

## A look at trends in the 2023 housing market

By **Mary Chao**

**3.5M** Unique Monthly Visitors



One by one, cars lined up to snag a parking spot on a narrow street in suburban Morris Plains, New Jersey. It's a Saturday open house for a rare single-family home that just hit the market in early February. As soon as the 1,400-square-foot two-story home opened to visitors, a steady stream of would-be buyers lined up. Priced at \$675,000, the home is within walking distance of the train station for New York City commuters.

"The activity has been nonstop," said Carol Bardach, an agent with Berkshire Hathaway Home Services in New Jersey. It's déjà vu for homebuyers in commuter towns in Northern New Jersey. After a lull in the market last fall and winter as mortgage rates climbed, buyers are back in full force. When it comes to real estate, the adage, "location, location, location," prevails. With mixed economic signals, some areas of the country are hot while others are not.

### **U-Haul Migration Data**

Suburbs close to major cities tend to trend well. But there's another way to gauge a real estate market that's scientific while getting to the heart of consumers' fickleness. Real estate investor Aaron Wagoner, the managing partner of Wags Capital, a boutique real estate investment firm based in Utah, looks to data from U-Haul to make investment decisions.

"We determine markets that have positive net migrations," Wagoner said. That means Texas and Florida remain top markets. They were the top one-way U-Haul customer destinations during 2022, according to U-Haul data.

Pandemic trends still stand. The southeast and the southwest remain popular for those seeking to relocate. According to U-Haul, the top state for outward migration with people moving out is California. Which is why Wagoner will not be investing in that state. The trend for relocation has been to cities away from coastal areas, Wagoner said. Cities such as Denver, Dallas, Boise, Scottsdale and Park City, Utah, where Wagoner currently lives, are hotbeds.

"You can get a lot more for your money," he said. The hottest state for investment is Florida, Wagoner said. Whether it's to escape the high taxes of northeastern cities or the sunshine, cities such as Miami, Orlando and Tampa are red hot, Wagoner said.

### **Local Trends**

Many real estate experts believe the next few months will be the best opportunity to get into the real estate market since the 2008 housing crash. Wagoner entered the real estate investment business in 2008 to start building his portfolio after a short stint as a professional football player with the New York Jets. Today, his company has been involved in over \$2 billion in various real estate transactions, projects and developments, and has over \$1 billion in projects underway.

According to the National Association of Realtors, the 10 top real estate markets to watch in 2023 are Atlanta, Raleigh, Dallas, Fayetteville, Arkansas, Greenville and Charleston in South Carolina, Huntsville, Alabama, Jacksonville, San Antonio and Knoxville. This is based on housing affordability as well as job and population growth.

### **Inventory Shortage**

Perception and reality are very different right now in the first quarter of 2023, said Max Stokes, an agent at Compass Real Estate in New Jersey. "There are many 'doom and gloom' articles being circulated which could be true of some markets, but real estate is localized and can be very different from one market or neighborhood to another," Stokes said.

"Right now, I'm seeing a tremendous inventory shortage in Northern New Jersey with pent-up buyers that have been awaiting price drops now starting to come to the realization that prices are remaining stable with demand elevated," he added. That is what brought Joseph Vila out on the market this year in North Jersey. After looking for two years for a home with his wife to no avail, Vila checked out the busy Morris Plains open house.

"It's been tough," he said. Homes that are well maintained, renovated, priced right or in desirable neighborhoods are receiving multiple offers, Stokes said. Cash offers are still common to try and win bidding wars or avoid financing with higher mortgage rates. Mortgage rates in the five percent range may be double that of last year, but buyers are realizing that prices are not going to drop just because interest rates are higher. "It's been robust," Bardach said of the current real estate market in North Jersey. "We're seeing the market is definitely still seller centric. But the buyers are out there."

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