REAL ESTATE

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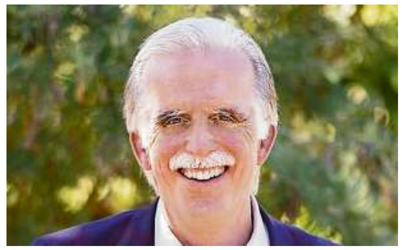
INSIDE

SOUND OFF

What are your predictions for the Bay Area housing market in 2022?



A: I remain bullish when it comes to the strength of our housing market on the San Mateo Peninsula and the Bay Area moving into 2022. I expect buyer demand to remain strong in 2022 and home prices to continue to increase at a higher percentage than forecast for the state.

Job creation remains strong, particularly in the high tech, biotech, and health care sectors of our local economy.

Mortgage interest rates, while expected to rise in the coming year, will remain attractive enough to continue driving strong buyer demand. Lawrence Yun, the chief economist for the National Association of Realtors, has forecast mortgage interest rates on a 30-year fixed rate mortgage to be at 3.7% by mid-2022.

The California Association of Realtors, in their 2022 California Housing Market Forecast, called for an increase in the median home price statewide to $834,000, an increase of 5.2% from this year.

The median home price for the Bay Area in November was up by 18% from the previous year, to $1.3 million, well above the state median of $782,000. For San Mateo County, where my real estate practice is based, the median home price hit $2.2 million for November, up by an incredible 33.5% from the previous year.

As we move into 2022, I expect the Bay Area to continue to have rising home prices with few homes for sale.

Jeff LaMont, Coldwell Banker Realty, 650-740-8808, jeff@jefflamont.com.

A: We all thought we had this figured out prior to the new variant. This was the industry banter as we concluded 2021:

- Interest rates will trend upward throughout the year.
- Low inventory in all market price ranges will continue to be an issue.
- The popularity of the high-end market increases to be active at a healthy moderate level.
- Annual 2022 appreciation of about 5.8% from the 2021 high of 28 to 31%.

The new "unknown" new ...

- Interest rates maintain low levels throughout the first six months of 2022. Low rates help banks capture consumer relationships. Banks compete for client loyalty and rates are the hook.
- The high end of the market rapidly jumps in price and sales velocity. "We will see sales prices beyond our comprehension."
- Annual appreciation will continue to move at rates of 18 to 24%.

Room of the year 2021 was the home office. Room of the year 2022 will be the kitchen.

As the new COVID-19 variant pulls back on our social liberties, we will experience more time and comfort at home; that equates to a very active winter and spring.

DJ Grubb, the Grubb Co., 510-339-0400, djgrubb@grubbco.com.

A: The Bay Area real estate forecast for 2022 looks healthy and strong. Here are some reasons why:

- **Low Interest Rates:** If those interest rates stay as low as they currently are, an average 3% on a 30-year fixed loan, purchasing a home will remain very attractive in all price ranges.
- **Stay-at-Home Employment:** Buying a home in the East Bay, where it is less expensive than San Mateo County or San Francisco, makes a lot of sense for a lot of folks. No commute, lower monthly payment, more income to spare.
- **Big Equity:** Speaking of San Mateo County and San Francisco, where the home values are the highest, lots of folks will be taking advantage of those values to sell and head to the hills, where they can buy a place with little or no down payment with extra to live on. What a dream.

Finally, what keeps our Bay Area real estate market so strong is the great economy and job stability that our younger generation is thriving in! Wishing continued success to all.

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Mortgage rates tick up but remain low as 2021 ends

By Matt Ott
AP BUSINESS WRITER

SILVER SPRING, Md. — Average long-term U.S. mortgage rates moved slightly higher in the final week of 2021.

Mortgage buyer Freddie Mac reported Thursday that the average rate on the benchmark, 30-year home loan ticked up to 3.11% this week from 3.05% last week. A year ago, the 30-year rate stood at 2.67%.

The average rate on 15-year, fixed-rate mortgages, popular among those refinancing their homes, rose to 2.33% from 2.3% last week. It was 2.17% a year ago.

Many economists expect rates to rise next year after the Federal Reserve announced earlier this month that it would begin dialing back its monthly bond purchases — which are intended to lower long-term rates — to combat accelerating inflation. But even with the expected three rate increases next year, the Fed's benchmark rate would still be below 1%.

Despite historically low interest rates, many would-be home buyers have missed out due to a low supply of available homes that are seemingly getting more expensive by the day. Median home prices are nearly 20% higher than they were a year ago, with no signs of relief for frustrated house hunters seeking more space since the pandemic erupted almost two year ago.

Compounding the lack of supply and skyrocketing prices, virus-related supply chain breakdowns have builders delaying projects and struggling to keep up with demand.

Want to contribute to Sound Off?

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