

TREND #1: POSITIVE FUNDAMENTALS TEE UP 2022 FOR-SALE MARKET

Following the frenzied pace of 2021, experts anticipate the residential market will tap the brakes ever so slightly in 2022 as interest rates start to creep higher. But any cooldown will be minimal thanks to plenty of pent-up housing demand, historically low inventory and eager buyers – we're looking at you, millennials – ready to make a change.

Meanwhile, the industry trend of digital transformation, spurred initially by the pandemic, shows no signs of letting up heading into 2022

The market in 2022 is going to be very robust, according to **Baird & Warner**, Illinois' largest family-owned independent real estate company. "While the pace of sales will slow compared to 2021, buyers and sellers can expect the overall market to stay hot, supported by strong underlying fundamentals," said Laura Ellis, president of residential sales and executive vice president of Baird & Warner. "There is still a large pool of potential buyers looking for opportunities, and 2022 may be the year they finally make a move if they're able to avoid the multiple-offer situations many have encountered over the last two years," added Ellis.



Buyers in the new year will continue to seek homes with more space – inside and out – and high-end finishes, according to Ben Creamer, principal and managing broker of Chicago-based **Downtown Realty Company**. Features ranking high on buyers' wish lists in 2021 that should carry into 2022 include spa-inspired primary baths and multiple private outdoor spaces. And despite the popularity of remote work, homebuyers are still giving strong considerations about the neighborhood in which they are shopping and the property's physical proximity to their job, according to Creamer.

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Looking ahead to 2022, the residential real estate experts at [Key Mortgage Services](#) expect home prices to find an equilibrium and remain stable throughout the year as both inventory and rates rise. “Once we work through the supply chain issues, new home inventory should increase and overall supply will rise throughout 2022,” said Dave Mueller, senior vice president, capital markets, for Key Mortgage Services. “As the unemployment rate falls and the economy improves, I expect the benchmark 30-year fixed-rate to moderately increase, ending 2022 around 3.875%.” What advice does Mueller have for homebuyers in the coming year? “Timing the market is never easy. Homebuyers should focus on affordability. If they find a home that suits their needs, they should consult with a trusted adviser on which mortgage program fits their financial plan.”



One consequence of the red-hot real estate market going digital and embracing remote or virtual closings has been renewed emphasis on cybersecurity. To combat an industry-wide increase in real estate wire fraud, [Landtrust Title Services](#) has adopted ClosingLock, a system that allows buyers, sellers and real estate professionals to safely access wire transfer information across a secure online portal. “Since real estate transactions typically involve so many outside parties such as Realtors, attorneys, inspectors and others, there are multiple opportunities for scammers to infiltrate the process and provide fraudulent wire details,” said Grace Chakos, senior vice president at Landtrust. “By embracing the latest technology, we can provide peace of mind and security for our clients in 2022 by ensuring that money transfers end up in the right hands.”

The for-sale residential market will see incremental growth in 2022 compared to 2021, predicts [Proper Title](#), one of Illinois’ largest title insurance agencies. However, refinancing is expected to drop significantly as interest rates rise. Also, the real estate owned (REO) market will continue to increase. Meanwhile, the homebuying experience will proceed with its digital transformation as the real estate brokerage and title industries embrace the latest technology. “I believe we will continue to see electronic options for closings and homebuying become more accepted for everyday use, which also meets the demands of Gen Z and millennial homebuyers,” said Brent Fielder, executive vice president of Proper Title. Top priorities for real estate agents and attorneys will be establishing strong customer connections for referral transactions and staying on top of market and industry trends, according to Fielder.



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