

A Message from the President of the Youngstown Columbiana Association of REALTORS®

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A RECESSION DOES NOT MEAN A HOUSING CRISIS

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If you are homeowner, you are likely concerned about the impact the tidal wave known as, COVID-19, is going to have on the value of your home. While our health care providers and leaders use historical data on this virus to make decisions on how to best preserve and protect each one of us, all of us are doing that as well for our own lives. When it comes to the value of our home, we've seen this story play out not too long ago. The financial and housing crisis of 2008 is not a too distant memory in our minds and wallets. Many of us were just finally starting to enjoy being out from underneath the challenges that brought upon our homes, both figuratively and literally. However, before you begin to feel and panic, thinking that this is déjà vu all over again, I'm here to make the outlook a little better for you and show you why the recession we are going to embark on from the effects of COVID-19 does not mean we are on the precipice of a housing crisis.

A Recession Actually Means Progression of Your Home's Value

No, I'm not playing a tricky word game with you, this is actually true. Recessions are nothing new for our economy and it seems absurd to use "recession" and "progression" in the same sentence. We've managed to get through them before and we will do it again. However, one of the areas recessions have not negatively impacted has been the housing market. In the passed 40 years, we have had 5 recessions, 1980, 1981, 1991, 2001 and 2008. In three of those five years, home prices and values actually APPRECIATED instead of falling. Your home is still one of the best investments you can make, as it is one element that tends to grow in value even when everything around you seems to be falling.

This Is A Different Type of Recession

Look, a recession is a recession. I get it. But what most people don't get is that this recession is literally unlike anything we have ever seen before. Think about it: the recessions in our lifetime or, quite frankly, every recession we have ever had has been triggered by a failure or issue with our financial system. Recessions have always happened because of factors that are internal to the financial systems we have in place in our country. In 2008, the recession and housing crisis was triggered by poorly executed home loans and risk. That caused us to go into a recession that took years to come out of due to a failure in our system. However, this is totally different. This is the first ever self-declared recession in the history of our country.

The recession we are going to embark on is being caused by an external virus or force that has NOTHING to do with the system we have in place. Our economy is strong. Our banks are strong. Our commitment and will of this country is strong. This means that the factors controlling the recession are actually controllable. You, everyone and me have a way of digging out of the recession in the way we dampen the

curve and end the virus. Which means, in essence, the impact of this recession will be short lived as long as we sacrifice now by staying a home, doing what our leaders tell us and adhering to the healthy habits of social distancing our health care providers are begging us to follow.

This Too Shall Pass...Quickly

If we have a control and a say into how long this recession lasts by our actions, this means that the recovery process will also be quicker. Once the virus infection rate peaks, the recovery from it will gain momentum and quickly rebound, especially as we roll into the 4th quarter of this year and 1st quarter of 2021. Rates are aggressive and are at some of the lowest in the past 50 years, inventory of houses are low because people can afford their homes and are holding onto them because the value is appreciating and the median income needed to purchase a home is more than 10% less where it was prior to the housing crisis of 2008. All of this points to a strong foundation to a quick recovery when WE decide to end this recession.

It is normal to hear recession and think the worst. However, as a homeowner, looking at historical data should calm your fears that recessions usually lead to higher returns for homeowners in the value of their homes. But beyond that, this recession is unlike anything we have ever seen because of the factors causing it. More importantly, we will rebound faster than we have ever done before, both in terms of the value of our home and the value of quality of life we can start to live again, by the decisions we make to stop the spread of this virus and get back to living a better life together.

Patrick Burgan is the 2020 President of the Youngstown Columbiana Association of REALTORS®