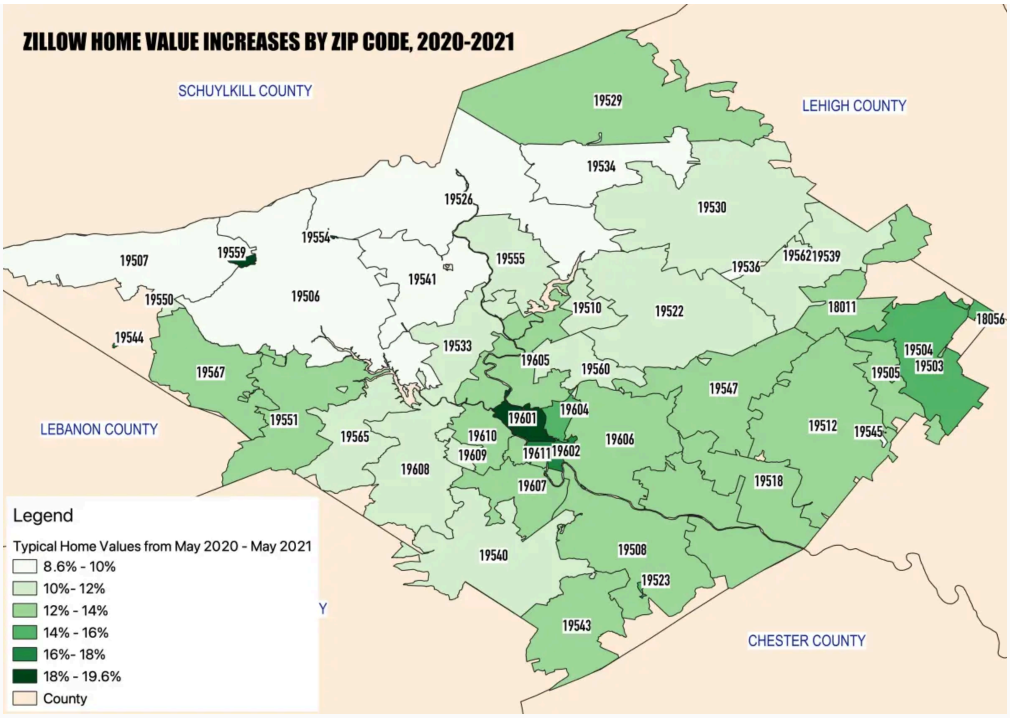
NEWS > HOUSING

Home values have risen by 10% or more in most of Berks County



SOURCE: Zillow.com

By **ADAM RICHTER** | arichter@readingeagle.com | Reading Eagle
PUBLISHED: July 12, 2021 at 3:00 AM EDT | UPDATED: August 27, 2021 at 8:32 AM EDT

Getting your **Trinity Audio** player ready...

Most years, the real estate market goes into something of a lull.

This is not most years.

In Berks County, housing prices have climbed without a dip since last year, as demand continues to climb and supply doesn't.

That tight market has driven up home prices, to the point where many areas

For example, the typical value of a house in Muhlenberg Township was $166,510 in May 2020. This past May, that value jumped to $184,894 – an 11% increase in a year.

A real-estate rule of thumb used to be: Spring and summer are great times to list properties while winter is when things slow down.

That has not been the case lately, said Angela Tolosky, the broker-owner of Weichert Realtors Neighborhood One and a past president of the Reading-Berks Association of Realtors.

“This past 12 months has blown everything out of the water because it’s just been nonstop,” Tolosky said.

“I think we’re going to be in this market, definitely, through the end of this year,” she said.

The increase in values is true in Reading, where housing prices have historically been lower than they are in the rest of Berks County. In 19601, for instance, home values rose by more than 18% – from $74,103 in May 2020 to $87,993 in May 2021.

“Houses that I listed last year for $49,000, 59,000, are going in the 80s now,” Tolosky said.

The hot demand has led to buyers taking drastic steps, Tolosky said. One would-be buyer offered $30,000 over the listing price for a home in Hamburg, only to lose out on the deal anyway, she said.

And seller assists – a typical practice where the seller pays part of the closing costs – have all but vanished, she said.

Why 2021 is not the same as 2008

This kind of crazed real estate market has been seen before: right before the 2008 crash that led to the Great Recession and the cratering of home values nationwide. That time, the market was described as a bubble: something large, expandable and doomed to pop.

But this is not the same as 2008, Tolosky said. The job market is stronger

Brittney Baker Shurr, association executive at the Reading-Berks Association of Realtors, said the lending market is much different as well – partly as a result of the Great Recession.

In 2008-09, supply wasn't as limited, and the lending requirements and regulations are much stricter today than then.

"We're kind of in the inverse situation right now, and I think that's a good sign," Baker Shorr said. "So when it does level out, you'll see some of those prices, those median sale prices fall back down to more normal standards."

"We're not in the same predicament as we were in 2008, 2009," she said.

Also, the adjustable-rate mortgages that spelled doom for borrowers in the last recession aren't as prevalent and people aren't borrowing so far beyond their ability to repay, said John Savant, the Reading-Berks Association of Realtors' director of government and community affairs.

Adjustable-rate mortgages offered a low interest rate in the early months of the loan, then would skyrocket, making the mortgages all but impossible to repay.

"The loan terms that people are taking out aren't what you saw in 2007, 2008," Savant said.

An important caveat

The data from Zillow offers a good snapshot of the change in housing prices, but don't necessarily reflect what a house should be listed (or sold) for. It also includes homes that are not on the market but for which Zillow has provided an estimated value.

Bright MLS, which is what real estate agents in Berks use to list and track home sales, has more accurate numbers, but they're tracked differently.

Whereas Zillow's data shows home value, the MLS numbers reflect median sales price – what the homes actually sell for. So, for instance, the median sales price for a home in 19601 was $95,500 for the first quarter of 2021. The median of Zillow's typical home value for the same ZIP in the first quarter was $83,879.

“The demographics of an area are completely different, and local Realtors will know how to interpret this data better for different demographic and geographical locations than a zestimate (Zillow’s property value estimate) will,” Baker Shurr said.

Still, Tolosky said Zillow’s information is useful to give a snapshot of where housing prices are going. But Zillow’s estimates don’t often line up with the estimates that show up in the Bright MLS system, which is what local Realtors use.

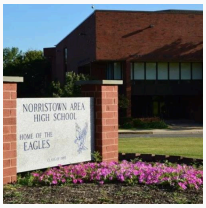
MORE FROM OUR NEWSROOM

Berks Community Health Center to merge with regional provider
Monday, August 17

Berks coroner seeking relatives of Reading man, 73
Tuesday, August 18

Southern Berks home gutted in predawn 2-alarm blaze
Tuesday, August 18

PA Turnpike closure planned for Sunday morning
Friday, August 14



Construction worker was electrocuted at Norristown Area High School

Thursday, August 20

CEO offers a deeper dive into changes at Pottstown Hospital

Monday, August 17

Enrollment in SNAP grocery aid is dropping faster than expected

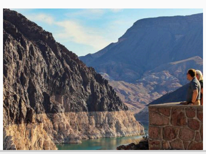
Friday, August 21

Berks Catholic football: Saints shooting for back-to-back LL section titles

Saturday, August 22

De George: Phillies' Nestor Cortes gamble could fix longstanding bullpen hole

Friday, August 21



As Lake Mead shrinks, its body count rises

Wednesday, August 19

Montgomery County food safety inspections found raw, shelled eggs sitting out, flies...
Friday, August 21

Berks coroner seeking family of Reading man
Friday, August 21

2021 >
July >
12