



Real Estate 2017:

What to Expect

The American housing market is stronger than ever!

Home values, prices and sales had their strongest numbers in 2016, all signs of a healthy market. According to the Home Price Index from the Federal Housing Finance Agency (FHFA), property values have increased in 58 of the last 62 months and have increased more than 35 percent nationally. Homeowners continue to build equity in their largest investment—their homes.

FIRST-TIME BUYERS ARE BACK.

Housing forecasts from National Association of Realtors (NAR), the Mortgage Bankers' Association, Freddie Mac and Fannie Mae all predict existing-home sales will surpass 6 million in 2017, higher than anticipated sales for 2016. Who's driving the surge? According to NAR, millennials who have put off buying a home are ready to buy. While they may have avoided buying a home due to student debt and limited employment, many are entering their 30s, a time when their attention turns to marriage, family and setting roots with homeownership. They're predicted to be the driving force behind home and condominium sales from now until into 2020.

RENTERS ARE EMBRACING HOMEOWNERSHIP.

Additionally, many renters who've resisted buying are starting home searches due to the economic weight of rising rents. This year's home buyers seek to take advantage of comparatively low interest rates and, in most cases, static payments each month—an advantage of home ownership. Rental costs will only continue to rise; if you're thinking of buying, now is an ideal time to do so.

HOME PRICES ARE ON THE RISE.

According to the NAR, the median existing-home price not only increased 6.0 percent year-over-year in October, it's also the 56th consecutive month of year-over-year increases. Prices are approaching the pre-recession peak.

What does this mean to you? Home prices, and subsequently home values, are increasing. If you've been waiting to list your home until you know you can sell it for what you think it's worth, now is a great time to do so.

IF YOU'RE IN THE MARKET TO BUY, BE PREPARED TO ACT.

Homes were on the market for the shortest amount of time recorded since 2009: 52 days. The increase of qualified buyers in the market along with the increasing efficiency of the real estate process means homes are selling faster than ever, and in many cases buyers are engaging in bidding wars and paying over the list price to get the home of their dreams.

LOOKING FOR A NEW HOME?

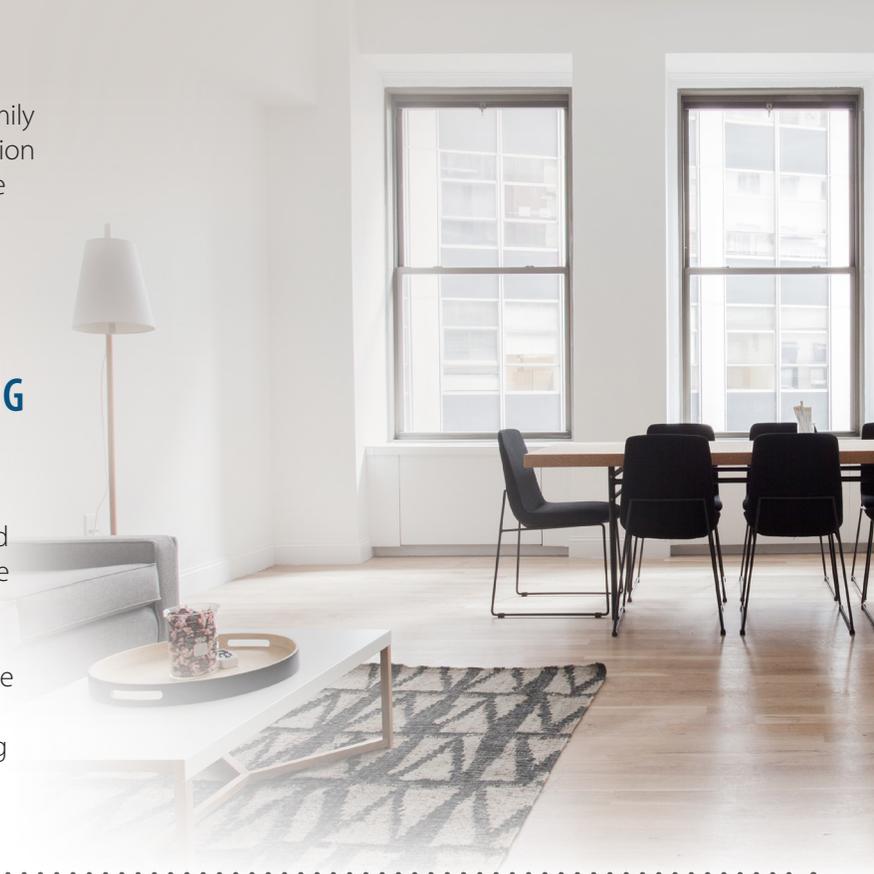
New-home construction will increase to an average of 1.5 million per year to 2024, according to a report from NAR.

However, experts anticipate housing starts will only increase to 1.22 million in 2017, which is less than the 1.5 million new homes required to keep up with growing demand. This inventory shortage of new entry-level homes—typically purchased by first-time buyers—may drive up prices in some areas. Home builders have been focusing on multi-family construction for the last few years, but this type of construction has begun to level off providing hope that builders will once again focus on single-family home construction. However, stricter proposed immigration policies may impact new home construction and tighten inventory.

AFFORDABILITY PRESSURES ARE INCREASING IN MANY MARKETS.

Housing affordability in many of the nation's largest cities has declined over the past few years, a trend that is expected to continue in 2017. However, there is hope. NAR created the Affordability Index to measure the affordability of homes across the United States. The Affordability Index assesses whether the typical family earning the median family income can qualify for a mortgage on a typical home based on the prevailing mortgage interest rate on loans closed on existing homes from the Federal Housing Finance Board.

The NAR Affordability Index is 170.2 (composite) and 169.8 (fixed), meaning a family earning the median family income has 170.2 percent of the income necessary to buy a median-priced, single-family home. Nationally, the qualifying income is \$41,616, but it varies by region. In the Northeast, the qualifying income is \$45,024. In the Midwest, it's \$32,640. In the South, it's \$36,960. In the West, it's \$61,824.



3 THINGS TO DO NOW IF YOU PLAN TO BUY THIS YEAR.

- 1. Get pre-approved for a mortgage.** If you plan to finance part of your home purchase, getting pre-approved for a mortgage will allow you to put in an offer on a home and may give you an advantage over other buyers.
- 2. Start looking.** While most buyers start their searches online, be sure to look at homes in neighborhoods you'd like to live in as well. This will help you narrow down where to look and what to look for in your next home.
- 3. Come to our office.** We can help you find a home that fits your needs and budget. Give us a call to make an appointment today!

3 THINGS TO DO NOW IF YOU PLAN TO SELL THIS YEAR.

- 1. Make repairs.** Most buyers want a home they can move into right away, without having to make extensive repairs. Making the repairs now will give your home a competitive advantage over other similar homes on the market.
- 2. Get a Comparative Market Analysis (CMA).** A CMA not only gives you the current market value of your home, it'll also show how your home compares to others in the area. This will help you price your home to sell. Call us for your free CMA!
- 3. Start packing.** Help your buyers see themselves in your home by packing the items you don't use regularly and storing them. This will make your home easier to stage as well as make it easier to move later on.

Remember, real estate is local. While these statistics shed light on the national market, we can give you all the information you need to know about our local market. If you're thinking of buying or selling, or just want to know how much your home is worth, give us a call!

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