

2021 Trends in Real Estate

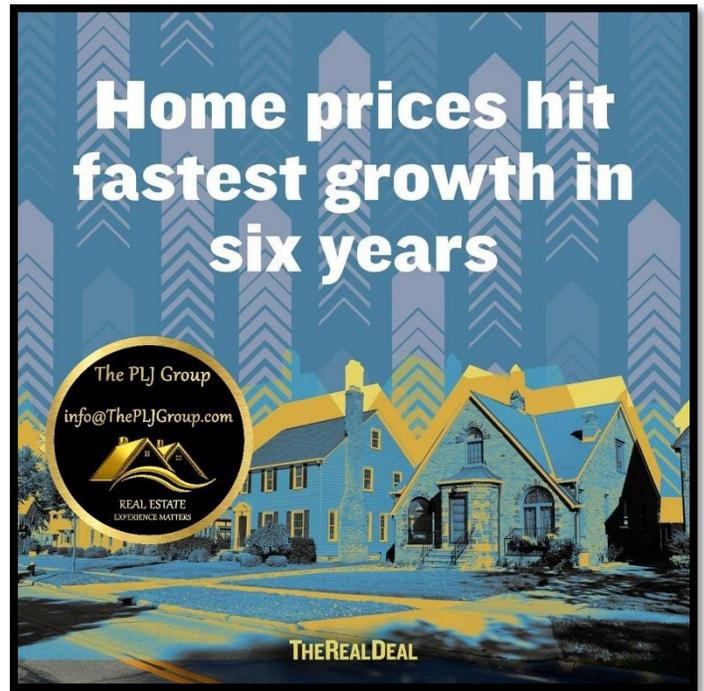
1) Lawrence Yun, National Association of Realtors chief economist: Home sales surprised with a surge in the second half of 2020 and the momentum will carry into 2021. *The record low mortgage rates have been the key factor for home buying even in a difficult job market condition.* As we enter 2021, jobs will steadily recover especially knowing that the vaccine distribution is just around the corner.

The interest rates will continue to be favorable since the Federal Reserve has indicated such. And supply will rise based on the higher number of housing starts of single-family homes. This will give consumers more choices, and more importantly, will tame home price growth. Demand could be stronger in the outlying suburbs and in more affordable metro markets, while the downtown locations could witness softer demand.

2) Steve Baird, president, and CEO of Baird & Warner: As we all found ourselves spending more time at home this year, the market for new homes and even secondary residences exploded, and we expect that to continue in 2021 as priorities change in response to Covid-19. Many buyers are not waiting for a return to normal. Instead, they're anticipating a new normal in which they live, work, and entertain differently than ever before and view housing through that lens.

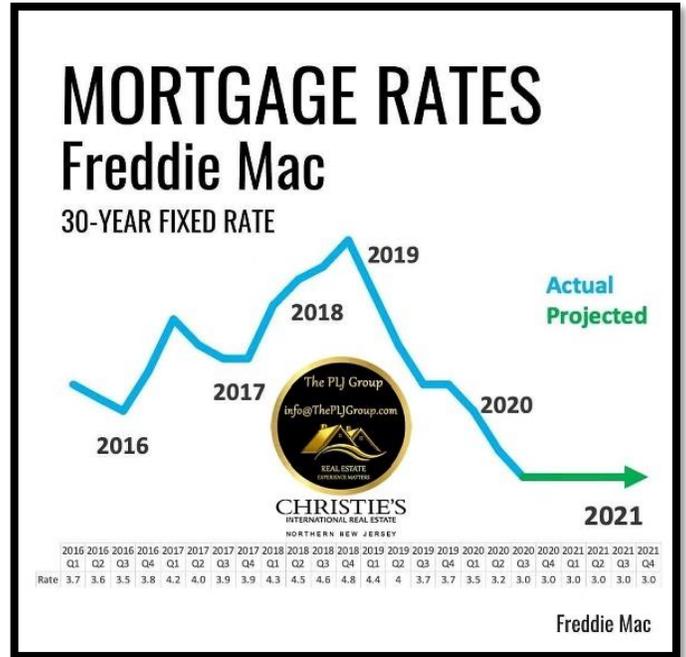
3) Danielle Hale, chief economist, Realtor.com: "Homes are selling incredibly quickly. nearly

two weeks faster than last year...because the market is so starved for inventory," said Danielle...She expects the housing market to ride its current momentum through next year, with home prices climbing 5.7 percent in 2021 nationally. She also predicts a return to "seasonality," with strong spring and summer buying seasons and a wind down in the fall and winter.



4) Zillow Research: Dense, urban living got a bad rap this year because of the pandemic, but city living will almost certainly enjoy a renaissance in 2021...In 2021, those that may have left cities temporarily during the pandemic will likely return as a vaccine becomes more widely available and local economies begin to open up again. Young adults moved back in with their parents at much higher rates this year than last, with nearly 2 million 18 to 25 years old still living at home in August. The majority of this age cohort tend to be renters and 46% of Gen Z renters tend to rent in urban areas, suggesting that **when young people are ready to strike out again they will return to amenity-rich cities.**

5) Freddie Mac: To afford a typical mortgage payment, a given family needs to spend no more than **25% of income** on its mortgage payment (for a 30-year fixed-rate mortgage with a 20% down payment). The income that is needed for this scenario decreased to \$47,760, down from \$50,304 one year ago. The national median sales price of existing single-family homes was up 4.2 percent in Q2 2020 to \$291,300 and up 5.9 percent to \$280,200 based on the Trailing Twelve Month (TTM) average of quarterly median prices according to the National Association of Realtors® (NAR). For the US, at the 5% down-payment threshold, the qualifying income amount for the second quarter of 2020 was \$58,613. At the 10% down-payment mark, the qualifying income was \$55,528 and with a 20% down-payment, the income required to qualify for a mortgage was \$49,358. A household is said to be cost-burdened when it pays more than 30 percent of its income toward housing expenses. As a more extreme measure, a household is said to be severely cost-burdened when it pays at least 50 percent of its income toward housing expenses. The mortgage rates continue to slowly drift downward with a distinct possibility that the average 30-year fixed-rate mortgage could remain below 3 percent in 2021 as well...**2021 could be your year!**



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