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2011: What's On the Horizon for Real Estate

By Denise Lones



How do you become an authority? *By being an expert on a topic.*

For me, that topic is real estate.

And to be an expert on real estate I need to understand many, many things.

Contract law. Buyer and seller motivations. The power of marketing. And so much more.

To truly understand the real estate market and be able to identify trends that impact your lives as agents, I also do an enormous amount of research into things that most agents don't even think about when they hear the words "real estate". I research dozens of sources – and I'm not talking about CNN or the nightly news.

Because I research the market, and the economy, on a daily basis I have the ability to look at where we've been, and have a pretty good sense of where we're headed. **Which brings me to my 2011 predictions.**

Every year I do predictions for the coming year. And in the 11 years I've been doing this, my success rate is 98%. You see, numbers don't lie. Economic indicators are just that – indicators of where we're headed.

Here are three of my predictions for 2011:

1. **Home Prices**

While most national and local economists are forecasting continued declines in the price of homes, I completely disagree. I believe 2011 is the year prices will increase. There are two reasons for this:

A) the American Recovery and Reinvestment Act (ARRA) is pumping jobs into the economy. More jobs equate to more home buyers ... and more home buyers equate to more demand for housing, leading to an increase in home prices in many areas. Those areas that are highly sensitive to the job market will be affected more—positively when there are more jobs; negatively when there are fewer jobs.

B) The affordability index is at an all-time high, which also lures buyers into the marketplace. Both the ARRA and the affordability index are contributing factors in 2010 that will peak in 2011. Home prices should increase slightly in 2011. Look for national increases of 2-3%, and increases of 4-5% in the State of Washington.

2. **Interest Rates**

Mortgage rates will likely rise slightly throughout 2011, exceeding the 5% level before year-end. However, rates should remain below 5% until May. The Federal Reserve will not raise rates until the unemployment rate decreases significantly, and will keep the short-term interest rate near zero through 2011.

3. **Consumer Confidence**

Research from a variety of sources shows that consumer confidence was on the rise in the last quarter of 2010. This important index rose to 49.9% in October of 2010, and to 54.1% in November of 2010. Additional reports indicate a 5.5% increase in retail sales in the period from November 5 to December 24, as consumer spending continued to make a comeback. While there is always some increase in consumer confidence after an election, if the index continues to improve at this level it will most certainly help the economy and the real estate market in 2011.

This is the kind of market data that tells the real estate story for 2011.

As I said earlier, to be an expert on the topic of real estate you need to do the research. **If you really want to become an authority, then take the time to understand what the numbers mean on a national, regional and local level—and how to articulate that information in your day-to-day business.**

I've given you 3 predictions in this article; however *I actually have 20 additional predictions for 2011!* While I would love to share those with you, my full list of annual predictions are reserved for my coaching clients, and my Safari Club and Club Zebra clients.

If you'd like more information on my predictions and what they mean for the 2011 real estate market, feel free to send me an email at denise@thelonesgroup.com.

By Denise Lones CSP, M.I.R.M., CDEI - *The founding partner of The Lones Group, Denise Lones, brings over two decades of experience in the real estate industry. With expertise in strategic marketing, business analysis, branding, new home project planning, product development, and agent/broker training, Denise is nationally recognized as the source for all things "real estate". With a passion for improvement, Denise has helped thousands of real estate agents, brokers, and managers build their business to unprecedented levels of success, while helping them maintain balance and quality of life.*