

Top Agent Insights 2022 Housing Market Preview

The nation's leading real estate agents forecast a little less craziness ahead



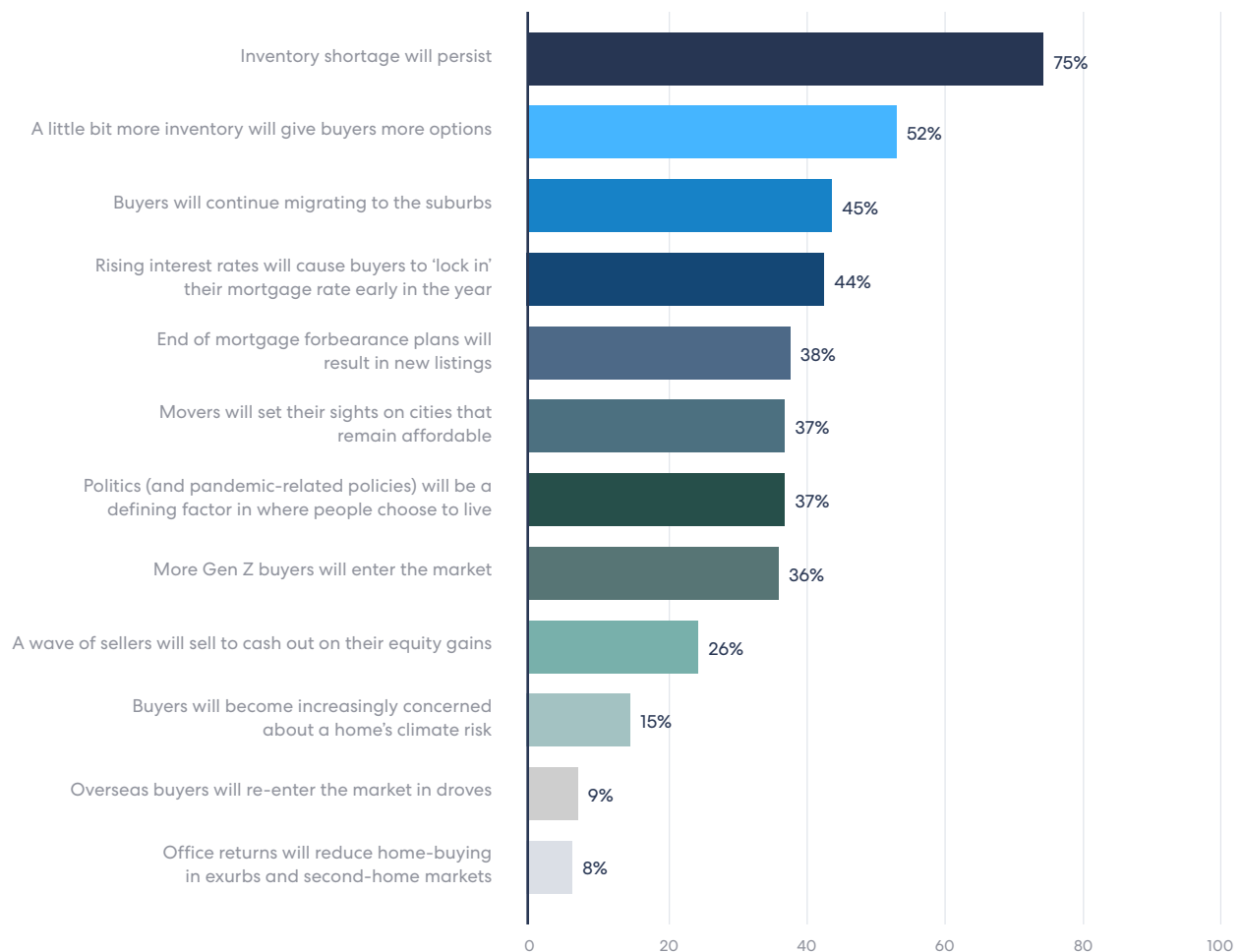
Listings that sold in minutes, bidding wars of epic proportions, buyer dreams crushed at yet another home lost to a cash buyer — 2021 was a record-breaking year for housing and one that will not be soon forgotten. As we flip the calendar toward another trip around the sun, HomeLight asked top real estate agents nationwide for their top real estate predictions for 2022.

