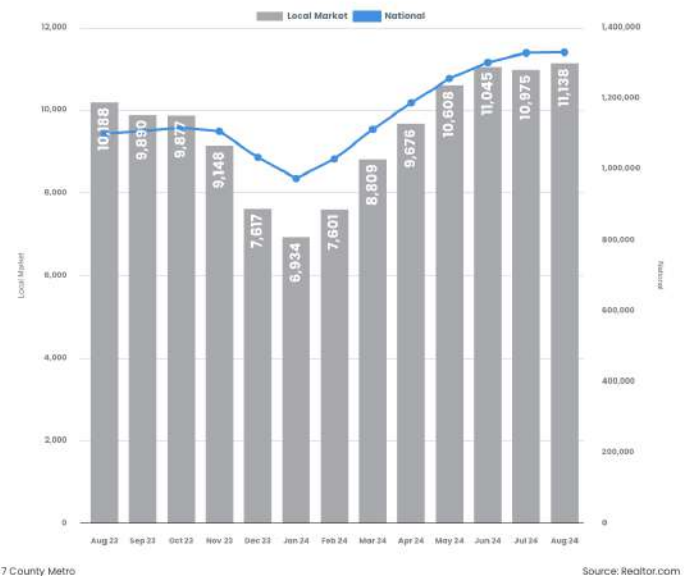
## Total Listing Count

Total listing count is the number of homes currently for sale, including all active and pending listings.

Our local market has been trending below the national average of homes available for sale. This means competition may be a little more fierce for the good properties in our area.

## Total Listing Count

Total Number of Homes for Sale, Including Active and Pending Listings per Month



# A Look at Our Local Market

Data on the 7-county metro area in Minnesota

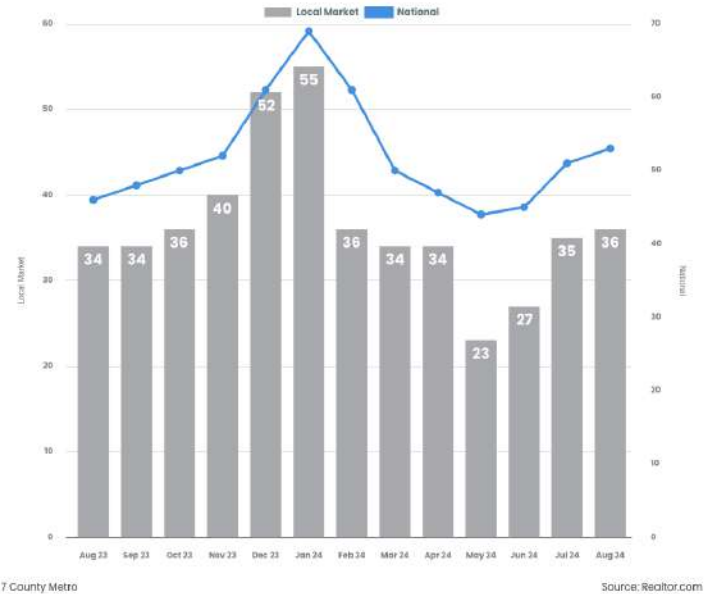
## Median Days on Market

Median days on market is how long a home spent sitting on the market from being listed to being sold.

As you can see, the days a home spends on the market before being sold always trends lower in our local market. This must be the place to be! Especially during the warmer months in Minnesota, our market tends to heat up. This means homes are being snatched up by buyers quicker than the national average.

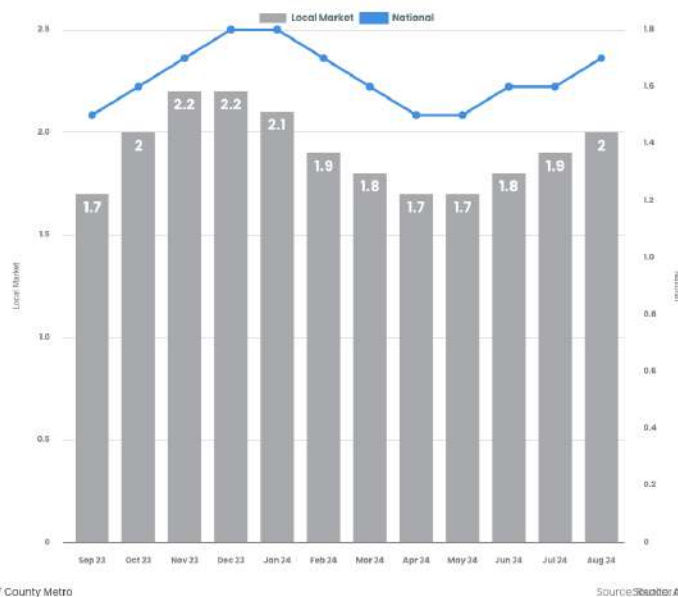
## Median Days on Market

Number of Days a Home For Sale Spent on the Market (Initial Listing to Closing Date)



## Months of Inventory

Number of Months It Would Take to Sell All the Homes Currently for Sale in this Market



## Months of Inventory

Months of inventory is how long it would take to sell all the homes currently for sale in the market, if no new homes came on the market.

At first glance, it might appear we have fewer months of inventory than the national average. Surprisingly, though, we are just over what the national average is. As of August 2024, we are sitting at 2.0 months of inventory in the 7-county metro. Nationally, there are 1.7 months of inventory. This is good news for buyers, as it means there are more options for them here.

# About The Eaton Group

Meet the team!



Austin Eaton  
Team Lead  
Realtor

Austin is an experienced home builder and residential developer. He brings a wealth of knowledge to the table.

**Hometown:** Waterville Valley, NH

**Currently lives in:** Lakeville, MN

**Minnesota resident for:** 11 years

**Loves Minnesota because:** "It's an amazing place to raise a family. We love the year-round outdoor opportunities."



Becca Lewis  
Client Services Coordinator  
Realtor

Becca has been in real estate her entire professional career. She specializes with first time home buyers.

**Hometown:** Woodbury, MN

**Currently lives in:** Eagan, MN

**Minnesota resident for:** 30 years

**Loves Minnesota because:** "This state offers SO much!! I love exploring new spots with my two dogs. A major plus is all four seasons here. Yes, I even enjoy winter!"



Katelin Morton  
Realtor

Katelin used to represent new home builders and help clients buy new construction. With that background, she knows the ins and outs of the new construction process backwards and forwards!

**Hometown:** Idaho Falls, Idaho

**Currently lives in:** Lakeville, MN

**Minnesota resident for:** 15 years

**Loves Minnesota because:** "It has become the home I didn't expect to love so much. The schools are amazing, there is always something fun to do in the cities or in nature, and the people truly are Minnesota nice!"



Mike McNeely  
Realtor

A retired teacher, Mike has found his new career in real estate. Working with Mike, you'll be sure to have a good time!

**Hometown:** St. Paul, MN

**Currently lives in:** Burnsville, MN

**Minnesota resident for:** 63 years

**Loves Minnesota because:** "of the changing seasons. Variety is the spice of life."



# Let's Chat.

**You probably have questions and thoughts about the real estate process.**

We'd love to talk with you about what you've read here and help you on the path to buying your new home. Our contact information is below, and we look forward to hearing from you.



## The Eaton Group

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