

Listen Live (<http://wfpl.org/stream>) Calendar (<http://events.wfpl.org>) Donate (<http://louisvillepublicm>

Louisville Home Values Go Up As Inventory Falls, But Is It A Bubble?

By Jacob Ryan (<http://wfpl.org/author/jacob-ryan/>)

ECONOMY (<http://wfpl.org/category/economy/>) April 22, 2017

The supply of available homes in Jefferson County isn't keeping up with demand.

The sparse inventory is keeping home values here on the rise. The latest batch of home assessments from the Jefferson County Property Valuation Administration is evidence of the trend.

Property assessments of some 70,000 residential homes across the county are set to rise, according to Tony Lindauer, head of the Jefferson County Property Valuation Administration.

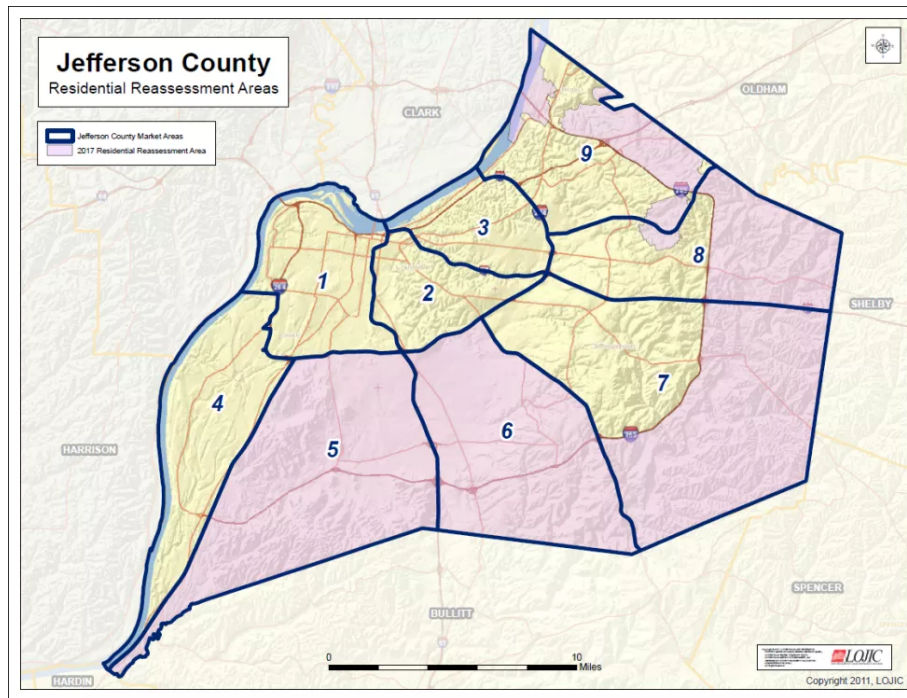
Lindauer held a news conference Friday morning at the PVA headquarters on Market Street in downtown Louisville to brief reporters on the latest assessments.

"We are one of the hottest markets in the country," he said. "That's basically what's driving the prices up."

Lindauer's office conducted assessments for residential and commercial properties in central Jefferson County and the outer, eastern portions of county, beyond the Gene Snyder Expressway.

Assessments are done in accordance with state law, Lindauer said. The law requires the PVA to assess all property at 100 percent fair cash value. The assessments stem largely from the sale price of nearby properties, as PVA personnel don't physically inspect each property being assessed.

"Our task is to analyze the market and ensure that assessments of unsold properties follow the market determined by buyers and sellers," Lindauer said.



Courtesy PVA

The pink areas are where reassessments took place.

A Sign of an Improving Economy

The surge in home prices in Louisville is a sign of an improving economy, said John Garen, director of the John H. Schnatter Institute for the Study of Free Enterprise at the University of Kentucky.

One way to combat higher prices, he said, is to increase the supply. But that depends on the ability of builders to construct new homes and the speed at which those homes are built, he added.

And there isn't much concern of a housing bubble, as was the case in 2008, when such a bubble precipitated a major economic recession, since "the heavy inducements to issue high-risk mortgages has abated," Garen said.

Other economic experts seem to agree on that, as well.

