The Factors that could influence residential home prices across the United States over the next decade are:

1. Demand
2. Supply

The housing prices, according to reports by RenoFi, indicate that there has been an increase of 48.55% over the last decade. The same pattern is predicted to be followed in the next decade too.

The housing market is based on value just like every other commodity or property being traded out there. We, as humans, do not pay for the actual costs incurred in producing that commodity, instead we pay at the face value; the value at which the commodity is most likely to sell.

In the MECE framework diagram, I have explained the factors that will likely affect the US housing market in the coming decade. The roots of those factors are demand and supply. The increase in population, the increase in wages of Millennials, and the Gen-Z entering the workforce will create a huge demand for the housing, hence the rise in prices. Supply is likely to follow suit, with laws favoring the housing market the investors will most likely put their money in real estate.

Further, the demands will likely increase because of the Economic growth. A strong economy follows higher GDP and hence higher demand. With the economy growing strong, the unemployment rates will be down which indicate higher cash flow in the household. A growing economy also indicates the health of the banks. The banks are cash rich and are willing to lend more at lower interest rates which also drives higher lending of loans and mortgages to purchase real estate.

The supply is likely to increase following the investor friendly policies and subsidies. The inflation if kept in check will likely drive growth in the housing sector. The wages and the costs of operations and maintenance will be lower hence more attraction of investors towards the housing sector.

Reports suggest that the residential property segment is expected to reach USD 2.21 trillion by 2030, growing at a CAGR of 6.0% from 2022 to 2030.