



## Navigating the Real Estate Market in the Current Economy

BY PETER MILLER, CTW FEATURES

Debt has been a difficult subject for much of human history. People go bankrupt because of debt, countries go to war over it, and couples get divorced as a result of debt. A 2023 poll by National Debt Relief, a debt settlement company, found that three in five respondents would consider delaying marriage as a result of a partner's debt and 54% believe that "having a partner who is in debt is a major reason to consider divorce."

Since most homes are financed, it means debt is a huge deal. You want the best rates and terms, but what you owe for such things as cars, student loans, and credit cards can impact your ability to get a mortgage with a low rate.

Americans are piling up debt even as existing home prices are rising. This makes affordability tough for many households. Just-released figures from the Federal Reserve Bank of New York show that the major sources of consumer debt were all up in the fourth quarter.

- Mortgage balances reached \$12.25 trillion (up \$112 billion in the fourth quarter).
- Home equity lines of credit (HELOCs) totaled \$360 billion (up \$11 billion)
- Credit cards rose to \$1.13 trillion (up \$50 billion).
- Student loans amounted to \$1.6 trillion (up \$2 billion).
- Auto financing grew to \$1.61 trillion (up \$12 billion).
- "Other" debt reached \$550

billion (up \$25 billion).

All is not bleak on the debt front, however. There are such things as "good" debt and "bad" debt.

According to Experian, "The difference between good debt and bad debt is that good debt offers long-term financial benefits to you, whereas bad debt hurts your finances. Examples of good debt include mortgages that provide a home and a valuable asset and student loans that provide job skills. Examples of bad debt include unchecked credit card debt and payday loans."

Good debt, says Fidelity Investments, "can help you increase your net worth over time or generate future income." It adds that bad debt "does not help your net worth increase or generate future income and may have a high-interest rate."

Several cautions should be added.

First, debt is debt, advances that must be repaid. No matter how attractive the loan, borrowers must make their payments until the debt is settled. This can be a worry if times change. For instance, even a great car loan with a low rate can quickly become a burden if the borrower loses a job.

Second, combine two or three terrific loans and in total they can create a significant mountain of debt. The real issue is not how much debt, but the ability of the borrower to comfortably handle the payments. We all

have different comfort levels, but lenders go by the numbers: They use the borrower's monthly debt-to-income ratio (DTI) and other measures when considering a loan application. If too much income is needed for monthly debt payments an application is likely to be rejected.

Third, the purpose of the obligation may not make it a "good" debt. Yes, it generally makes sense to get more education, but Americans now have \$1.6 trillion in outstanding student loans. When repayments for federally-backed student loans began last October, about one-third of all households with student debt expected to pay \$1,000 or more per month, according to Empower, a retirement plan administrator. Such debt is an enormous burden for many households, and it can also be bad for the economy if it limits spending and saving.

Lastly, according to the Census Bureau, more than 33 million homes are owned debt-free. If rates go up such owners will not see a change in monthly costs and if rates go down, they have a storehouse of wealth from which they can borrow.

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## Utah's Luxury Listings: Presented by The Secrist Team

2023 #1 SELLING TEAM | SERVING CLIENTS FROM SALT LAKE TO ST. GEORGE



2222 E Walker Lane, Holladay

9 BD | 10 BA | 9,275 SF | 1.1 AC | \$7,495,000

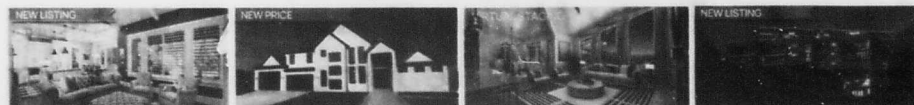
Introducing the pinnacle of contemporary luxury in the affluent Salt Lake City corridor, a never-lived-in 9,275 square foot mansion on a full acre of opulence. Featuring nine bedroom suites, each with arresting views and walk-in closets, along with a total of 10 baths, this estate is tailored for the elite.



3162 E Eagle View, Sandy

8 BD | 12 BA | 16,150 SF | \$5,990,000

Discover an unparalleled mountain retreat in Sandy. This expansive 16,150 square foot estate luxuriously spreads over 2.42 acres, offering seven bedrooms, 12 bathrooms, and a bevy of exquisite amenities.



8178 Newbury Grove Ln, Cottonwood Hts

5 BD | 5 BA | 5,218 SF | \$1,749,000

Exquisite near-new Craftsman style home upgraded for quality with all main floor living

587 E Mash Farm Circle, Murray

4 BD | 5 BA | 5,308 SF | \$1,569,000

Exquisite (new build) custom home, boasting unspoiled mountain vistas.

7258 W Summit Top Lane, Herriman

4 BD | 3 BA | 4,137 SF | \$1,199,999

Embrace modern sophistication on 0.24 acres of serenity.

850 S Donner Way #102, Salt Lake City

4 BD | 3 BA | 2,505 SF | \$999,995

Enjoy glorious sunsets and sparkling city lights from this stunning condo.



1892 E Ashley Mesa Lane, Sandy

5 BD | 4 BA | 3,240 SF | 0.22 AC | \$875,000

Immaculate two-story in a quiet and highly desirable Sandy neighborhood.

9118 S Meadow Lily Lane, West Jordan

5 BD | 3 BA | 2,981 SF | 0.33 AC | \$799,000

Welcome home to suburban living in this immaculate West Jordan Rambler.

91 & 93 W Ryker Ln (Units 7, 8), Midvale

3 BD | 3 BA | 1,684 SF | \$474,900 & \$479,900

New C-Street townhome boasts premium architectural elements in a great location.

1789 Wide River Drive, St. George

2 BD | 2 BA | 1,190 SF | 0.06 AC | \$349,000

Escape to St. George with this incredibly clean and charming Sun River 55+ community home.



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