

# Kevin Crichton of EMM Loans, LLC. (EMM) talks about the current housing environment...

*Can housing prices continue to go up?*

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/EINPresswire.com/ -- We recently spoke to [Kevin Crichton](#), President, and COO at [EMM Loans, LLC.](#) (EMM) who shared his thoughts on the subject:

“The American dream is alive and well. According to the American Enterprise Institute’s Home Appreciation Index, overall home prices have increased in the last year, and in some demographics... doubling the pace”.

Crichton stated: “Demand is increasing and there is a shortage of housing supply due to years of underbuilding, barriers to new construction, a low-interest-rate environment, demographic trends, and... the pandemic. This imbalance has also driven up housing prices.

In 2020 there were 2.38 million first-time homebuyers, a record number.

For a long-time, we postulated that millennials weren’t buying houses because they had too much student debt and were starting families later in life. This population has moved into their prime home-buying years and their demand for housing has accelerated. According to the U.S. Census Bureau, in 2015 only 32% of millennials owned a home. By 2020 that had risen to 49%.

Interest rates have remained near historic lows with the 30-year fixed-rate mortgage in the 3%



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range. With the cost of borrowing so low, new homebuyers have seized the opportunity to purchase, and existing homeowners have been refinancing. The pandemic contributed to the accelerated demand for homes. With the need for more workspace at home and the newfound ability to work from remote locations, people have been trading in their apartments for houses. Some cities have seen migrations from their urban environments to the suburban areas and other high-cost areas have seen people move to lower-cost areas.

Supply Has Been Constrained. Labor shortages, the high cost of materials and local zoning laws that make getting construction permits difficult have slowed construction in recent years. Even though construction appears to be picking up, it will take time to make up for years of underdevelopment.

Also adding to the supply/demand imbalance is the fact that seniors 55+ overwhelmingly prefer to age in place. Conceivably, millennials could buy homes vacated by older Americans, but better health and education have boosted and extended housing demand from seniors, who are much slower to transition out of homeownership than prior generations.

There is still going to be significant demand going forward. To meet the capacity needs, a recent study by Freddie Mac estimates that 2.5 million additional housing units will be needed to make up for today's shortage. Builders have started to step up their efforts with March housing starts 37% above the March 2020 levels. Still, it will take builders years to catch up to the current demand.

With the federal government looking for ways to pre-empt local zoning regulations, lumber prices starting to fall, and workers starting to head back to work, contractors should be in a good position going forward. A consistent increase in supply and a gradual rise in rates, which would push down how much homebuyers can afford to pay, should help normalize housing prices in a gradual, sustainable way”.

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