Factor Influencing the US House Prices

- **Growth in the Economy: -** Revenue determines the demand for housing. People can spend more on homes when the economy and salaries expand faster, which improves demand and drives up prices. In actuality, it's common to view housing demand as elastic with respect to income, which increases household income. Reduced sales will also discourage people from purchasing during a recession, and jobless individuals will go in arrears on their mortgage payments and risk having their homes repossessed.
- **Unemployment: -** Economic growth is the second significant element under the heading of economic variables influencing the housing market. As unemployment climbs, very few individuals will be able to purchase a home. However, fear of unemployment itself can deter people from buying real estate.
- **Interest Rates: -** Mortgage monthly payment values are influenced by interest rates. A period of high interest rates would raise mortgage costs and limit demand for home purchases. In comparison to renting, high interest rates make renting more appealing. Homeowners with high adjustable mortgage rates are more affected.
- **Customer Trust: -** When it comes to taking the risk of getting a mortgage, confidence is crucial. Expectations for the housing market are very high. People will put off acquiring a home if they are concerned that prices will fall.
- **Offers: -** A scarcity of supply raises prices. A price decline could result from an excess supply.
- **Home Sales Economy Mirror: -** The stability, growth, and contraction of the economy are typically directly correlated with home sales. Cash supplies become severely constrained when economic growth slows. Homebuyers will have less access to the housing market because capital is hard to acquire. Because there are fewer buyers available due to strict credit standards, housing inventories rise and take longer to sell. Prices typically decrease when there is a greater supply of consumers than there is demand.

- **GDP: -** The total monetary or market value of all completed goods and services produced inside a nation's borders over a given time period is known as the GDP. In the US, house prices rise in tandem with GDP growth and fall in tandem with GDP contraction.

- **Supply and Demand: -** Like all other industries, the housing market is governed by the same set of economic laws: supply and demand. When there are more buyers than sellers, there is a decrease in the supply and an increase in demand, which drives up the cost and difficulty of purchasing real estate. Not only does the quantity of houses available matter, but so does the available funds for their purchase.

- **Advance Payment: -** The potential benefits of the land are used to calculate all property values. Nowadays, land is becoming more and more valuable every day. If you purchase a house today, it will appreciate in value over time. The value of the land is affected by changes in the physical, political, economic, and social spheres.

- **Compliance: -** In comparable circumstances, value is created and preserved. Since single-family homes make up the neighborhood, you don't want to see an office building built across the street from your home. This uneven use of the land would probably have a negative impact on your house's value.

- **Competition: -** Competition in the real estate market indicates that supply and demand are attempting to balance each other out until demand is satisfied. A developer might determine that a new office building is necessary in a particular area.

- **Extinct: -** Since real estate has a fixed location, everything that occurs in the surrounding area affects it. The neighborhood gas station, the state of the local schools, local factory closures, interest rates on mortgages, and other factors affect the value of homes.

- **Surplus Productivity: -** Excess productivity after the contractor assembles the property, labor force, resources, and teamwork necessary to create and then sell the house accounts for the majority of the difference between cost and sale price. Economists use this term to refer to money.

- **Location: -** Even though a house in the middle of nowhere might be inexpensive, it might not be profitable to sell in the future. A house in a desirable neighborhood will probably increase in value or at the very least hold its value well.

- **Property Taxes: -** Property taxes differ depending on the location and are determined by a number of variables, including the cost of housing in the area, the town's debt, and the amount of taxes paid by nearby businesses.

