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What to See in '23

12 Things You Need to Know about Relocating

Real Estate Market Report

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Optimism Abounds for 2023

by Kelly Godbey



Will prices go down? Will they continue to go up? Will mortgage rates continue to rise? What if I want to pay in cash? Are people still buying homes today? Is the supply chain problematic? Is there any good news in the real estate market today?

The world changed in 2020 when the pandemic hit, and since then has been moving at a record pace. Probably by the time you read this article, some of the information may be outdated. That being said, Ideal-LIVING reached out to experts around the U.S. and beyond to give us their predictions for 2023. None of us has a crystal ball, but we will provide our best. It's important to be realistic, but we're also going to side with optimism because, at Ideal-LIVING, we want you to start living your ideal life as soon as possible.

HOME VALUES

From 2020 to 2022, U.S. home prices increased by approximately 30%. That exponential growth may be a once-in-a-lifetime growth. In many of the markets we reached out to, prices have begun to stabilize. That does not mean prices are going down; it depends on a market-to-market analysis, as all real estate is local. It is improbable that we will see a housing crash like in 2008, though home values could decrease by



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10% in some areas that experienced overly high appreciation. In desirable destinations for retirees, home prices are simply flattening or slowing growth.

The record appreciation may have priced out some first-time homebuyers. However, if you owned your own home during that time, it is most likely worth significantly more than at the beginning of 2020. If you are waiting for prices to go down, it's unlikely they will go down proportionately to the increases.

RISING INTEREST RATES

Let's get to the elephant in the room – INFLATION. It affects everything from the food we eat to the gas we put in our cars, and yes, to home building, selling, and buying. At the writing of this article, inflation is at 8.3%, and The FED is doing everything it can to bring down spending, and yes, that means increasing interest rates. In November 2022, the aver-

age 30-year mortgage rate is over 7%, and likely to increase.

We spoke with Curtis Wood, Founder and CEO of Bee. The Bee Mortgage App is built on blockchain technology, AI, and machine learning, designed to lower mortgage costs. Working in Florida, Curtis says, "It's still very strong in terms of supply and demand. There's still quite a big demand for mortgages; however, the down payments tend to be higher. A few people have told me they could pay in cash and that if rates were higher, they probably would. But they want a mortgage because they're protecting their cash, anticipating a recession or a correction in the market. These are seasoned borrowers, and they know that the market cycles. It's done so their entire lives. And most of them are putting this in perspective, like in the early 1980s, when rates were 17% and 18%. They have seen this before. They don't necessarily like it, but in the end, they're financing less. But just about every one of them is in the mindset that they will refinance as soon as rates drop."

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Curtis Wood, Founder and CEO of Bee

Some people are opting for adjustable-rate mortgages to lower their interest when purchasing a home with the hopes of a refinance down the road. However, it is just as easy to refinance a fixed rate as an adjustable rate if you are nervous that rates will continue to increase.

“To me, it is normal for rates to be 6 or 7%, and it was very abnormal for a 30-year fixed mortgage rate at 2.9%. That was the lowest I saw it get, and that was primarily pandemic driven. It was an unprecedented time that we all lived through. If we haven’t hit the worst yet, I’d love to go through this as quickly as possible so optimism can return to the industry. But I really am optimistic that we’re close to turning a corner. I think 2022 will be the worst of it. And in 2023, it will be a very good year for everyone.”

“People are moving here because it’s a great place to live. It’s also a great place to retire. We live at the beach, and I’m only a five-minute drive from the beach right now. And what we have been finding now with the changing workplace is that, for the first time, we have many families moving here as well, which is really exciting. People are leaving New Jersey and New York City because Delaware is a great place to raise your family.

“I think probably across the nation, the market’s changing a little bit and prices are stabilizing. We recognized huge increases over the past year and a half. But along with that, we have also experienced material cost increases. So hopefully, all that’s going to start to stabilize and make it better for everyone. I don’t see home prices coming down but hopefully stabilizing.”

With supply issues, anything from cabinets to windows can take longer than anticipated. Still, at Schell Brothers, Alyssa says, “Our mission as a new home builder is happiness, and we take great pride in that mission. Our goal is to make our customers happy. And we know they can feel confident that we’re not going to change prices on them.”

Delaware has no sales tax, and the property taxes are very low. Alyssa says, “In Delaware, it’s just a slower-paced lifestyle. And people here are nice – they take time to talk to you. At Schell Brothers, we pride ourselves in creating a great sense of community in our neighborhoods, and that’s very important to us.”

DELAWARE

Schell Brothers has been building homes in Delaware for 25 years and has expanded into Richmond, VA, and Nashville, TN. In 2022, Schell Brothers experienced their biggest year to date. They built over 600 homes, specializing in Delaware beach communities like Lewes and Rehoboth Beach. They have sold out of communities earlier than anticipated and are diligently working on releasing new communities in 2023. According to Alyssa Titus, director of marketing,

TENNESSEE

Over the last 20 years, Tennessee has seen a massive influx of homebuyers looking for great weather, low taxes, and outdoor living. Mark Hyder of Fairfield Glade in Crossville, TN, says, “Tennessee remains a strong destination for people relocating. At Fairfield Glade, lower taxes are one of the biggest drivers to people relocating here. Our local tax rate of 1.565% equates to \$1,250 for a \$400,000 home per year. When you tell that to people, most think that’s per month, but it is annual.”



Tennessee's cost of living is 10% lower than the national average, and the sales tax is currently 9.75%.

