

# Law Offices of Randel & Gerard

Issue No. 11

March 2002

## Thank You, Housing Market

Two weeks after September 11<sup>th</sup>, I wrote a column about the housing market. At the time the housing market was completely flatline but I opined that it would be recovering quickly. I believed that, of course, but 9/11 was so different from anything I knew, I realized I was in uncharted waters.

Well the numbers have vindicated my hopes. The National Association of Realtors has just released the January, 2002 housing figures: home resales in January were at an annualized rate of 6 million—higher than ever before (the next highest month, coincidentally, was August 2001). What is particularly relevant (not one business writer even mentioned, duh) is that these numbers show how really strong the housing market is since closings in January were the result of contracts made in October and November, 2001. In other words, within a month or so of 9/11, U.S. citizens were back buying houses in record numbers (take that, Osama).

Why? Why is the housing market so resilient? So powerful? Well of course

low interest rates are a factor... but in my view, interest rates are only part of the story. I think the real story about housing is human nature. A slight digression:

In some perverse way, September 11<sup>th</sup> did me a favor. It reminded me how fortunate I am to be a U.S. citizen. And it made me think about other countries and why the U.S. is so great in comparison. And I have concluded that the U.S. is so great because it is the one governmental system in the world that most perfectly meshes with human nature. The essential freedoms in our country give everyone a chance (certainly we can do better in that regard but I do believe we are continually trying). Our economic engine, the love our citizens have for our country, the spirit of our citizenship all derive in my view from a system that is founded on freedom. Humans want freedom. They thrive in a system that tries its best to provide freedom and opportunity.

Back to housing: in my view, the housing market thrives because it too meshes with human nature. People want shelter. They want privacy. They want luxury. And what better way to get it than in one's own piece of the world.

Where no one can just intrude. Where friends and family can congregate. Where we can indulge ourselves. The home is in some ways the ultimate manifestation of human desire. And so, even when times are bad for whatever reason, people (human nature) still desire to own or trade up or expand or renovate. And housing provides the perfect vehicle for these desires. Ergo (I've always wanted to use that word), the enormous resiliency of the housing market.

So be nice to your house. In some ways, it is you. And it and its friends are doing great things for the U.S. economy right now.

**The Law Offices of Randel & Gerard specialize in real estate and business transactions. Its clientele include numerous executives, entrepreneurs and investors.**

**James Randel is the author of The Real Estate Game (And How to Win It) and has lectured on real estate investing at Harvard Business School.**

**Randel & Gerard LLC**  
P.O. Box 2870  
Westport, CT 06880  
Phone – (203) 454-4811  
Fax – (203) 221-7677  
E-mail –  
jrandel@randelgerard.com