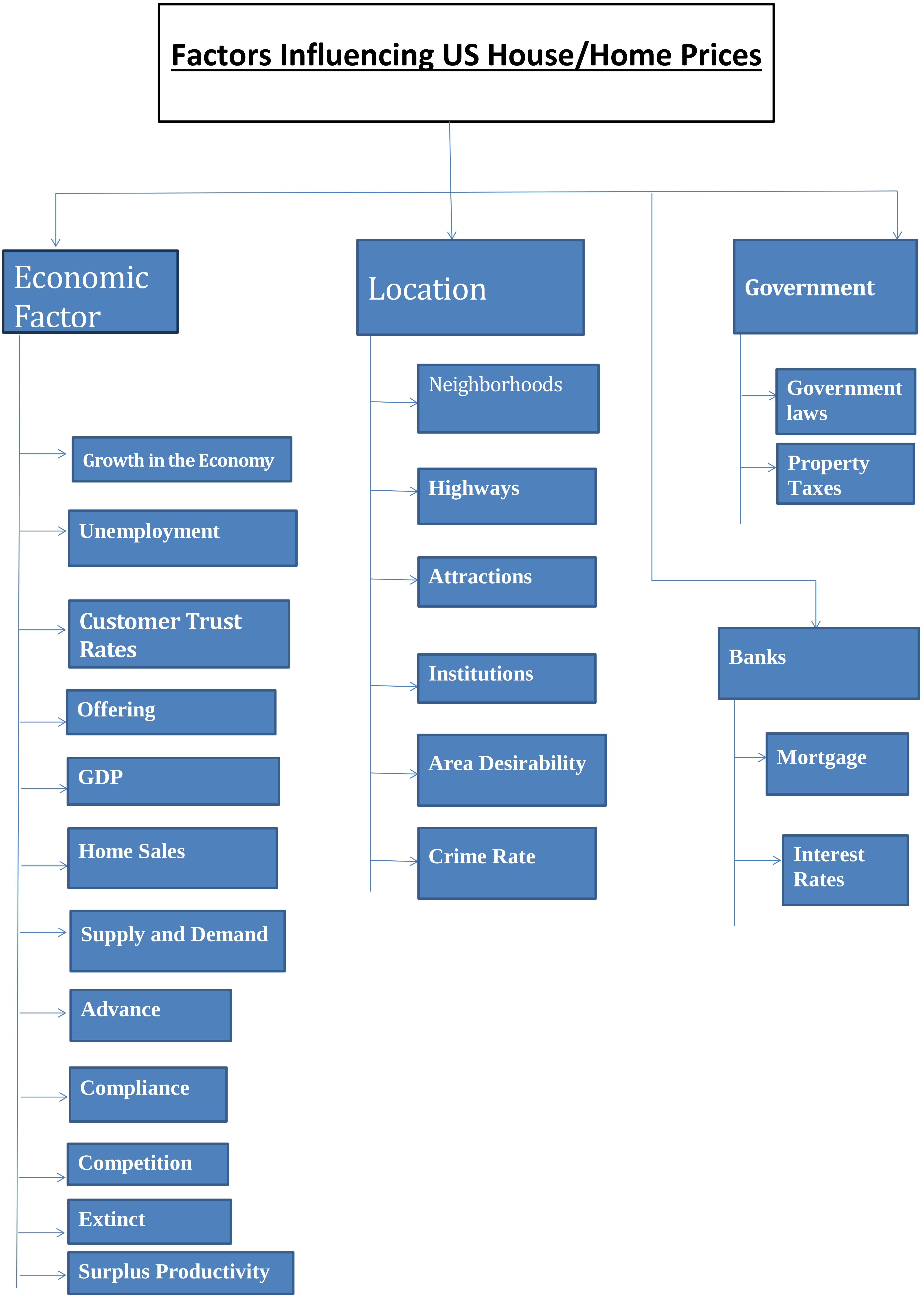
- **Crime Rate: -** One of the variables that may affect US home prices is the crime rate. People always prefer to live in an area with low crime rates, so house prices in those areas will be high because no one would want to live in an area with a high crime rate. As a result, the price of houses in those areas will be lower.

- **Government laws: -** Government actions can affect home prices in a few noteworthy ways. Tax deductions for mortgage interest are the first method. A rise in home prices is possible if tax breaks like this one encourage more people to buy homes. Tariffs are another tool used by the government to exert influence. Sometimes, building supplies from other nations are imported, including steel, aluminum, and lumber. Tariffs imposed on these imports can also raise the price of developing new homes, which could affect overall housing prices.

- **Mortgage Availability: -** During the boom years, most banks are eager to lend money for mortgages. It made it possible for people to borrow substantial sums of money—five times their income, for instance. Furthermore, banks provide minimal deposits equal to 100% of mortgages.

- **Area Desirability: -** Even though national housing prices typically rise and fall, you might live in a microclimate that defies the average. In your neighborhood, prices may increase even if they decline nationally. Because of desirability, this happens. If you live in an excellent school district or trendy area where people want to be, the price of houses in your area will likely go up.

Flow Chart


Factors Influencing US House/Home Prices
Economic Factor
Growth in the Economy
Unemployment
Customer Trust Rates
Offering
GDP
Home Sales
Supply and Demand
Advance
Compliance
Competition
Extinct
Surplus Productivity
Location
Neighborhoods
Highways
Attractions
Institutions
Area Desirability
Crime Rate
Government
Government laws
Property Taxes
Banks
Mortgage
Interest Rates