

The Slow Housing Market Can Hurt Government Revenues, But Doesn't Have To

The Slow Housing Market Can Hurt Government Revenues, But Doesn't Have To

How much home sales impacts a place depends a lot on its property tax policies.

by Liz Farmer February 21, 2019

Excerpt below.



Home sales have been ticking down for months. It's been particularly bad in the West, where 15 percent fewer homes were sold in December compared to the previous December. The slowdown is widely expected to continue, but how it affects local governments will differ.

Cumberland Advisors CEO John Mousseau is watching places where wealth is concentrated and where taxes are high, including Boston, New York City and its suburbs in Northern New Jersey and Fairfield County, Conn. Homeowners in these places are no longer getting the tax breaks they used to on their properties. "As long as there's no recession," he says, "I think home prices in places like these will stagnate or maybe even decline a little." That could further hurt the local government's property tax revenues.

But declining home prices aren't necessarily a bad thing,

Mousseau says. According to Fitch's data, several major markets – including many out West – are currently overvalued. "I think what you'll see is a realignment of house prices," he says. "The idea that house prices can go up 6 or 7 percent a year – I think that's going to go away."

Read the full article at governing.com.

Links to other websites or electronic media controlled or offered by Third-Parties (non-affiliates of Cumberland Advisors) are provided only as a reference and courtesy to our users. Cumberland Advisors has no control over such websites, does not recommend or endorse any opinions, ideas, products, information, or content of such sites, and makes no warranties as to the accuracy, completeness, reliability or suitability of their content. Cumberland Advisors hereby disclaims liability for any information, materials, products or services posted or offered at any of the Third-Party websites. The Third-Party may have a privacy and/or security policy different from that of Cumberland Advisors. Therefore, please refer to the specific privacy and security policies of the Third-Party when accessing their websites.

Sign up for our FREE Cumberland Market Commentaries

Cumberland Advisors Market Commentaries offer insights and analysis on upcoming, important economic issues that potentially impact global financial markets. Our team shares their thinking on global economic developments, market news and other factors that often influence investment opportunities and strategies.