The following is an excerpt from Market Leader’s 2014 Real Estate Business Plan.

As a real estate agent, your reputation depends on your knowledge of the market and the expertise you can offer your clients. That’s why, as you start to plan for how you’re going to grow your business in 2014, it’s important to have your finger on the pulse of the current market, and also know what to expect in the coming year.

Armed with this knowledge, you’ll be equipped to wow potential clients and your peers, all while closing more sales.

In September of 2013, Market Leader talked to Jed Kolko, Chief Economist at Trulia, about the state of the current market and where he thinks we’re headed in 2014. While we don’t have a crystal ball, we can offer industry-leading expertise to help you plan for success next year.

**WILL THE MARKET CONTINUE ITS CURRENT PACE TOWARD RECOVERY?**

“We’ve seen that prices are still rising, inventory is still tight, and mortgage rates are still very low,” Kolko says. “But, they’re all moving a bit more back to long-term, pre-bubble levels.”

What are those pre-bubble levels? According to the National Association of Realtors®, home sales are at their highest pace since February 2007, when they hit 5.79 million, and they have remained above year-ago levels for the past 26 months.

**WHAT TO EXPECT IN 2014** - Expect the market to continue to pick up speed as the economy improves and more owners decide that they have built enough equity to sell their homes. “It will probably be more expensive to buy a home next year than this year, due to higher rates and higher prices,” Kolko says. “But, there will be more inventory to choose from and it will be easier to get a loan.”

This is good news for real estate professionals. As home prices rise, more sellers will jump into the market and less restrictive loans will allow more buyers to attain financing.

**HOW WILL THE OVERALL ECONOMY AFFECT THE REAL ESTATE MARKET?**

While the economy and the job market continue to improve as we wrap up 2013, industry experts are looking to 2014 to be able to declare that the market has completely recovered.

**WHAT TO EXPECT IN 2014** - Kolko predicts that, as banks have less demand for refinancing, they’ll have more money available for new mortgages, freeing up some of the “credit crunch” of the last few years. However, interest rates are expected to rise steadily over the next year. And, Kolko cautions that there is still much uncertainty about new lending regulations that will go into effect in 2014.

**WILL HOME PRICES CONTINUE TO RISE?**

The parts of the country that experienced the biggest price rebounds in 2013, like Las Vegas, California, and other parts of the West, are starting to see a slowdown in price gains.

**WHAT TO EXPECT IN 2014** - Sellers in areas where price gains are slowing may see the momentum shift as a good time to put their home on the market and buy a new property while interest rates remain low and the economy continues to recover.
Other parts of the country that haven't yet experienced a large rebound may see it in 2014. For agents in the Northeast and the South this could bring a lot more opportunity.

**WHAT TO EXPECT IN 2014 -**

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Until the overall economy recovers enough that more young adults get jobs, move out of their parents' house, and form households, we won't get up to normal construction levels," Kolko says.
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**HOW DOES AFFORDABILITY AFFECT MY CLIENTS?**

As the economy recovers, both buyers and sellers are seeing an increase in home prices. As first-time homebuyers see prices rapidly increasing, buying a home becomes less affordable. “For first-time buyers, they’re watching the prices go up on the homes they want to buy, but they’re no richer because they don’t own a home that’s also gone up in value,” Kolko says.

According to the Trulia and Harris Interactive poll, 38% of potential buyers who are planning on buying in the next 12 months are worried that home prices will rise before they’re ready to buy.

**WHAT TO EXPECT IN 2014 -**

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Kolko sees a lot of potential in the move-up market, meaning people who are buying a home but also selling a home, because they can take advantage of price increases that have already happened. Recent research from Market Leader and Hebert Research shows that almost half of today’s buyers are also sellers.
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**GET STARTED!**

With increasing inventory, a more balanced market, and loosening credit, 2014 might just be the best opportunity you’ve had in years to effectively grow your business.