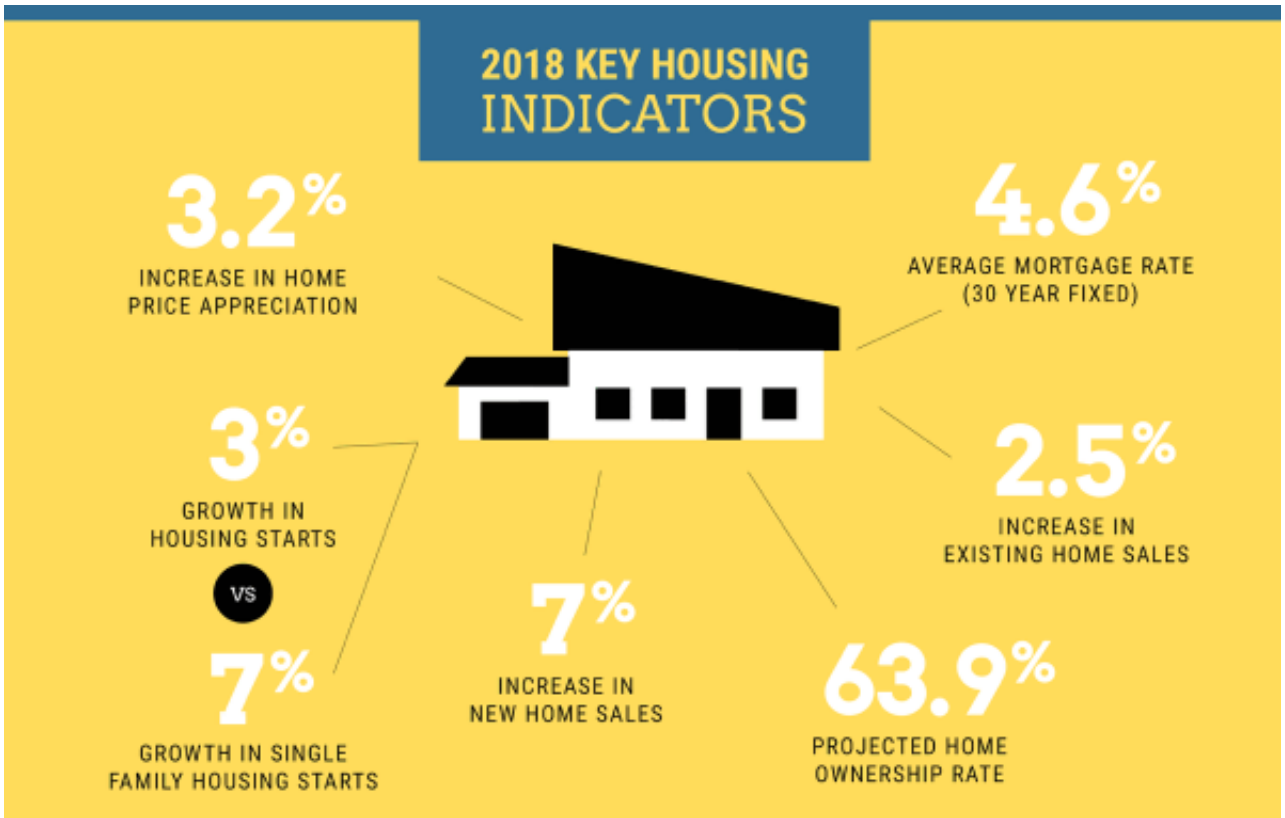
Inventory uptick, slower price growth expected in 2018

2017 has been a tough year for buyers, but according to realtor.com's 2018 predictions, help is finally on the way in the form of slower home price appreciation and 7-percent growth in single-family housing starts.

"Next year will set the stage for a significant inflection point in the housing shortage," said realtor.com Director of Economic Research Javier Vivas in a press release.

"Inventory increases will be felt in higher-priced segments after spring home buying season, which we expect to take hold and begin to provide relief for buyers and drive sales growth in 2019 and beyond."



Source: realtor.com

Vivas expects inventory declines to slow to 4 percent year-over-year by March, with an uptick in inventory coming in early fall 2018 for homes in the $350,000+ range. With increased inventory

