

REAL ESTATE

## 2017 will be a strong year for real estate: LeadingRE

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*Exterior image of the fictional X-Mansion, located roughly 40 miles outside of New York City (PRNewsFoto/Coldwell Banker Real Estate LLC)*

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By BRIELLE JAEKEL

While the recent economic and political atmosphere is seeing serious ups and downs, real estate is poised to have a strong year, according to the chief economist of the Leading Real Estate Companies of the World.

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A business-friendly White House administration, an appreciated United States dollar and the current strength of the economy will be supportive factors for a positive 2017 real estate year. The first round of millennials will be entering the home buying process, while baby boomers are looking into legacy buying.

In this Q&A with Marci Rossell, newly appointed chief economist of [Leading Real Estate Companies of the World](#), she discusses how these factors will play out for real estate throughout this year.



*Marci Rosell January 10, 2017*

Here is the dialogue:

What is the main prediction for real estate for 2017?

Despite the fact that interest rates are rising in the U.S., I expect 2017 to be a strong year of global luxury real estate. The Great Recession is long in the rearview mirror, and the affluent buyer is expecting a stronger global economy in the years ahead.

With confidence in the economy comes security around income and asset values. So the affluent buyer will continue to see real estate as a prudent, essential component in their investment portfolio.

How will the current political environment affect real estate?

The stock market rally in late 2016 suggests that investors are expecting a business-friendly White House. Lower corporate taxes, deregulation and fiscal stimulus for the economy are all on the table this year. Real estate, being pro-cyclical, will also benefit from all these trends.

What areas are likely to see the most/least growth?

The U.S. dollar has appreciated more than 20 percent since July 2014. For people whose wealth is held primarily in dollars, that's like a double digit return on their dollar-denominated assets in two years.

U.S. buyers will certainly keep acquiring properties domestically. But because their dollars will buy more today than they would have a few years ago, 2017 could be the time when U.S. buyers also look outside their borders for attractive luxury properties.

What factor will be the biggest effecter on real estate this year?

Real estate matters to everyone. It accounts for about 30 percent of the net worth of the wealthiest 20 percent of households in the U.S., and it makes of over 60 percent of the net worth of middle-income Americans.

While movements in interest rates have some effect on the market, income matters more. Buyers are confident when they feel their income is secure, regardless of where interest rates are headed. I think the underlying strength of the economy will be a bigger factor in 2107 than the Fed.

What are some other predictions?

Boomers are entering the time in their lives when they are motivated by legacy buying.

And millennials are just now hitting their 30s, when we can expect them to be fully engaged in their careers, getting their first bonuses and nearing the end of their student loan payments, and with that comes the first round of millennial home buying, which will become an escalating trend over the next decade.

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