Aaron Yelowitz, an associate professor of economics at the University of Kentucky, said although the appreciation of home prices in Louisville since 2014 — more than 11 percent — seems impressive, the annual nominal return of just under 4 percent paints a different picture.

He said the 3.7 percent nominal return is “certainly a positive development,” but pales in comparison to the “real bubble markets” of the mid-2000s in Las Vegas and Florida, which were yielding returns of up to 25 percent.

“This isn’t the case in Louisville,” he said.

And John Nelson, an economics professor at the University of Louisville, said he’s more concerned about the longevity of market conditions and job creation than threats of a housing market bubble, despite rising home prices.

“That’s the least of my concern,” he said of a new bubble.

Nelson said banks have more sustainable lending practices than they did a decade ago, and they’re requiring safer down payment models that allow people to maintain their investment regardless of minor adjustments in home assessment valuations.

Assessments Coming Soon

Lindauer said homeowners can expect to see their adjusted assessments as soon as Friday afternoon.

The PVA expects some 7,000 people to contest their assessment adjustments. And Lindauer said he encourages people to do so, if they feel so inclined.

A series of public meetings is set at libraries across the city to give property owners a chance to meet with PVA staff to discuss their assessments. And residents can schedule conferences to discuss their assessments through May 15.

More information on scheduling an assessment conference can be found on the PVA website (<https://jeffersonpva.ky.gov/>).


Share on Twitter (<http://wfpl.org/home-values-go-up-as-inventory-falls-but-is-it-a-bubble/?share=twitter&nb=1>)

Share on Facebook (<http://wfpl.org/home-values-go-up-as-inventory-falls-but-is-it-a-bubble/?share=facebook&nb=1>)



(<http://wfpl.org/author/jacob-ryan/>)

By Jacob Ryan (<http://wfpl.org/author/jacob-ryan/>)

 [@jacobhryan](https://twitter.com/jacobhryan) (<https://twitter.com/jacobhryan>)

Jacob Ryan is the Metro Affairs reporter for WFPL.

HOME OWNERSHIP' ([HTTP://WFPL.ORG/TAG/HOME-OWNERSHIP/](http://wfpl.org/tag/home-ownership/))

HOUSING ([HTTP://WFPL.ORG/TAG/HOUSING/](http://wfpl.org/tag/housing/))

(<http://wfpl.org/category/strange-fruit/>)

The Guestlist with Sean Cannon

<http://wfpl.org/home-values-go-up-as-inventory-falls-but-is-it-a-bubble/>



(<http://www.bbc.co.uk/worldserviceradio>)



(<http://www.pri.org/>)



(<http://npr.org>)

Get WFPL stories delivered daily.

Your email address

Sign up



WFPL News

About Us (<http://wfpl.org/team/>)

Volunteer (<http://louisvillepublicmedia.org/volunteering-at-lpm/>)

Shop (<http://publicradio.myshopify.com/>)

Stay Informed

Schedule (<http://wfpl.org/schedule/>)

Facebook (<https://www.facebook.com/wfpllouisville/>)

Twitter (<https://twitter.com/WFPLNews>)

Instagram (<https://www.instagram.com/wfplnews/>)

Sign Up (<http://wfpl.org/signup/>)

Our Other Sites

Louisville Public Media (<http://louisvillepublicmedia.org/>)

90.5 WUOL (<http://wuol.org/>)

91.9 WFPK (<http://wfpk.org/>)

KyCIR – Investigations (<http://kycir.org/>)

The Next Louisville (<http://nextlouisville.wfpl.org>)

Podcasts (<http://wfpl.org/category/podcasts/>)

Strange Fruit (<http://wfpl.org/category/podcasts/strange-fruit/>)

The Next Louisville (<http://wfpl.org/category/podcasts/the-next-louisville/>)

The Kentucky Author Forum (<http://wfpl.org/category/podcasts/kyauthorforum/>)

The Guestlist with Sean Cannon (<http://wfpl.org/category/podcasts/the-guestlist-with-sean-cannon/>)

Kentucky Politics Distilled (<http://wfpl.org/category/podcasts/kentucky-politics-distilled/>)

© 2017 89.3 WFPL News Louisville. All Rights Reserved.

