

# [Real estate](https://assignbuster.com/real-estate/)

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Real E BUSN121 Karin Conradson Real E Real e is an industry which always remains in business because whatever the conditions maybe everyone needs a roof to cover and protect themselves. But throughout the last years real estate industry has suffered from great loss. In any business the market always has ups and downs which are unavoidable; likewise real estate market has the same pattern. Since the past decade the housing market has suffered from crash. The real estate market between 1991 and 2000 was flourishing and more and more people started to buy new property and take property on rent. The people took properties on mortgages and also took loans from the bank. The economy also started to flourish as the real estate market has a direct impact on the economy of the country. It was during this period that different kinds of policies and loans were introduced by banks and estate companies. All other industries that were somehow associated and linked with the real estate market also grew stronger (Hersh, 2002).
But soon with the start of the new millennium the situation started to reverse and the market started to face a downfall. The financial institutions started to withdraw the money and the gross percent money assets diminished rapidly and within single year it decreased to an extremely low value (New York University, 1971). The subprime credit was completely eliminated from the market and the interest rates greatly increased and rates for all types of loans also dramatically increased. The housing prices continued to hike and this continued to fuel the flame. The closure rates hit new records and the domino effect began (Hersh, 2002). As a result the people stopped to invest, the banks stopped to lend loans to people and companies and those companies which were still giving loans were giving them at increased interest rates. As the people stopped to invest and started to take out their money, business started to decrease and the entire market started to fall. The industries and factories had much reduced works and therefore the companies started to fire people because keeping the workers without any work was a loss to the company and the people started to lose their jobs and started to seek governmental aids (California Real Estate Association, 1936).
The government was also facing financial problems as the government banks and estates were easily issuing loans to the people and when the housing market crashed the people became unable to pay back their loans and many companies filed bankruptcy and the banks had no more money to lend. The entire economy collapsed.
With aids and donations the economy started to recover a bit in the next few years. To recover completely from such a recession certainly takes a lot of time. The buying and selling of houses can be again started to come in view and mortgage values have also decreased form the hiked rates and people are starting to get loans, and house prices have also decreased. The major portion of the economy runs if the people are spending and investing their money and it is a good sign for the future that people are again starting to invest in money (New York University, 1971).
References
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