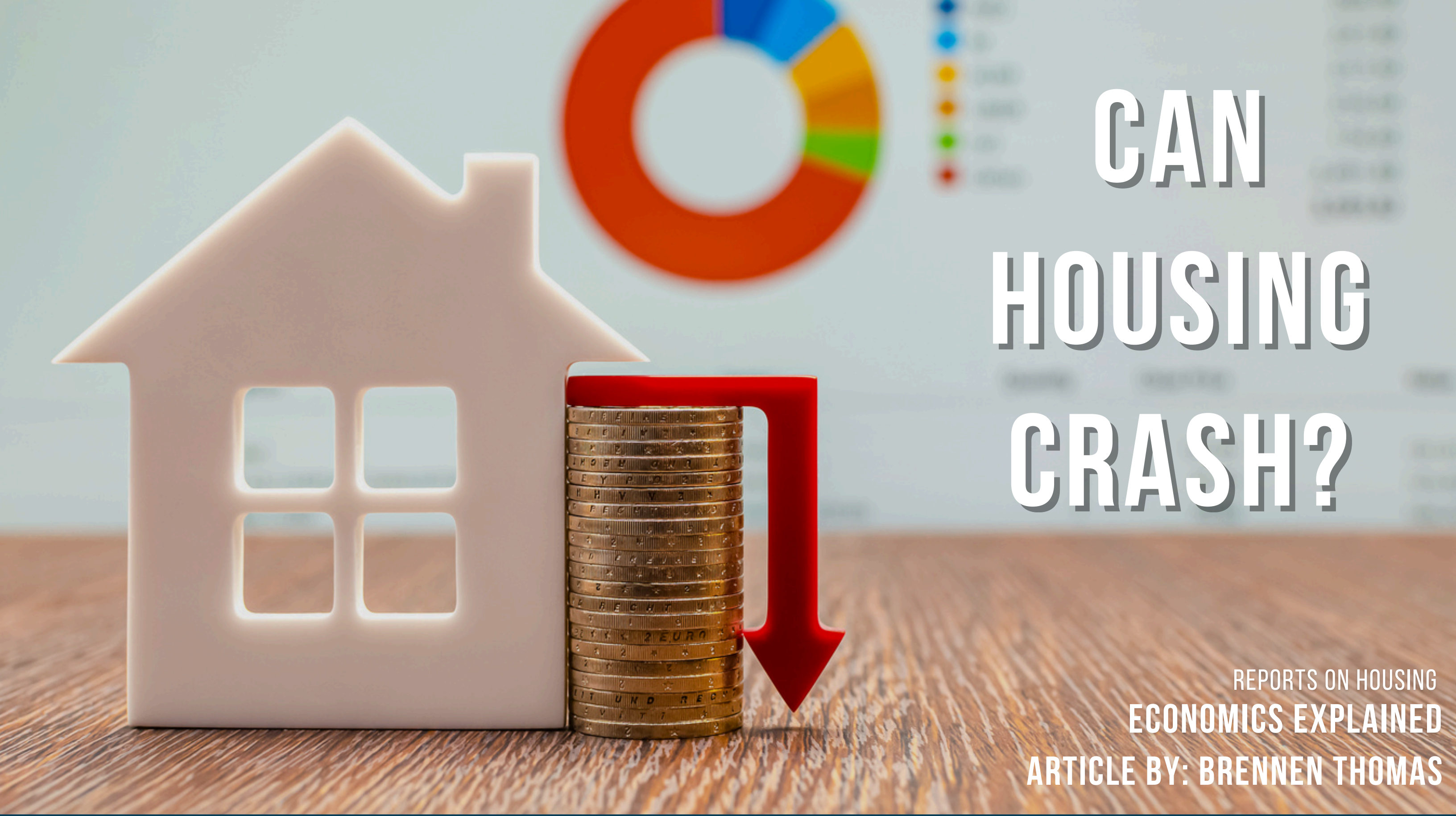

CAN HOUSING CRASH?