"If a good house hits the market at a reasonable price, it won't last long, and you could have multiple offers. However, it has definitely slowed this year. Like much of the country, we were going at such a frenetic pace that tapping the breaks improves the customer experience. It is a strong market here. The number of homes is still very low. And there are fewer homes selling at or above the asking price. As of the third quarter of 2022, homes spent an average of 26 days on the market. Homes in the \$500,000 range are going very quickly, while those in the \$800,000-plus range may take a couple of months.

"One thing we are seeing is that the mortgage rate increases have affected the amount people can afford. Last year they may have qualified for a \$700,000 mortgage but can now only qualify for a \$600,000 home. It affects how much they can buy; it's not affecting if they are buying or not. If you

"Most of the buyers in the 55+ market are more financially independent, and many are cash buyers or take out a small mortgage ... They're a little bit more flexible in terms of the interest rates and how that affects their ability to purchase or refinance a home. Of all the markets, the 55+ is strongest."

Eric Ziegler, Executive Vice President of
Landmark Homes in Pennsylvania

GEORGIA

"I still feel like we have great values down here; I feel like it's one of the great holdouts," says Lloyd Streit of Atlantic Salt Realty in coastal Georgia. "People want fairly mild winters and to be by the ocean. We have had a lot of cash buyers in recent years, so the mortgage rates don't affect them much. But increased mortgage rates have pretty much caused the entry-level market to vanish."

For those retirees on a fixed income who require a mortgage, Lloyd suggests thinking about it like purchasing a car. What is the monthly payment as opposed to the home's cost? Think about what you want to pay, and then you can find a home that meets those requirements.

"I think the market is going to tighten up a bit more. On the Georgia coast in the St. Marys area, prices got higher, but not extremely high. Right now, what you might perceive as a price reduction is that the home prices had outpaced the market. This might give the impression that it is a buyer's market, but I'm not really seeing that. The homes were just poorly priced."

"For buyers, they haven't seen this environment in a while, so there will be better negotiating power. I see that rather than changing the asking price, some people have started to ask the sellers to pay down points on the mortgage." Buyers may become more creative in their financing options. Many FHA and VA loans are assumable; check to see if you can assume a loan for an existing home.



have the need and the ability to buy, it's still a good time to buy. Compared with rates from the last 20 to 30 years, the rates still are not that high. It's competitive enough that you will lose out if you haven't been pre-approved.

"I don't personally view this as a bubble situation like 2008. It's a different time. We just had a red-hot market that we had never seen before. And now, we may see a bit of correction. You'll never buy a house at today's prices again, but you can always refinance. If you are ready to retire, take advantage of the lifestyle opportunities that you can now. Some people may think they will wait for prices to fall. They keep checking back with us, and it's higher than six months ago."

Find Your Ideal... **H O M E**



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What will your ideal home look like? Will it all be on one level with an open floorplan and a large cook's kitchen? Will you have a spa-like bathroom, or maybe you'll have an outdoor shower? Whether you find an existing home or design a custom home, the possibilities are endless.



What to **SEE** in '23 **Terrific Trails in TENNESSEE**

Tennessee is filled with natural wonders in a refreshing four-season climate that encourages outdoor activities. Among the most popular are the state's spectacular hiking trails, delightful urban paths, and driving tours to explore even more of Tennessee's unforgettable destinations.

Hiking Trails

Wherever you go in Tennessee, you'll find plenty of scenic adventure on hundreds of hiking and biking trails located in the 60 state and national parks throughout the state. The four-mile Fuller State Park trail near Memphis and the Pinson Mounds Archaeological Park's paths connecting Native American historic sites are featured in West Tennessee. Middle Tennessee offers the nine-mile Fiery Gizzard loop in South Cumberland State Park, one of the nation's top-rated hiking destinations, and multiple waterfalls along the Virgin Falls State Natural Area trails near Sparta.

The highlands of East Tennessee feature the greatest number and variety of hiking trails, including the 4.2-mile Point Trail at Lilly Bluff along the Obed River and the 10-mile Alum Trail in the Great Smoky Mountains National Park. And be sure to enjoy at least a portion of the emerging Cumberland Trail, with about 70% of its eventual 300-mile route now open. More than 50 access points on 29 completed sections offer a variety of hiking options, from easy woodland strolls to more challenging mountain climbs.

Driving Tours

Afer hiking some of the great Tennessee trails, get off your feet for one of the state's signature driving tours: The Tennessee Music Highway runs from Bristol to Memphis, with historic sites along

the way that highlight the state's contributions to bluegrass, country, and blues music. For a shorter trip, take a two-hour drive on the Cherohala National Scenic Byway that starts in Tellico Plains, meanders across the North Carolina border, and features 15 panoramic overlooks with picnic areas. Or, you can enjoy a multi-day excursion by following the historical path of America's early pioneers on the Natchez Trace. Parts of the iconic route can still be walked today, but most folks prefer to drive the 440-mile Natchez Trace Parkway that runs from Nashville to the banks of the Mississippi River.

And, if you'd also like to do some driving from the tee box, take a swing on the Tennessee Golf Trail with its nine beautiful daily-fee courses, three of which are also part of the six-course Bear Trace with award-winning designs by Jack Nicklaus.

Urban Trails

Tennessee also has some of America's finest urban walking trails, including the 16-mile Tennessee Riverwalk through the heart of Chattanooga, and 50+ miles of hiking/biking trails in Knoxville's unique Urban Wilderness. In addition, dozens of small towns throughout the state feature revitalized downtowns and municipal parks that are a walker's delight, thanks in no small part to the innovative Tennessee Main Street program. For more about those destinations and the reasons why so many are finding new homes there, go to RetireTennessee.org.