CAR Midyear Forecast

**Prices are up but slowing overall**

**1st time buyers and Vacation Home - spiked in the last year**

**New listings starting to increase**

**Big gap between buyer and seller sentiment**

**C.A.R. Updates Its 2021 Projection:**

Robust growth in home prices has led us to upgrade our forecast for a 20.7% increase over 2020.

In addition, although the pace of sales is expected to cool during the second half of the year as things continue to normalize, California is still expected to end the year with nearly 8% more transactions than it recorded in 2020.

**Interest Rates Remain Low:** Although the Freddie Mac 30-year fixed-rate mortgage 2.80% last week, The Federal Reserve met last week and decided to leave monetary policy

**Future shutdowns may prevent them from being more aggressive** against potential inflation over the short run.

**Forbearance Numbers More Encouraging Than Expected:** More homeowners continue to exit forbearance as the program reaches its completion at the end of July.

**Weekly Home Sales Follow Mortgage Application Trend & Mortgage Applications Show Normalizing Market:** After reaching the highest levels in nearly a decade last summer, the level of mortgage applications has begun to normalize

**Economic Growth Slightly Below Expectations in Q2:** Last week, the Commerce Department released its initial estimates for economic growth during the second quarter of 2021 and GDP expanded by 6.5%

## 1. Incubate, incubate, incubate

Stay in touch with these people, that have cooled off.

## 2. Buyers take longer to make decision

As the market changes from blazing-hot to lukewarm, expect to see some pushback from buyers when it comes to making an offer, particularly if they are reentering the market after the pandemic boom.

## 3. Return of the tire kickers

Between the COVID-19 screening forms (in some areas), along with proof of funds and preapproval letters required just to show properties, these “might buy someday” types had to sit on the sidelines.

## 4. Pricing

## 7. Longer marketing times - set expectations

## 8. Buyers turned sellers who overpaid

## 9. Contract terms - buyer harder to cancel.

Many buyers are told they can cancel the contract in a certain number of days, \Not so fast. If the market shifts the seller wont be so quick to let a buyer out of the contract

Buyers also need to make sure they understand that once they move past contingencies, their ability to cancel a contract at that point would not come without [financial](https://www.inman.com/2021/07/22/9-financial-tips-for-new-and-not-so-new-agents/) consequences

## 10. Stay Informed! Everyone has an opinion about the market!

Everyone has an opinion - bubble is coming?

Major problems with contracts today:

eliminating inspection contingencies

buyers signing contingency removal forms without knowing the ramifications

eliminating appraisal contingencies

pick a good closing date for all parties before you write an offer

getting your ego in the way (becoming overly emotional) during a transaction

Robust offer package

Find out what’s important to the seller

Promote your qualifications - professional network with legal help

COVID CASES – OFFICE/OPEN HOUSE POLICY

Networking important – 2 deals put together last week – small brokers frustrated

2. Snapshot

3. Sales Momentum

4.

David Aneil - SII Eviction Services

1. My tenant is on month to month rental. Can I give 60 day Notice of Termination of Tenancy since I want to sell the property.???

2. My tenant’s lease is ending soon. Can I give notice that I will not be renewing the lease and tenant needs to vacate at end of lease. How much notice do I give???

He will also promote Tony Watson’s upcoming class on Thurs, Aug 19th 2-3pm
The Power of INC: Tax Savings During Times of Economic Uncertainty