REPORTS ON HOUSING
ECONOMICS EXPLAINED
ARTICLE BY: BRENNEN THOMAS

THEN VS. NOW: WHAT THE NUMBERS SAY

Following the Great Recession, the age-old question continues to linger: Can the housing market crash again? The hypothetical answer is **yes**, it can potentially crash. However, the realistic and fact-based answer is **no**.

To elaborate further, one must understand the components of what triggered the real estate crash in 2008. It can be broken down into three words: Loose Lending Standards. Due to poor lending standards that began in the late 20th century, many borrowers who would today be severely unqualified were able to receive predatory loans. There were teaser-rate adjustable-rate mortgages (ARMs) that would eventually balloon into unaffordable monthly payments. No down payment and subprime loans were typical. Homeowners who could no longer afford their homes were forced to sell them. This eventually led to an overabundance of sellers who failed to sell their homes, all the while, home prices were starting to plunge. According to the National Association of REALTORS® (NAR), in 2008, roughly 49% of REALTORS® reported having a client involved in a distressed sale. With a combination of very few purchasers, sellers desperately languishing on the market, and home prices falling, the market failed to stay intact, and the bubble burst.

To combat poor lending standards, the Dodd-Frank Act was enacted in 2010. The act required lenders to verify a borrower's ability to repay loans and established qualified mortgage standards to prevent certain abusive practices. These lending standards paved the way for a new frontier for the housing industry. By 2024, the median FICO score for homebuyers was 768, which was an all-time high. Tight lending standards helped pave the way for today's strongest housing patch in U.S. history.

The surge in sellers during the Great Recession resulted in an "inventory glut." At that time, most homeowners put their homes up for sale out of necessity, not choice, often due to job loss or unaffordable payments, leading to a dramatic increase in inventory. In contrast, today there is a "housing shortage" with a limited inventory. There were over 4 million homes available in 2008; today, there are only 1.55 million. Further contrasting the situations: now, 40% of homeowners own their home outright, and among those with a mortgage, 92% have fixed-rate loans.

Reports on HOUSING
Your Local Real Estate Snapshot

CAN HOUSING CRASH?

COMPARING 2008 & TODAY

2008	VS	Today
Distressed Properties & Subprime Mortgages		Quality Lending Standards
4.04 Million Homes On The Market		1.55 Million Homes On The Market
Home Values Fell By 13% In 2008 Alone		Home Values are up 2.7% So Far This Year
Unemployment Rate Rose to 7.2% By Dec		Unemployment Rate Hovering Near 4.2%
Millions Struggled With Negative Equity		$11.5 Trillion In Tappable Equity - Record High

The vast majority of today's homeowners have a tremendous amount of equity, fixed payments with low mortgage rates, excellent credit scores, and great jobs. As a result, there are far fewer instances of forced selling, which helps stabilize prices despite higher mortgage rates.

Another key comparison involves employment. In December 2008, unemployment was 7.2%, rising to a peak of 10.0% by October 2009. High unemployment levels forced many into selling their homes, adding to the excess inventory. By contrast, in July 2025, the unemployment rate was much lower at 4.2% and has remained steady. This lower rate also contributes to fewer forced sales today, supporting elevated home prices. For context, home values dropped 13% in 2008 alone, whereas today, home values continue to rise, with a 2.7% increase through July.

One of the most overlooked statistics when people view the housing stock is the amount of tappable equity. During the Great Recession, many sellers sold their homes at a loss, having little to no equity. Values have continuously increased since 2012, resulting in homeowners having a huge safety net in the equity of the home they purchased. Today, the U.S. housing stock is sitting on $11.5 trillion in tappable equity, which is the highest level on record. The housing stock is healthier than ever before.

The facts are clear: **real estate is not going to crash**. Unless an actual black-swan event occurs, something unpredictable, the housing market remains stable. If anyone says a crash is coming, remember: strong lending standards, low inventory, a robust economy, and record tappable equity say otherwise.