



1255 Lake Plaza Drive, Suite 155, Colorado Springs, CO 80906
Office: 527-4200 Direct: 540-9424
Barbara@BarbaraRogers.net
www.TheRealEstate-Network.com



Winter 2016

A New Year - What Fun !

Every time we begin a new year, we have a brand new opportunity to start again. There's a blank calendar to fill; a new date to remember on those checks; and even, eventually, a new President for our country. It's like having a crisp clean notepad and a newly sharpened #2 pencil. The predictions for 2016 in Colorado Springs are favorable so far and optimism is in the air. Let's not waste it. Keep abreast of what's happening in your city, your state, your country and the world. Most of all, plan to vote in 2016. It affects us all.

Mother May I?

Many of you are most likely aware of the need for a building permit when you wish to add, change, or alter a current residence. Major construction work, including remodeling and expanding an existing building, will normally require a building permit in Colorado. Smaller projects such as building fences, decks, and sheds can require a building permit depending on your particular city codes. Usually only minor cosmetic work and routine repairs such as painting and fixture replacement will not require a permit. Permits may be required for any modification such as electrical panel revision or replacement, basement finish, patio cover, roof replacement, garage conversion, or sump pit piping and wiring. The newest required permit of which I have become aware is the conversion of electrical outlets to GFCI compatible outlets. There may be other permits required as well and that list is quite fluid, so it is always best to check with the building department yourself or ask your contractor what is required.

What I would like to address here is the relation of permits to the real estate process. When it comes time to sell your home or buy a new one, please be aware that buyers and their Realtors as well as some home inspectors, will check to see if permits have been pulled and finalized for any item requiring one. This is particularly true of roof or furnace replacement or any room addition. If not, you may be required to take care of this deficiency as part of the inspection contingency in the contract. It is much more cumbersome to accomplish this task after the fact than it is to take care of it at the time of the actual work being done.

I have found the Pikes Peak Building Department to be very helpful in answering most of my questions. You can also use their website, www.pprbd.org, to check on any permits that have been pulled for your own residence and their status. It is always beneficial to keep track of these and make sure all contractors have finalized their permits after the work is completed.

5 Real Estate Trends That Will Dominate 2016

This year may have marked the best for housing since 2007, but the market will likely get even rosier in 2016, according to a recent real estate forecast by Realtor.com®. One of the main drivers behind a brighter 2016 is the projection that employment will continue to grow, which will add to consumers' wallets and allow them to purchase their first home or upgrade to a new one. Realtor.com® highlights the following housing predictions for 2016:

1. 'Normal' is coming.

Expect a healthy growth in home sales and prices – at a slower pace than in 2015. “This slowdown is not an indication of a problem—it’s just a return to normalcy,” writes Jonathan Smoke, chief economist for Realtor.com. “We’ve lived through 15 years of truly abnormal trends, and after working off the

devastating effects of the housing bust, we're finally seeing signs of more normal conditions." New construction and distressed sales are expected to return to more historical levels, and home prices are expected to follow at "more normal rates consistent with a more balanced market." (As demand has slowly recovered, low inventory levels have weighed on home sales and put upwards pressure on home prices).

2. Generational buying trends shape up.

Young adults' presence in the housing market has been largely predicted for years, but 2016 may finally be the year they make a move in a larger way. Millennials represented nearly 2 billion sales in 2015 – one-third of home buyers. They are expected to continue to be a major buying pool in 2016 with the majority of buyers between ages 25 and 34 expected to be first-time home buyers next year. But two other generations will also have a big presence in 2016: financially recovering GenXers and older baby boomers who are entering retirement. "Since most of these people are already homeowners, they'll play a double role, boosting the market as both sellers and buyers," Smoke notes. "Gen Xers are in their prime earning years and thus able to relocate to better neighborhoods for their families. Older boomers are approaching (or already in) retirement and seeking to downsize and lock in a lower cost of living."

3. New-home construction focuses more on affordability.

Builders have been faced with higher land costs, limited labor, and concerns about the demand of the entry-level market. As such, they have shifted to constructing more higher-priced homes, which has caused new-home prices to rise significantly faster than existing-home prices. In 2016, they likely will shift to more affordable products to cater to the entry-level buyers. "We are already seeing a decline in new-home prices for new contracts signed this fall," notes Smoke. "In addition, credit access is improving enough to make the first-time buyer segment more attractive to builders."

4. Higher mortgage rates.

Mortgage rates will likely be volatile in 2016. But the recent move by the Federal Reserve to guide interest rates higher should push mortgage rates higher in the new year. The 30-year fixed-rate mortgage will likely end 2016 about 60 basis points higher than today's level. (*One basis point is equivalent to 0.01% so 60 basis points would be a rate increase of 0.6%*) That level of increase is manageable, as consumers will have multiple tactics to mitigate some of that increase.

5. Rents to go up even higher.

Rental costs are skyrocketing, and the costs are likely to only go up in the new year. More than 85 percent of the nation's markets have rents that exceed 30 percent of the income of renting households. "Rents are accelerating at a more rapid pace than home prices, which are moderating," Smoke says. "Because of this, it is more affordable to buy in more than three-quarters of the U.S. However, for the majority of renting households, buying is not a near-term option due to poor household credit scores, limited savings, and lack of documentable stable income of the kind necessary to qualify for a mortgage today."

REALTOR®Mag, 12/22/15

Today is a gift. That is why it is called the Present.



Barbara

