

## The 2022 Real Estate Market, where is it going?

This fall, the housing market finally started to slow a bit, as more inventory hit the market and fewer buyers engaged in bidding wars. While the industry giants in statistical analysis and predictions (*S&P, CoreLogic, Case-Shiller*) already starting to see price growth decelerate.

*“We’ve fallen into a more boring housing market compared to what we’ve seen since the start of the pandemic,” Ali Wolf, chief economist at Zonda. “Despite the pervasiveness of sticker shock, some consumers are choosing to charge forward in today’s less feverish market to secure a home and lock in a historically low (and rising) mortgage rate.”*

The housing market is still moving upward, albeit at a slower pace. That slowing, or so-called normalization, is expected to continue into next year: Every 2022 forecast model Fortune Magazine has reviewed anticipates that price growth will slow down next year. The projected

growth range among these forecasts is all over the place, however. Fannie Mae sees prices rising 7.9% in 2022. Zillow Research is more bullish, projecting 13.6% price growth in the next 12 months. And Ed Pinto, director of the American Enterprise Institute’s Housing Center, said that prices could still rise in the high single-digits to low double-digits.

The most bearish 2022 outlook comes from CoreLogic, a Fortune 1000 real estate data firm. Earlier this week, the company went so far as to downgrade its price growth estimate for the coming 12 months, going from 2.2% to 1.9%. If that rate of price growth comes to fruition, it would mark the lowest price jump since 2012. But sellers and buyers alike might be wise to take all of these forecasts with a grain of salt. After all, many experts (Zillow, Core Logic, and many others) predicted the real estate market would drop! The opposite occurred: The economy shed the COVID-19 recession by May 2020, and the housing market was off to the races. *Zillow also finally admitted that predicting the market based on statistics and algorithms is not the way to price a home. Announcing last week that it was shutting down its unprofitable home-flipping business, “We’ve determined the unpredictability in forecasting home prices far exceeds what we anticipated.”*



Ok, so what seems to be the consensus? Demand is still outpacing inventory, and it may take builders 10 years or so to satisfy the market. The price of lumber and building materials have increased, and so has labor. Here in Northern New Jersey, there is very little open land, and that will never change. Interest rates may go up, especially with inflation, but they are still historically low! Last year prices went up about 19% nationwide (average price 374,900)



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closed sales were up 7%, however Bergen County went up 11.6%. To confuse matters even more, each township in Bergen County (there are 70 townships in Bergen) had different results. Ridgewood went up 3.2%, Upper Saddle River 31.1%, Franklin Lakes, 21.8%, Saddle River 2.1%, Wyckoff 10.3%...Remember, housing prices in Bergen County are much higher than most of the United States

The bottom line is it is easy to see how we got here, but no one knows what the future will bring (that is called an educated guess). When pricing your home you must rely on history for facts, that is the markets history, and each home, and each location is different. It is critical that you price your home to maximize your sale price, and yet not price it too high so that it sits on the market. The first two to three weeks on the market is critical, that is when the new listing has the greatest chance of maximizing it's potential!

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