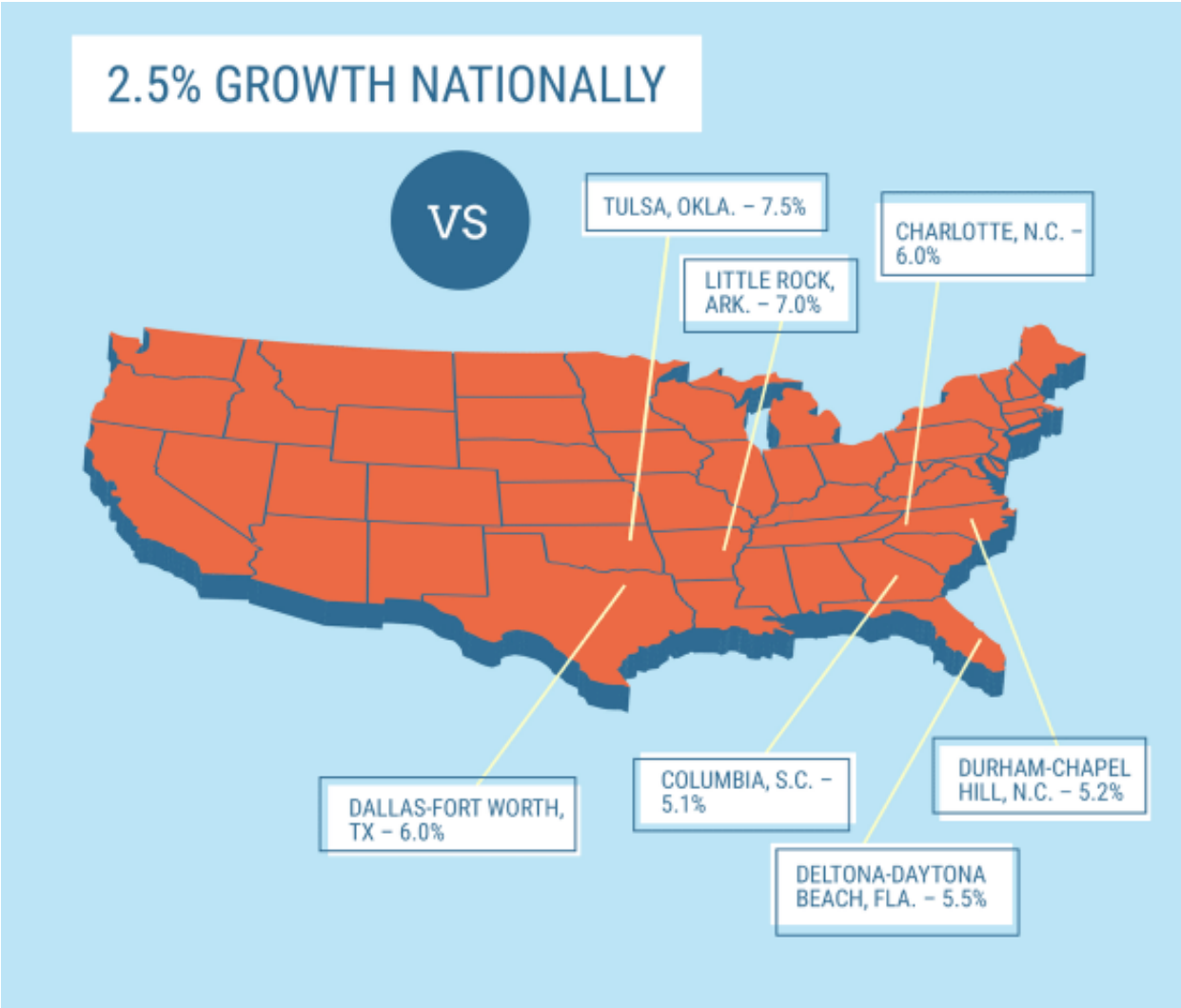
comes slower home price appreciation, says Vivas who forecasts that home price growth will slow to 3.2 percent year-over-year — a 2.3 percentage point decrease from 2017.

On the other hand, buyers looking for lower-priced homes will have to wait a little bit longer for a reprieve. Home price appreciation for starter homes is expected to stay robust until housing starts pick up to meet demand.

Gain a massive competitive advantage with a modern RE CRM

3 reasons you need to replace your dumb CRM with a smart one READ MORE

Buyers looking for a break may need to head South where residential housing starts are robust, home prices are low and costs of living are easier to handle.



Source: realtor.com

Tulsa, Oklahoma; Little Rock, Arkansas; Dallas; and Charlotte, North Carolina are poised to benefit the most from buyer migration to the South, with home sales growth expected to outpace the national rate (2.5 percent) by more than half.

Luckily, realtor.com says affordability obstacles won't keep buyers away in more expensive locales. In fact, they expect millennials to lead the charge by securing 43 percent of the mortgage market share in 2018, a 3 percent year-over-year increase.

"Millennials are a driving force in today's housing market," said Vivas. "They already dominate

lower price home mortgage and are getting close to overtaking older generations for mid- and upper-tier mortgages.

“While financially secure in general, their debt to income ratios have started to increase as they compete for higher priced homes.”

There is one thing realtor.com says everyone should keep a close eye on: tax reform. Although the bill has yet to be voted on, there are some aspects of the current plan that have homeowners and aspiring buyers waiting white-knuckled.

“Both versions include provisions that are likely to decrease incentives for mobility and reduce ownership tax benefits. On the flip side, some taxpayers, including renters, are likely to see tax cuts,” noted Vivas.

“While more disposable income for buyers is positive for housing, the loss of tax benefits for owners could lead to fewer sales and impact prices negatively over time with the largest impact on markets with higher prices and incomes.”

Email Marian McPherson.

Source: click here