

RESIDENTIAL REAL ESTATE TRENDS FOR 2022

By: Ellen Savino

The Coronavirus Pandemic impacted our world in many ways, and the real estate industry has been no exception.

Many people have left New York City and the boroughs and to relocate into the suburbs. They wanted to leave urban settings, and were seeking homes to accommodate a new lifestyle which included working remotely and children attending school remotely. The demand for homes was immediate, causing a frenzy in the residential real estate market. As the demand for homes increased, so did the prices. Brokers reported that individuals were looking for move in ready homes. Buyers had no interest in renovating homes because they wanted to relocate right away. Drove of people attended open houses. Brokers and prospective purchasers had to take proper precautions and comply with proper social distancing protocol during home showings. People lined up outside homes to wait their turn for a showing. Bidding wars ensued and many homes sold for over the asking price. Some homes some sold in one day.

Once an offer was accepted, the time to enter into a contract and close title was fast tracked. Contract signings and closings were done remotely. The residential real estate industry adapted quickly to the pandemic.

Since the inception of the pandemic, there has been a moratorium in place which stayed most residential foreclosure proceedings. The market for investors to purchase and rehabilitate these distressed properties is at a virtual standstill. If this moratorium is lifted, foreclosures can proceed and the properties can go to auction. Investors can begin purchasing and renovating distressed properties for resale which will have a positive impact on the neighborhood.

It will be interesting to see what the year 2022 brings. The housing market will likely remain strong, but transactions can proceed in a calmer manner. The initial impact of the virus is over and the desire to immediately relocate has subsided. Some people are returning to New York City and the boroughs. Yet, many people still wish to live in the suburbs in homes which will accommodate their change in lifestyle. There is speculation that the Federal Reserve will raise rates in 2022 which will impact the mortgage rates. However, even if mortgage rates increase, they will still be historically low. In person closings are coming back, but remote and escrow closings are probably here to stay. We will react and adapt to the “new normal”.