Do We Dare Predict What 2021 Housing Will Look Like?

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Last year was definitely a year of firsts. We racked up loads of new experiences while continuing to wonder what was coming next. So is it even possible to forecast a 2021 real estate market, much less know what the world will look like six months from now?

We can use some economic and housing indicators to take an educated guess, but only time will tell.

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Hot housing

I believe the 2021 housing market will be incredible. After the past year, it's hard to imagine we can say that about anything, but the housing market soared this year despite an unprecedented pandemic.

This was fueled by low inventory throughout the country that by October caused every single metro area the National Association of Realtors tracks in its market data reports to record an increase in home prices. During the throes of fear, confusion and uncertainty in the spring and summer months of 2020, people were still clambering to buy houses. By late fall 2020, we noticed a trend of people growing accustomed to working from home and ready to make a change.

Mortgage rates in the U.S. hit many records in 2020, falling to 2.78% in early November, the lowest recorded rate in 50 years. Even during a time when seasonal changes typically cause home sales to slip, we were still seeing home sales soar, up 20.9% in September from the previous year.

While home affordability may suffer from rising home prices, it's encouraging to see a lively housing market that helps fuel consumer confidence and the overall economy. All of these numbers prove that Americans still value owning a home and see it as one of the best and most steady financial investments they can make.

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Zoom homes?

Large, seasoned, traditional companies have seemingly dug their heels in for years, holding on to big office buildings and large physical footprints, bucking the trend to let employees work remotely. But, like everything else, that changed in 2020.

Willing or not, companies were forced to shut down in spring 2020 with country-wide shelter-in-place orders. While industries like ours were already structured to facilitate working from anywhere, others were suddenly forced to adapt.

This led to an entire workforce living and working out of their homes as they turned auxiliary spaces into offices, with headsets and video cameras locked and loaded. As we settled into this new world, many took a second look at their surroundings: *Why live in the city when we can work from anywhere? And if this is my new world for as long as I can see, I'll need a formal office to keep the kids and noise at bay.*

This very well could be the beginning of a trend in second homes, vacation homes or even Zoom homes – an investment and a home-away-from-home property. Homeowners who have stockpiled equity in their homes are doing cash-out refinancing to renovate or reinvest in a house that is more lived-in than ever before.

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Back on the road, when it's safe

The travel and leisure industries likely will continue to suffer for a while, but they could regain their footing quickly, depending on the availability and success of COVID-19 vaccines. As soon as they are widely available, most people will be breaking down the door to get out of their houses.

So many of us haven't seen loved ones in way too long. So, when it's safe, we'll be on the first flight out. We've missed our mountains, beaches and favorite vacation spots, and after nearly a year of hunkering down, I think most Americans will be on the move, helping travel, leisure and restaurants slowly recover. The housing market will feel the effects of an overall increase in confidence in the economy, hopefully in time for the busy spring and summer realty seasons.

In the meantime, real estate professionals will continue doing what they do – challenging themselves to learn more and use new technology while helping buyers and sellers around the world.

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