

2017 Looks Like a Great Time to Move to a Better Home

Posted on Dec 09, Posted by [Bruce Nemovitz, Realty Executives](#) Category [Wisconsin](#)



Property values, at least in the 4-county Milwaukee-Metro area, have rebounded after the recession and next year is showing so many positive signs for sellers. It may be the perfect time to make that move to a better lifestyle.

BROOKFIELD, WI - Just think about where the real estate market and stock market have been in the recent past and how far they have come! We tend to focus on now and forget just how fortunate the past 8 years have been in our respective markets. The Dow Jones average during the bear market of March 9th, 2009 hit a low of 6,507. Today's market as I write this article, it has risen to 19,504.02! That is roughly a 300% increase from low up to today's all-time high. Our real estate market has followed that same pattern but not with the same incredible increase. Most areas in the 4-county Milwaukee-Metro area reached a high price point in May of 2006. Then the recession began, with prices dropping about 20%-25% to a low point in 2012. We have now recouped most of that loss and almost back to 2006 highs. Now that is impressive!

So where do we go from here? How do we use our knowledge of real estate pricing patterns to our advantage? Do we hold on putting off our move so we can cash in on more appreciation or do we make our move now and enjoy the fruits of the last 8 years appreciation in property values?



I purposely coupled Dow Jones and real estate for a reason. Both are connected by investor predictions and confidence. When the stock market increases, it is a future prediction by investors that tomorrow will be better than today. Since the market has shot up in past years it is the consensus that next year may be a great year for investors and the economy. The real estate market is considered critical to our economy succeeding or failing. Therefore it is my belief that next year will be a great year for sellers! I believe property values will increase about

6%-8% for the entire year of 2017. I also believe stock prices will probably follow that same trend.

Did you know when you sell your property; in most cases you will pay no taxes to the government as to your gain? If you have lived in your home for 2 of the last 5 years, and it is your primary residence, you are exempt up to \$250,000 in gain if you are single, and up to \$500,000 in gain for a married couple. If you sell next year, your equity in your home is a powerful asset to use in any way you wish. Many will sell and then buy or move into an apartment. So many folks are waiting and trying to "time" the market, meaning holding off making a move until the exact right time for the greatest financial gain. That thinking may work for some, but for too many a needed move is postponed until a move becomes essential. Then a planned move may not be possible and you may be in crisis management. There is nothing worse than to have a condition dictate a quick move from your long-time home!

2017 may be the best year to put your lifestyle front and center. Whether you decide to stay in your home or make your move, your financial wellbeing will not suffer either way. I anticipate appreciation but also anticipate a rise in mortgage interest rates. This could be a catalyst to bring out buyers who have been on the fence. Therefore, when interest rates rise, the initial change is positive for sellers. But if that rate continues to escalate it then will work in reverse as to the equity in your home. Each percentage of interest increase will lessen the buying power for purchasers and eventually begin to lower home prices. I believe we will see a slow rise in rates, but 2018 may then stabilize or possibly reverse the upward trend of home prices. There will also be many homes owned by baby boomers going on the market as downsizing will be the theme for our 60-70 year old cohort. More homes also mean lower prices. This parade of homes entering the market has already begun. It will gain momentum in the coming years. This too may stabilize home prices or reverse the upward trend.

In summary, 2017 is showing so many positive signs for sellers. It may be the perfect time to make that move to a better lifestyle. You can invest the money you don't use in the stock market which should mirror the home sale market. Either way, if a move is in your future; your timing could not be better as a home seller. I wish you all the best and a very happy and prosperous New Year!

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