

# 2020 Real Estate Predictions

## 1. STATE OF THE MARKET

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**JEROME POWELL**  
FED CHAIRMAN



Last year, we had very low inflation at 1.8%; which is extraordinarily low, so things are good for the economy. Also, we have extremely low unemployment- normally, full unemployment is 5%, so 3.6% is remarkably low. We have a huge labor participation with close to two out of three people involved in the market. Also consumer confidence is very high at over 90%! This is all very good for demand because the economy is doing very well.

## 1. STATE OF THE MARKET



- 7 years of **rising** prices
- Trade war hurts **business** confidence; **not** consumer confidence
- Continued **shortage** of inventory

**DR. LAWRENCE YUN**  
NAR CHIEF ECONOMIST



Here are some comments from Dr. Lawrence Yun, the Chief Economist of the National Association of Realtors: Highlighting 7 years of rising prices. He feels that the trade war, which everyone's been concerned about, will hurt business confidence and not consumer confidence, and he highlights a continued shortage of inventory which is a truly felt by those realtors representing buyers. There are many reasons for that, mostly related back to the last Great Recession. One of the major factors is that many of the big groups that were buying up many of the Bank Owned and foreclosed houses have kept them as rentals, and they're not reappearing on the market.

## Housing Forecast

	2018	2019 (Forecast)	2020 (Forecast)
New Home Sales	<b>627,000</b>	<b>701,000</b>	<b>750,000</b>
Existing Home Sales	<b>5.34M</b>	<b>5.46M</b>	<b>5.56M</b>
Median Price Growth	<b>5.7%</b>	<b>4.9%</b>	<b>4.3%</b>
30-Year Rate	<b>4.7%</b>	<b>3.7%</b>	<b>3.75%</b>

This is the housing forecast for 2020 which is the major focus of this talk. We can focus on four areas: new home sales; existing home sales; median price growth; and the 30-year loan rate. We'll look at 2018, 2019 (a forecast, because these numbers are still coming out but very close - assume this to be 'actual') and then the forecast for 2020.

New home sales in 2018 was 627,000; last year- 2019- just over 700,000; and our prediction for this year is 750,000; so a great year in terms of the number of new home sales.

Existing home sales in 2018 were 5.3 million throughout the country; last year was 5.4 million, and this coming year, 5.5 million is what we're expecting. If that comes through that'll be the fourth best year in the history of Real Estate.

Median price growth you can see 5.7% in 2018, 4.9% in 2019, and 4.3% for 2020. Also very good.

In terms of the 30-year rate for mortgages, 2018 averaged 4.7%, 2019 was 3.7%, and this year we're expecting about 3.75%. Those are all good reasons to believe the market will do very well with a lot of demand from buyers. Remember it's really basic economics. Supply and demand- lots of demand, very little supply, so a really good Market coming up.



Robert Shiller, who many of you know from the Case-Shiller Index, is a very very influential economist- says the Recession is likely years away.

If you have any questions please give me a shout, and remember- real estate is hyper-local so if you need anything else; anything related to your situation please speak to your preferred professional or let me know.

If you know anybody who needs to buy or sell or has any questions, don't hesitate to call.