Their insights point to a modest market slowdown, not to be confused as a complete 180-degree turn. The slight correction will look something like a smidge more supply and demand restrained by rising interest rates. But some trends aren't going anywhere, like the reign of the cash offer and sellers calling most of the shots. Let's take a closer look at how real estate agents foresee the year unfolding.

Methodology:

HomeLight's Top Agent Insights report for New Year 2022 was fielded between Nov. 30-Dec. 15, 2021, through an online poll of 1,002 top real estate agents across the country. Agents were selected to participate in the survey based on the [same performance data](#) HomeLight uses to identify top real estate agents for millions of homebuyers and sellers nationwide. Our market preview represents only a portion of the survey results. The full findings will be released in January 2022.

Which of the following **real estate trends** do you expect to see in 2022? Check all that apply.



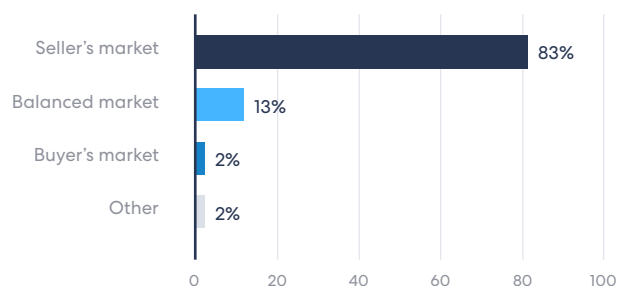
1. Sellers will remain in the driver's seat.

The housing market is predicted to be less frenzied in 2022, but don't expect the flip of a switch or sudden crash. Our survey found that 83% of top real agents expect the coming year to largely remain a seller's market, down from 94% in Q4 2021, while 13% anticipate a balanced market.

"I believe there will be more opportunities for buyers as the pace of sales and price appreciation level slightly," shares [Keith Gilbert](#), a top real estate agent in Folsom, California. "Sellers will remain in control, but an increase in interest rates will slow down what has been a very hectic market."

"In the Boston metro market, I think we will continue to see strong buyer demand and lower than normal inventory," echoes top real estate agent [Kerry Dowlin](#). "So although the picture is brighter for buyers, sellers still have more of the leverage."

In **2022**, I expect my market to largely be a:



2. The Great Resignation will spur more re-shuffling.

The Great Resignation, the ongoing trend of employees leaving their jobs voluntarily, will have noticeable effects on housing choices in 2022 while fueling more relocations.

Fifty percent of agents say they are helping people buy or sell homes in response to relocating for a new job or finding the opportunity to work remotely. This will likely enhance housing demand in mid-sized cities, especially those with access to outdoor recreation.

"Our market has always been one where remote workers want to relocate," says [Cherie Goldsmith](#), a top real estate agent in western North Carolina. "Even before the pandemic we had people moving from big cities to our remote area because of the natural beauty. As more businesses allow remote work, we will continue to see more buyers want to move to our area."

In addition, 21% of agents are helping workers who left jobs that required going back into the office to search for spacious homes that support a new WFH career.

Potential buyers, however, should be aware of lender workplace history and income requirements — 8% of agents say they've seen buyers unable to qualify for financing after changing industries or quitting their job.

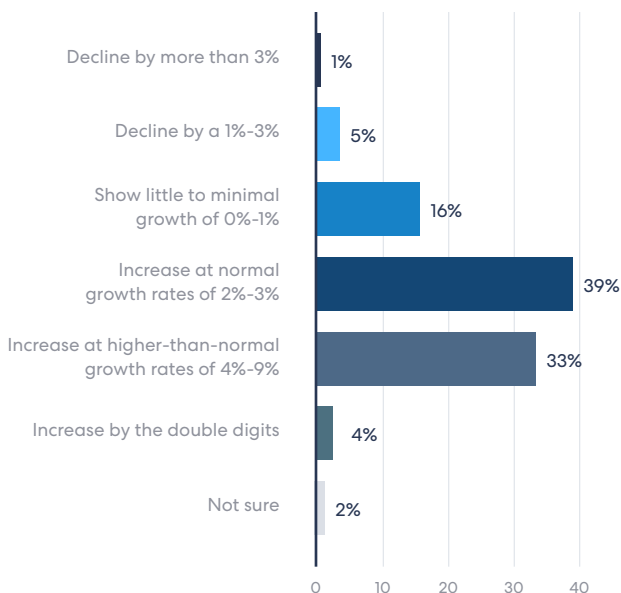
"A number of would-be-buyers, who have a nice savings put aside for a down payment, may be surprised to find they won't qualify for financing due to unemployment not qualifying as income," says [Ann Haag](#), a top real estate agent in Freeport, Illinois.

