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## What's ahead for the housing market in 2016

The most recent monthly readings on new home sales and pending sales of existing homes, were encouraging. There has been an increase in the number of people applying for a mortgage. The Mortgage Bankers Association last week said its index of mortgage applications for purchasing a home was up 24% from a year earlier.

Homeowners should enjoy another year of solid gains in house prices. Prices have been moving steadily higher since the housing bust hit bottom four years ago and should post another gain in the middle single digits. With a bit of luck, prices nationwide could reach close to the all-time peaks seen in the housing bubble a decade ago.

Market conditions should be good for owners looking to sell their homes. The historically low number of new and existing homes for sale makes it even more of a seller's market.

First-time home-buyers, in particular, should have an easier go of it. The Federal Housing Administration, the government agency that primarily helps first-timers get mortgages, cut its fees last year and may do so again soon as its finances continue to improve.

Fannie Mae and Freddie Mac, the big mortgage lenders owned by taxpayers since the crisis, are also working to lower the high credit bar many potential buyers have struggled to get over. The credit scores that borrowers need to get a loan are still very high by historical standards, but they have finally begun to normalize.

Builders are ramping up construction of apartments, but in most places they still aren't meeting the demand, especially for affordable rental units in urban centers. Rents will continue to rise strongly.

It is worth noting that builders have also been slow to increase construction of new single-family houses, which are also in increasingly short supply. Housing has swung from being vastly oversupplied in the bust to being in what more and more is a shortage. This is a problem mainly for affordable, starter homes.

Of course, quickly rising rents are a boon to landlords. It's no exaggeration to say that 2016 may be the best year ever for those fortunate enough to own multifamily property. Vacancy rates are low, rents high, and prices for apartment complexes have never been better. Wealthy foreign investors from places including China and Germany are clamoring to own U.S. real estate.

In general, taxpayers should be pleased with 2016 as they reduce their support to the housing market. During the crisis, the government had no choice but to step into the void left by the failing financial system and ensure that homeowners could still get a mortgage.

To sum up, homeowners, landlords and taxpayers should have a good 2016; renters, not so much. Gauging trends in housing is often an intrepid affair, but these trends seem firmly in place for the coming year.

**If you know of anyone looking to buy or sell Real Estate, referrals are always valued and considered the highest form of compliment.**

Thanks again,  
 Chris

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 Elk Grove    3 Bed / 2 Bath    1843 sq. ft.

### SALE PENDING



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 Elk Grove    3 Bed/2Bath    1843 Sq. Ft.

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 Sacramento    4 Bed / 2 Bath    1213 sq.

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