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Double-dip in Housing Reflects a Continued Correction in Housing

Info available through March 2011 from the Case-Shiller Home Price Index explains home values nationwide have dropped by 4.2% during the 1st quarter of 2011, after falling 3.6% in quarter four of 2010. The index hit a new low with the first quarter's data and posted an annual drop of 5.1% in comparison to the 1st quarter of 2010. National home costs are back to 2002 levels. Las Vegas, on the other hand has home prices that are at 1999 levels.

The homebuyer credits that ended a year ago only lengthened the correction in housing. Nationally, the programs briefly prevented costs from dropping further. But there's no economic free lunch win in the long term. The imbalance between demand and supply causes prices to keep deflating. Until the market soaks up the many empty homes which exist, values will stay low. The next few years will offer plenty of opportunities for investment.

According to the New York Times, the portion of homeowners continues to drop gradually. 2006 was the top for home ownership with almost seventy percent of homes being owner occupied. "Even as the economy began to fitfully recover in the year, the percentage of homeowners dropped strictly, to 66.4 %, from a top of 69.2 % in 2004. The home ownership rate is now back to the level of 1998, and some housing experts say it could fall to the level of the 1980s or even earlier."

Only adding to the issue is the lack of financing available. Homebuyers must have better credit so as to buy in today's market. In addition, many individuals are still stuck with big [home loans](#) that have higher balances than what the properties are valued at. The only options for these people are either to pay or default. Either way, folks in this circumstance will not be home buyers anytime soon.

Now, it has become less popular to get a house. People no longer see houses as investments the way they did in 2006. This is sad in a way since many properties in many areas offer at least twenty percent return on investment from cash flow alone. But it requires a long period of rising values to draw in most investors.

Because the structural problems will not go away overnight, there's still plenty of time to exercise some patience and wait for the perfect deal.

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