

## Anecdotal Real Estate Market Insights

I've been documenting my home selling and buying experience for the past year or so (see [here](#), [here](#) and [here](#)). This is the first time I've gone through the sale process so it's been a good learning experience. Since most people don't go through this process very often I thought it would be helpful to document some of my lessons learned and random thoughts about real estate in general:

**People act fast.** When we first started looking at other houses we were finding that nothing was staying on the market for more than a few days as buyers were making offers right away on new listings. The same thing happened to us during the sale process, which was nice. We listed on a Friday and had an offer by Monday. Competition for homes in certain areas can be crazy to deal with. It's great when you're a seller but tough when you're a buyer and I think people forget that real estate is a two-way street -- even if you're in the driver's seat as a seller you still have to be the buyer for the other side of the transaction. Rising prices are both good and bad for your bottom line as your asset appreciates but so too do your costs in a new home.

**The real estate industry didn't take very long to recover from the crash.** This is purely anecdotal, but everyone I've talked to along the way -- realtors, mortgage loan officers, builders, home photographers, title companies, etc. -- who experienced the real estate bubble and subsequent crash seems almost shocked that things are going so well again so quickly. I've heard plenty of stories about how bad things got for certain people or firms during the unwind of the last up cycle but it sounds like everything is full speed ahead again as demand for homes is keeping everyone busy these days. I was told by numerous people that there was basically no seasonal lull this year in my area like they usually bank on during the winter months.

**Where is Silicon Valley in the real estate world?** I can't believe there isn't a legitimate robo-advisor taking over the real estate industry who sees the huge commissions as an opportunity. There is something to be said for the human element and local expertise when dealing with huge transactions like this -- our realtor was very helpful throughout the process answering questions and dealing with paperwork -- but I'm shocked a tech-savvy firm hasn't tried to undercut the fat commissions in this space. [The Internet has had basically zero impact on this industry](#). Listings are now all online. All of our scheduled showings were done through an app. The locks on the door are Bluetooth enabled. I could be missing something here but real estate robo-advisor seems like it should be easy pickings to undercut 6% realtor commissions for those who can do most of the heavy lifting themselves.

**Millennials will be huge for housing demand in the coming years.** The area we live in is being flooded by couples with younger kids who are moving out of cities and into the suburbs. There will always be a huge demand for big city living but young people, like everyone who came before them, eventually get older. And when you get older and have kids it's not quite as easy to make things work living in a city. Buying a house won't be the right decision for everyone but the flood of new homebuyers from the millennial cohort in the coming years could be enormous. I was also told

that first-time home buyers are quickly upping their max for their first place because they have much higher expectations.

[Decision fatigue](#) is real. We ended up working with a builder on our new house and my biggest takeaway from this experience is how easy it can be to become overwhelmed by too many choices. There are hundreds and hundreds of choices you have to make for what goes into a house and after a day or two of making our selections, my wife and I would be mentally exhausted. It's hard to continually make decisions over and over again when dealing with so many different options. Your brain needs a rest every once and a while.

**Real estate is personal.** It was easy to judge people for making terrible financial decisions in real estate following the financial crisis but I can understand why people overextend themselves to buy the house of their dreams. It's impossible to keep emotions out of a decision like this. A house is much more than an asset (and liability) line item on your personal financial balance sheet. Housing is a form of consumption but that doesn't mean most people treat it like an asset or an investment. [Research](#) shows that real estate tends to be a relatively poor investment choice when you consider the alternatives and all costs involved. But most people are rightly more concerned about the neighborhood, school district, shopping access, commute, the functionality of the house, etc. than how much money they'll make when they sell or how much more they would have made investing in stocks.

When it comes to [happiness and spending money](#), research also shows that buying experiences will make most people happier than buying material items. Most people assume this means to go on more vacations, see more shows or go to more concerts but I've learned that the right home can be a great way to create those lasting experiences, as well. When considering our new home we put a lot of thought into what it would mean for our family in the coming years, both in terms of the financial implications but also how our time would be spent in that house.

**Having said that...** Buying and selling a home can be a stressful process. While real estate is personal you still have to weigh the costs and benefits of what it will mean for your bottom line. Owning a home can be expensive. You're always going to spend more money than you realize when making a move to a new place. Transactions are happening quickly but it still makes sense to take your time and not rush into anything you can't afford or grow into.

Further Reading:

[Where You Live and the 50/30/20 Rule](#)