

Could Rising Home Prices Impact Your Net Worth?

Among its many impacts, COVID-19 has had a pronounced effect on the housing market. Low home inventory and high buyer demand have driven home prices to an all-time high.¹ This has given an unexpected financial boost to many homeowners during a challenging time. However, for some renters, rising home prices are making dreams of homeownership feel further out of reach.

If you're a homeowner, it's important for you to understand how your home's value contributes to your overall net worth. If you're a renter, now is the time for you to figure out how homeownership fits into your short-term goals and your long-term financial future.

What is net worth?

Net worth is the net balance of your total assets minus your total liabilities. Or, basically, it is what you own minus what you owe.²

Assets include your checking and savings accounts, investment account balances, salable items like jewelry or a car, and your home and any other real estate you own. Liabilities include your total debt obligations like car loans, credit card debt, student loans, and the amount you owe on your mortgage, as well as outstanding bills and taxes.

How do I calculate my net worth?

To calculate your net worth, you'll want to add up all of your assets and all of your liabilities. Then subtract your total liabilities from your total assets. The balance represents your current net worth.

As a homeowner, you enjoy significant stability through your monthly real estate investment, also known as your home mortgage payment. While the actual value of your home can fluctuate depending on market conditions, your mortgage payment will decrease your liability each month. Right now, due to increased buyer demand, your asset may be worth significantly more than it was this time last year.³ Contact us for a free assessment of your home's market value so you can accurately determine your current net worth.

How can real estate increase my net worth?

When you put your real estate dollars to work, it's possible to grow your net worth, generate cash flow, and even fund your retirement. Here's how.

Property Appreciation

Historically, home prices have been shown to experience an upward trend punctuated by intermittent booms and corrections.⁴ Right now, prices are at an all-time high due to a combination of record-low interest rates, strong buyer demand, and limited housing inventory.⁵ Well-planned and executed home improvements can also impact a home's value and increase homeowner equity at the same time.

Investment Property

The purchase of a real estate investment property offers the opportunity to increase your net worth through both appreciation and cash flow. If you currently have significant equity in your home, let's talk about how you could put that equity to work by funding the purchase of an investment property.

Ready to calculate your net worth? Contact us to request a free assessment of your home's current value. Then use the worksheet below to calculate your personal net worth.

NET WORTH WORKSHEET

ASSETS	CURRENT VALUE
Financial	
Checking Accounts	\$
Savings Accounts	\$
Brokerage Accounts	\$
Retirement Accounts	\$
Business Ownership Interests	\$
Other (CDs, Savings Bonds, etc.)	\$
Property	
Principal Home	\$
Vacation/Investment Properties	\$
Vehicles	\$
Other Salable Items (jewelry, art, etc.)	\$
TOTAL ASSETS	\$
LIABILITIES	CURRENT AMOUNT DUE
Credit Card Balances	\$
Vehicle Loans	\$
Student Loans	\$
Mortgages	\$
Home Equity Loan or HELOC	\$
Taxes Owed	\$
Other Outstanding Bills or Debt	\$
TOTAL LIABILITIES	\$
Total Assets \$ _____ — Total Liabilities \$ _____ = NET WORTH \$ _____	

WE'RE HERE TO HELP

Sources: 1. National Association of Realtors 2. Forbes 3. The Washington Post 4. Federal Reserve Economic Data 5. Bloomberg

If you want to learn more about growing your net worth through real estate, we can schedule a free consultation to answer your questions and explore your options. Whether you're hoping to maximize the value of your current home or invest in a new property, we're here to help you achieve your real estate goals.

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