3. Prices will rise but not as fast or to the same extremes.

Nearly 40% of agents expect home prices to appreciate at historically normal growth rates of 2%-3% in their market. Meanwhile, over a third expect prices to increase between 4%-9% for their markets. Only 4% expect another round of the double-digit price gains seen across [78% of metro areas in 2021](#), as reported by the National Association of Realtors.

“Many would agree that our market is due for a balancing,” says [Matthew Plummer](#), a top real estate agent in Olympia, Washington. “Buyers have been paying tomorrow’s price today for the homes they are purchasing.”

In 2022, I expect prices in my market to:



4. Buyers will have more options while inventory stays relatively tight.

As the dominating prediction coming out of our survey, 75% of agents anticipate that the inventory shortage will persist in 2022. But a modest amount of new listings may be on the way. Fifty-two percent of agents expect that a little bit more inventory coming on the market will give buyers much-needed supply to choose from.

“Once the interest rates near 4%, which is still a historically low rate, I believe buyer urgency will wane, market times will increase, and in turn so will housing options for buyers,” adds Plummer.

5. The end of forbearance plans will contribute to a bump in inventory.

The 18 months of paused loan payments granted to struggling mortgage holders as part of COVID-19 emergency protections have ended or will soon come to an end. About **3% of borrowers** who went into forbearance are now behind on mortgage payments while 38,000 are in active foreclosure, according to Q4 2021 data provided by Black Knight.

40%

Nearly 40% of real estate agents in our survey expect the end of mortgage forbearance plans for borrowers to add listings to their market in 2022.

“Those that were in forbearance and did not secure a job at the same pay scale as before may be forced to sell,” says [Alex Saenger](#), a top real estate agent in North Potomac, Maryland.

6. Trade-up homes will be more available to buy.

Thirty-five percent of agents say that trade-up homes are the type of inventory they expect to increase the most in 2022. Over a quarter of agents expect a wave of sellers in their market to cash out on their recent equity gains next year, which could free-up some mid-level homes.

“Trade-up homes will be what moves most, as the homes that are being replaced will be starter — or ‘first-time buyer’ — homes, and those selling their trade-up homes may be moving out of the area due to political and economic reasons,” says [Parker McKee](#), a top real estate agent in Placerville, California.

7. Politics will be a determining factor in where people live.

Based on their conversations with clients, 37% of agents surveyed say that more buyers and sellers are factoring politics into their moving decisions. This includes pandemic-related stances and sentiment around vaccinations, mask-wearing, and social distancing.

With the ability to work from anywhere, people are choosing where to move next based on other priorities. Some are chasing the sunshine or mountains, but whether an area is blue or red has become a growing consideration.

“Low-interest rates, the work-from-home option, and the highly charged political climate drove many people to our area,” shares [John West](#), a top real estate agent in the area of Boise, Idaho. “We are still seeing buyers fleeing other states for personal and political reasons.”

8. Mortgage applications will surge early, then drop off.

The Federal Reserve has suggested as many as [three benchmark interest rate increases](#) in 2022 to thwart inflation, which could put upward pressure on mortgage rates as the year goes on.

Forty-four percent of agents expect the prospect of rising interest rates to cause a swell of potential homebuyers to “lock in” their mortgage rate early in the year, like kids at a birthday party rushing to grab the last bit of candy from the piñata.

“First time homebuyers are going to jump at getting in now before the rates rise too much, putting even more strain on low inventory!” predicts [Sarah Carlson](#), a top real estate agent in the Minneapolis suburbs. “Staying connected to a local agent with inventory in-office will be key for the first-time buyers and even step up buyers.”



