Money Chasing Homes
The Great Real Estate Bubble Explained
by John Wake, RealEstateDecoded.com, June 2016.
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HOME PRICES
- How much money is chasing
- How many homes

How Much MONEY is Chasing Homes
- How much money they're WILLING to spend
- How much money they CAN spend

How Much Money They're WILLING to Spend
- The prices of the homes they want to buy
- How fast they think prices will rise or fall on those homes
- How much money they think they'll have in the future
- During bubbles, their level of irrational exuberance

How Many HOMES the Money is Chasing
- Fixed in the short term
- Increases slowly, especially in some cities

How Much Money They CAN Spend
- How much money they HAVE
- How much money they can BORROW

How Much Money They HAVE
- How much money they have in savings
- How much money their parents will give them

How Much Money They Can BORROW
- Their income
- Their credit score
- Their other debts
- Mortgages available to them
- Mortgage interest rates
Homes

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How Much Money They're WILLING to Spend
- The income of the homes they want to buy
- How fast they think prices will increase in those homes
- How much money they think they'll need in the future
- During bubbles, that kind of calculation doesn't work

How Much Money They CAN Spend
- How much income they have
- How much money they have to spend

How Much Money They HAVE
- Income
- How much income they have
- How much money they can spend

How Much Money They CAN BORROW
- How much income they have
- How much income they have
- How much money they can spend
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How Many HOMES the Money is Chasing
- People can afford homes
- People can only afford homes
- People can only afford in some cases
- Some people can't afford homes

How Many HOMES the Money is Chasing
- People can afford homes
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