

NORTH STATE BUILDING INDUSTRY ASSOCIATION

BIA housing forecast panel agrees demand for new homes in region will continue

By Michael Strech
NORTH STATE BUILDING
INDUSTRY ASSOCIATION

A panel of housing experts convened by the North State Building Industry Association recently agreed that the demand for new homes in the Sacramento region is likely to continue for the next year at least and potentially longer. And that's good news for potential buyers, because builders are continuing to build new

homes to meet that demand and many are working on new communities that will more fully reflect changing buyer needs as the COVID-19 pandemic continues.

At the BIA's 21st annual Regional Housing Forecast, housing analyst Greg Paquin said new home sales this year should top 7,200, which will be the highest since 2007, just before the Great Recession hit. That would be a 20.6% increase over sales in 2019. And for

2021, he expects sales will climb by another 10% to just under 8,000 in the five-county Sacramento region.

Leonard Miller, CEO of The New Home Company, was also optimistic about the local market.

"If (demand) still feels healthy in March, I think we will have a nice run for a couple of years. I'm guardedly optimistic that 2022 and 2023 will be good years

SEE **BIA**, PAGE 4

BIA

CONTINUED, FROM PAGE 1

for the housing industry.”

Sales in the Sacramento region are being driven primarily by first- and second-time move-up buyers who are safely employed and want to take advantage of historically low interest rates, but Paquin also noted that demographic changes are influencing home-buying decisions.

“Every baby boomer (people born between 1946 and 1964) can now qualify to buy in age-restricted communities,” he said. “And (many in) the first edge of millennials, those between 25 and 40, have already bought a house, and now the next wave is starting to buy their first home while the first edge is beginning to buy move-up homes. There are 62 million people moving through this process.”

Fortunately, there are new homes in numerous 55-and-older communities available right now in the area.

The local market is also being driven in part by an influx of buyers from the Bay Area — especially tech industry workers who have been told they can work from home for the foreseeable future.

THE LOCAL MARKET IS ALSO BEING DRIVEN IN PART BY AN INFLUX OF BUYERS FROM THE BAY AREA ...

Just last week, Redfin reported that the Sacramento metro area — especially Placer and El Dorado counties — was the most popular destination for homebuyers looking online to relocate during the third quarter of the year.

The good news is there are more than 200 active projects open between Elk Grove and Yuba City, with a wide range of styles, locations, and price points. There are new-home communities in the suburbs and even further away from the city, but there are also many choices close to downtown.

And, of course, you get to customize many features, like countertops, fixtures, flooring and so many others.

Interest rates remain near their historic lows, so now really is a great time to buy the new home you’ve always wanted.