9. Homes in the suburbs will continue to be in high demand.

The suburbs found their groove in 2021 as people came to appreciate larger houses, public green space, and [home amenities like pools](#) and outdoor kitchens. Forty-five percent of agents expect migration to the suburbs to carry over into next year. For buyers who lost out on snatching up a roomy abode amid the housing craze, perhaps 2022 is their year.

“Buyers and sellers are relocating to their ideal areas or places, because they are no longer required to travel every day to a job site or an office,” says [Sandra Henderson](#), a top real estate agent in the Atlanta area. “They now know that remote work is possible and has been successful for many workers.”

Only 8% of agents expect office returns to reduce home-buying in exurbs and second-home markets; however, major Coastal job centers may be the exception.

“Many people are being required to return to the office after not having to commute for almost two years,” shares [Karson Klauer](#), a top real estate agent in Hollister, California, south of San Jose. “There are still many people looking to move to the exurbs to purchase, but this is really the first time I’ve seen those who live in the exurbs move back towards the job or population centers.”

10. Gen Z will begin to put their stamp on the market.

Millennials have been the movers and shakers of the housing market for many years and will remain active participants for a long time to come. But the oldest members of Gen Z will turn 25 in 2022, and 36% of top real estate agents expect to see more Gen Z buyers enter their market.

This may result in heightened demand for [smaller, affordable homes](#) as well as [VA-sponsored loans](#) or FHA rehabbing loans, which are popular among younger buyers.

“I see lots of Gen Z entering the market looking for homes to renovate and gain sweat equity,” says [Lisa Cranshaw](#), a top real estate agent in Brockton, Massachusetts.



Some agents predict Gen Z preferences could change what’s “hot” in interior design and home staging as well. “Anticipate younger buyers opting for homes with lots of character and color, moving away from the white and gray trends we’ve been selling for a number of years,” says [Mary Ellen Gallagher](#), a top real estate agent in Westport, Connecticut.

As more members of Gen Z enter the workforce and build their savings, this demographic is poised to shape the direction of the market in their own way.

11. Cash won’t give up its throne.

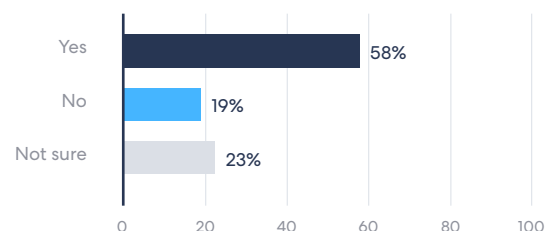
Cash sales rose to [23% in 2021](#) in response to the most competitive housing market in 50 years, NAR reported. Our survey echoes that cash is here to stay.

A majority 58% of real estate agents in our survey expect the rise in cash offers to persist beyond the 2021 housing market craze, as sellers now have greater expectations for convenience, speed, and certainty.

