

# Zillow Predicts More Homes for Sale and Improved Affordability Next Year

Zillow's prediction for the housing market in 2024 rings true for me, as an active real estate broker. Early expectations that mortgage interest rates would fall back below 5% kept some would-be buyers from pulling the trigger, but now it's beginning to sink in that interest rates will stay high, perhaps in the 7% range. Home prices are also moderating a little, so buyers who can tolerate higher interest rates are coming off the fence, just as sellers are noticing that homes are indeed selling in the current environment.

Meanwhile, would-be home sellers who locked in 3% or lower interest rates on their current home have been described as "rate locked," unwilling to give up their low mortgage rate and move up (or down) to another home with a higher interest rate mortgage. But Zillow is of the opinion that a growing number of such would-be sellers have grown weary of waiting for rates to drop and are ready to bite that bullet.



Not mentioned by Zillow in their article (for which I have posted a link on Substack) is another option: selling and moving into a rental, especially if they are seniors who will have a sizable capital gain (after taxes) that is likely to outlive them, or if they want to keep their options open for buying in the future either locally or in another city, state or country.

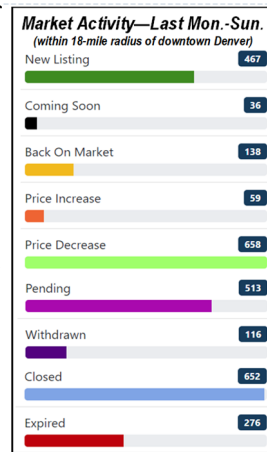
Another strategy suggested by Zillow is to hold onto one's current home as an investment property, generating more than enough rental income to pay for a rental elsewhere. The article assumes that you get to maintain the current low-interest mortgage on your home, although that rate was for owner-occupied property, not an investment property. If your home has a reverse mortgage, you must pay it off if you move out, which likely means you'd have to sell it, not put it on the rental market.

Here's their prediction of the national market for next year: *"Zillow's latest forecast calls for home values to hold steady in 2024, falling 0.2%. Predicting how mortgage rates will move is a nearly impossible task, but recent inflation news gives the impression that rates are likely to hold fairly steady as well in the coming months. Taken together, the cost of buying a home looks to be on track to level off next year, with the possibility of costs falling if mortgage rates do."*

Meanwhile, as we approach the holidays, look at the market statis-

tics in this chart of last week's activity on REColorado within 18 miles of downtown Denver. It's no surprise to me that the largest number is that of price reductions, yet we saw a healthy number of new listings and pending or sold listings last week. In other words, this is a market that is not stagnating. What it's doing is waiting for more right-priced listings to satisfy the pent-up demand of buyers, not all of whom are off the fence — yet.

I'm often asked whether winter is a good time to sell a home. Well, I just listed the home below, and in the first 24 hours of it being



becoming a "price reduced" statistic. But winter, I've found, is a great time to list a home because there are still lots of buyers getting email alerts of every new listing, and there are fewer listings for them to buy.

## Expect More Housing Density, Mostly Rentals

The amount of new construction in the Denver metro area, especially of apartment buildings, has been dazzling. All year, for example, I've been following the construction of a 340-unit apartment building across from my 2-bedroom rental at Solana Lakewood, and last week Rita and I moved into a 3-bedroom rental in GW Apartments, a brand new building on South Golden Road. A block away on the other side of South Golden Road, there's a yellow rezoning sign stating that a 353-unit townhome project is planned on what is currently raw land.

Yes, new single-family homes are still being built, but they are far outnumbered by rental apartment buildings, and the pace of construction is showing no signs of slowing.

About a decade ago, the construction of for-sale condos stalled because of a surge in construction defect litigation by lawyers representing condo associations, much like the way personal injury lawyers operate. Legislation was eventually passed to reduce the incidence of

such lawsuits, but it didn't bring back the construction of condos as many observers had expected.

Developers accelerated the building of rental units as condo development stalled, and it just kept accelerating after that construction defect issue was mitigated. The completion of the FasTracks' light rail and commuter rail project created a boom in TOD — transit-oriented development, almost entirely rental apartment buildings — within blocks of virtually every light rail and commuter rail station.

Now, with the cost of mortgage lending so much higher — more than doubled in the past 20 months — the boom in apartment construction and demand remains unabated. Meanwhile, we're seeing a slowdown in single-family construction, with the emphasis on higher-density multi-unit construction.

There is increased emphasis on local governments allowing single-family parcels to add ADUs — accessory dwelling units — which also adds to housing density.

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## Custom-Built Home in Golden's Beverly Heights

This one-of-a-kind custom home at 1922 Mt. Zion Drive consists of two octagons (see the floor plan below), so the major rooms are not square and benefit from multiple walls with windows, especially on the back facing Chimney Gulch and Mt. Zion, with views of downtown Golden, the Colorado School of Mines campus and North Table Mountain. This is absolutely one of the premier homes in Beverly Heights! The backyard, with its 19½-ft. octagonal TimberTech composite deck echoing the home's design, is beautifully landscaped, taking full advantage of the amazing mountain and city views. The front yard is beautifully xeriscaped. The finished and insulated 4-car tandem garage measures 980 sq. ft. Showings begin this Friday. Act quickly if you don't want to miss out! Find lots of interior and aerial photos plus a narrated video walk-through at [BeverlyHeightsHome.com](http://BeverlyHeightsHome.com), then call your agent or Jim Smith at 303-525-1851 to set a showing. I'll hold it open Saturday, Dec. 9th, from 11 a.m. to 1 p.m.



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"I cannot do all the good the world needs, but the world needs all the good I can do." —Jana Stanfield