



“How’s the Market?”

What’s Ahead for Real Estate?

QUICK STATS
Home Prices ▲ 6.2% in June
Mortgage Rates Will ▲ to 5.1% in 2019
Number of Qualified Buyers ▼
Supply < Demand

While no one can predict the future with certainty, most experts expect to see modest growth in the U.S. housing market for the remainder of this year and next. Inventory will remain tight, mortgage rates will continue to creep up, and affordability will remain a major issue in many parts of the country.

So what does that mean for home buyers and sellers? To answer that question, we take a closer look at some of the top indicators.

CONTINUED GROWTH IN HOUSING MARKET

There’s good news for homebuyers! In many markets across the country, prices have begun to stabilize after a period of rapid appreciation. The Case-Shiller U.S. National Home Price Index reported a 6.2 percent annual gain in June, a healthy but sustainable rate of appreciation.¹ And in its latest Outlook Report, Freddie Mac forecasts continued growth in the housing market due to a strong economy and low unemployment rate.²

MORTGAGE RATES EXPECTED TO RISE

Economists predict that mortgage rates will continue to rise gradually. Freddie Mac forecasts an average rate of 4.6 percent this year and 5.1 percent in 2019.² However, mortgage rates still remain near historic lows and a whopping 14 points below the recorded high of 18.63 percent in the early 1980s. Buyers who have been on the fence may want to act soon to lock in an affordable interest rate ... before rates climb higher.



'If you buy now, you will benefit from appreciating property values while locking in an historically-low interest rate on your mortgage. Waiting to buy could mean paying more for your home as prices increase and paying higher interest on your mortgage as rates continue to rise.'

INVENTORY LEVELS WILL REMAIN TIGHT

Experts predict that demand for housing will continue to outpace available supply, especially in the entry-level price range. While this is generally good news for sellers because it means less competition, a combination of high prices and rising interest rates has narrowed the pool of potential buyers who can afford to enter the market.³ Sellers should seek out real estate agents who utilize technologically-advanced marketing tactics to reach qualified buyers in their area.

There may also be some relief on the horizon for buyers who have been hampered by a shortage of available inventory. Freddie Mac predicts new housing construction will increase slightly after a stall last quarter.² The upturn in supply should help drive sales growth and relieve some of the pent-up demand in tight markets.

WHAT DOES IT ALL MEAN FOR ME?

If you've been waiting to buy a home, you may want to act now. A shortage of available homes on the market means prices are likely to keep going up. And a lack of rental inventory means rents are expected to rise, as well.

If you buy now, you will benefit from appreciating property values while locking in an historically-low interest rate on your mortgage. Waiting to buy could mean paying more for your home as prices increase and paying higher interest on your mortgage as rates continue to rise.

And if you're in the market to sell your home, there's no need to wait any longer. Prices have begun to stabilize, and rising interest rates could decrease the number of available buyers for your home. Act now to take advantage of this strong seller's market.

LET'S GET MOVING

Sources: 1. S&P Dow Jones Indices Press Release 2. Freddie Mac Outlook Report 3. Housing Wire

If you think you may be ready to buy or sell, give us a call. As local market experts, we can fill you in on any issues impacting your current or target neighborhoods and create a custom plan to help you meet your real estate goals.

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