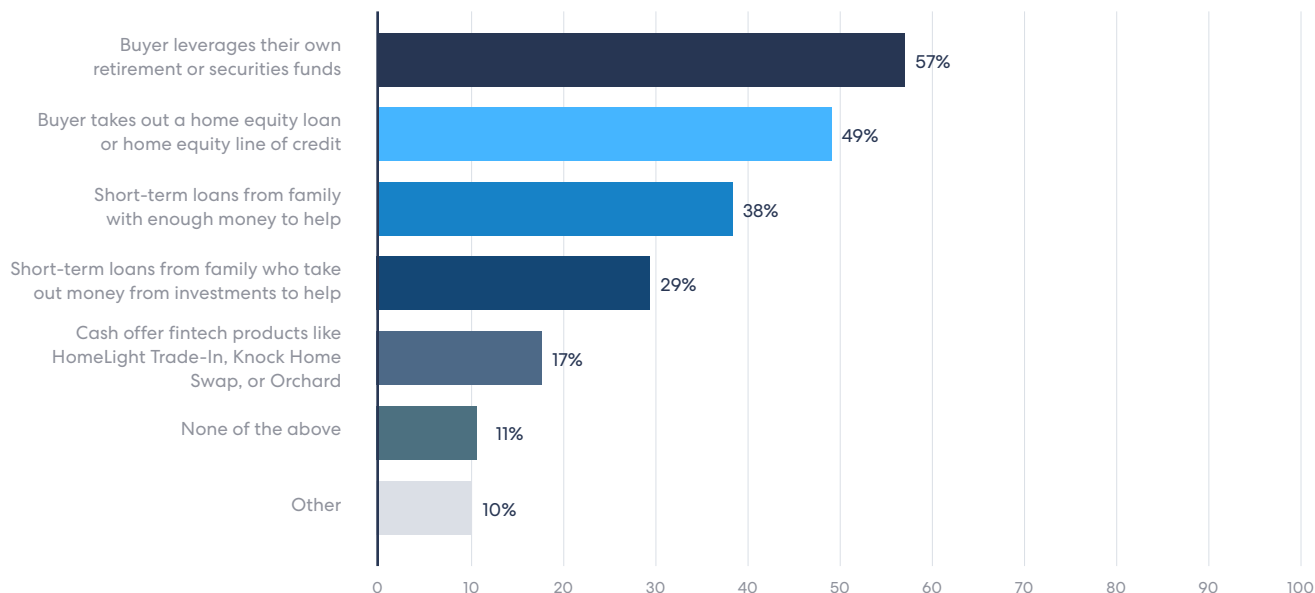
In addition, the trend of buyers relocating from expensive areas to more affordable ones has made surprisingly cash-heavy markets out of smaller towns.

“Here in upper East Tennessee we are seeing people migrate from the bigger cities and states with lots of cash. They are buying up homes as fast as they hit the market due to the cost of living and beauty of the area,” says [Colin Johnson](#), a top real estate agent in Johnson City, Tennessee.

I expect the rise in cash offers seen in 2021 will persist beyond the current housing craze, as sellers now have greater expectations for **convenience, speed, and certainty.**



What **tools** have you seen buyers who need a mortgage use in your market to act as a **cash buyer**? (Check all that apply).



12. Fintech will enable ‘power buyers’ as prices continue to rise.

To win a home, buyers without the means to pay with all-cash have needed to get creative. Over 50% of agents saw buyers use retirement funds to make a cash offer in 2021, while 49% saw buyers leverage a home equity loan or home equity line of credit. But these methods to scrounge up quick cash can be difficult and complicated to pull off.

Proptech companies called “**power buyers**” are helping to solve this challenge by turning financed buyers into buyers who can effectively pay cash for a home. These programs usually fall into one of two camps: cash-backed solutions and buy before you sell (also known as home trade-in).

In 2021, 17% of agents saw buyers use a cash-offer or trade-in program to compete in the current market. The demand for these programs is likely to grow in the face of another hot year for housing. HomeLight

provides these services through its [Cash Offer](#) and [Trade-In](#) programs, available in select states.

“Right now, financed buyers can’t compete without going way over a home asking price,” says [Deena Carvajal](#), a top real estate agent in Orlando, Florida. “I see buyers using companies like HomeLight to help them purchase a home with cash. Being able to offer cash for a home using Cash Offer programs will be huge. This will be a game changer for a lot of qualified buyers.”

13. First-time buyers will need to sweeten their offers.

Although bidding wars showed signs of retreating in the latter part of 2021, they aren’t likely to disappear entirely in the new year. First-time buyers will need to keep finding ways to make their offer stand out.

Absent a tool that allows them to make a cash-backed offer, the top 3 tactics most likely to help first-time buyers win homes in 2022 include offering appraisal gap coverage (suggested by 67% of agents), ask for no repairs (53% of agents), and include an escalation clause (29% of agents). An escalation clause is a contract addition indicating that a buyer is willing to raise their offer should a higher competing offer come in, and how much they're able to spend.

The future of the housing market looks bright.

The past year hasn't been the easiest time to buy a home, and chronic roadblocks to building new construction mean home sales will continue to be limited by a lack of supply.

But property values remain strong and that's a good thing for the nation's current and future homeowners. A majority 88% of agents nationwide are "somewhat" or "extremely" optimistic about the 2022 housing market.

"I feel next year is going to be a great year," says [Eisha Ayyar](#), a top real estate agent in San Ramon, California. "Increased inventory and the demand will still be there — but not as crazy as 2021 was!"