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HomeLLC Assignment

Factors which influence residential home prices in the United States over the next 10 years

When it comes to the residential home prices, there are few factors those affects prices i.e. Natural & Demographics, Economics, Interest Rates, & Political. Let's look how they will affect us housing market for next 10 years-

1. Natural & Demographic Factor –

- a. The better the location, the higher the home prices, homes in the centre of the big city, densely populated & modern facilities affects the prices of houses.
- b. Homes which are located in areas, less flooded in the rainy season, the price is higher than those in low-lying.
- c. Prices also depends upon the modern form of construction.
- d. Home prices can also be varies by type of soil it has built on.
- e. The high employment areas will have the steeply rising home prices compare to low unemployment area.
- f. After the pandemic there is a rising trend of remote working which resulting in the rising demands of homes.
- g. Upcoming trend of divorce rate
- h. People dreaming to be more independent

2. Economic Factors –

- a. Advance - All property values are generated by predicting the potential benefits of the land. The value of land is now getting increased day by day. If you buy a home now, after many years you will have a good value to that home. The physical, political, economic and social changes all have an impact on the value of the land. Environmental changes such as climate or pollution may include physical factors. Financial problems can alter job rates in a given area. Social factors

such as baby boomers' aging were problems. Any or all of these and others may affect property values.

- b. **Balance** - A balance can be found in any given area between land value and building value. When the balance is retained, gross property values and constructor income are maximized in new homes. In most cases, for instance, a house that costs ₹ 71,30,650.00 in a settled land costing ₹ 3,56,53,750.00 will never be built. The balance must generally be similar to the balance in the area.
- c. **Compliance-Value** is developed and maintained in similar situations. You don't want to build an office building across the street from your house because you live in a neighborhood that includes single-family homes. Your house's value would likely be affected negatively by this inconsistent land use.
- d. **Change** - All of which affect property value are physical, political, financial, and social changes. Environmental changes such as weather or pollution can involve physical factors. Economic problems can change job rates in a region. Social factors such as baby boomers aging were problems. Everyone or everyone else can have an impact on property values.
- e. **Competition** - Competition shows that the supply side is trying to meet the demand side on the real estate until demand is met. A developer may see the need in a specific location for a new office building.
- f. **Extinct** - Real estate is affected by all that happens around it as it stays in a fixed location. The gas station on the street, school quality, factory closing in town, mortgage interest rates, etc. has an impact on the value of homes.
- g. **Return Increases and Decreases** - Increasing and decreasing returns are associated with the addition of improvements in a property. Increasing returns arise when an upgrade gives the property more value than its price. You get more than one dollar back from spent cent. Returns decrease when the cost is increasing by an increase.
- h. **Surplus Productivity** - The main difference between cost and sale price is excess productivity after the contractor assembles property

- i. **Growth in the Economy:-**Housing demand depends on revenue. With higher economic growth and growing wages, people can spend more on housing, improving application and boosting prices. In reality, housing demand is often seen as elastic in terms of income , leading to an increase in revenues for households. In a recession, reduced sales will also stop people from buying, and people who are losing their jobs will fall behind their mortgage payments and end up in their homes repossessed.
- j. **Unemployment:** - The second important point that comes under the economic factors affecting housing market is related to economic growth. Very few people will have possible to afford a house as unemployment rises. But even fear of unemployment can stop people from entering the real estate market.
- k. **Mortgage Availability:-**Most banks are keen to lend mortgages during the boom years of 1996-2006. It enabled people to borrow large amounts of revenue (for example, five times the income). Additionally, minimal deposits that are 100% of mortgages are provided by banks. The flexibility of hypothecating meant that the housing demand grew as more people could buy now. Yet banks and construction companies have had trouble raising money to finance the financial markets since the 2007 credit crunch. Therefore, their borrowing conditions for a larger house purchase deposit have been improved. The supply of loans has been limited, and demand fell. Get some property documents required for home loan.
- l. **Offering:-**A supply shortage drives prices up. Over-supply could lead to a fall in prices.

3. Interest Rates –

Interest rates influence the monthly payment value for mortgages. A high-interest rate era would increase mortgage costs and reduce the demand for a house to be purchased. In contrast to renting, high-interest rates make rental attractive. Homeowners with high adjustable mortgage rates have a more significant effect.

4. Political Factors –

The change in policies of the State and local authorities may have impacts on the operation of the real estate market in general and investment in the

real estate sector in particular. Detail: Policies that have indirect effects, such as the encouragement of outside investment in the locality, can increase the demand for real estate, which can cause real estate prices to increase. Direct impact policies such as: policies allowing overseas Vietnamese to buy real estate in Vietnam. The policy allows non-residents to buy houses in the city. Financial policies applicable to those who are allocated or leased land by the State... Credit policy for real estate investment activities and Government tax policies for real estate