

ECONOMIC FORECAST FOR 2021 IS A WIN-WIN FOR HOME BUYERS & SELLERS

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So much for 2020 vision, right? All of the play on words that last year was supposed to be a year of clarity was bull sh...not true. Whether it was a pandemic or social and governmental unrest, last year was anything but a moment of clarity. However, with all of the turmoil and challenges, the economic impact it will have on 2021 is clear, at least it is to Dr. Lawrence Yun, Chief Economist of the National Association of Realtors®. I'm probably not on his Favorites in his iPhone but I was privileged enough to hear him speak, addressing the forecast for this year and how it will impact the purchasing power you have for homes this year.

A NEW APPRECIATION FOR SAVINGS ACCOUNTS

One of the elements Dr. Yun spoke about was the newfound appreciation last year provided us for Savings Accounts. Bank deposits are up more 2 times from this time last year. Given the struggles we all went through last year, a bailout might not always be there for us. While bank deposits are up, according to Yun, it is more encouraging to hear that, on average, Americans are saving more, approximately 15% of their paychecks, for a rainy day...or another pandemic. What this does translate to is the fact that buyers will have more to put towards a down payment than usual, making them more attractive to banks for home loans and sellers for properties that once may have been out of their price range.

PREAPPROVALS MEAN A GREEN LIGHT FOR SELLING

With all these savings, there is a higher level of preapprovals than we have seen in the past. Dr. Yun shared that a surge in Q1 and Q2 preapproved buyers means that they are not only getting the green light to purchase a home, but sellers who have been on the fence about selling their homes should get off the fence and get a FOR SALE sign in their front yard to put their homes on the market. Buyers not only have the money but now are being preapproved, making it the proverbial "win-win-win" scenario.

NEW CONSTRUCTION WILL IMPACT SELLER'S MARKET BY SUMMER

If the early bird catches the worm, early sellers of homes in 2021 are going to have a feast at their disposal. New construction for single family homes is projected to continue to rise for another consecutive year. The decision of in-market home buyers to choose to build over buy is going to be the biggest impact on sellers. This decision to build is forecasted to contribute to the slowing of this Seller's market by summer, according to Dr. Yun. So, if you are trying to decide on whether or not to sell or not, your window of opportunity may be closing faster than you think.

BUYERS SHOULD BUY NOW

It may sound cliché and like a sales pitch from, "Wolf of Wall Street," but if you are looking at buying a home, you should buy now. Dr. Yun is projecting that home prices will rise by a minimum of 8% this year. With the 7.6% increase from last year, home prices will see a 15% increase or more since the start of 2020. If that is not reason enough, interest rates continue to be at an all-time low but, you guessed it, not for long. By the Summer of 2021, interest rates are expected to climb above 3%, impacting the payment and interest for buyers.

If we learned anything from 2020 is that we should always prepare for anything, including me serving as a second term as President of the Youngstown Columbiana Association of Realtors®. While I don't have a crystal ball, I do have Dr. Yun to lend some insight into what we can expect this year as it relates to the housing market. I may not be a doctor, but I am someone who is just looking to make your 2021 better than last year. Here's to doing that together.

Patrick Burgan is the 2021 President of the Youngstown Columbiana Association of REALTORS®