

# REAL ESTATE TRENDS

FOR REALTORS, HOMEOWNERS AND PROFESSIONALS

September 2023

## The Disappearing Recession

For about a year now we have been talking about the predominant forecast of market analysts projecting a recession as early as the second quarter of this year. And for a year we have been stating emphatically that it is tough to have a recession when the job market is hot. Well, the job market may have cooled off a bit, but it is still strong. And the preliminary measure of the economy's growth in the second quarter came in at 2.4%, which is stronger than the first quarter. No recession seems to be coming.

RECESSION

We also make a habit of not predicting the future. Thus, we are not saying there will not be a recession. But we will take note of the fact that these economic analysts are now saying that a soft landing is more likely. What is a soft landing? In economic terms, it means the economy will slow down, but not fall into negative growth territory. Or if we have negative growth during a quarter, it is only slightly negative.

A stronger economy is good news for everyone but the Federal Reserve. The Fed has been trying hard to stop the economy in its tracks. The stronger economy just gives the Fed more fuel to either raise rates again or keep them at this "higher" level for a longer period of time.

If inflation continues to cool, we could have the best of both worlds – a strong economy and waning inflation. The July inflation numbers showed that things continue to move in the right direction, though the numbers were slightly higher than expected... ▢

# 2.4%

## GDP Preliminary Growth Rate For 2nd Quarter



## The Home as a Piggy Bank!

With home values remaining strong across the country, Americans are tapping into their home equity to pay for renovations and debts. With low inventory in most housing markets across the country, home prices have held firm after surging during the pandemic.



That means homeowners are now sitting on nearly \$30 trillion in home equity, according to the St. Louis Federal Reserve. As a result, originations of Home Equity Lines of Credit (known as HELOCs) and home equity loans increased 50% in 2022 compared to two years earlier, according to the Mortgage Bankers Association. "Home renovations and remodeling drove demand for home equity products in 2022, with roughly two-thirds of borrowers citing it as a reason for applying for a home equity loan," said Marina Walsh, MBA VP.

Other reasons that borrowers gave for taking out a HELOC or home equity loan included debt consolidation and emergency cash management. A HELOC is a revolving source of funds, kind of like a credit card, that can be tapped as needed. The lines of credit are secured against the value of a homeowner's equity, which is the difference between how much the home is worth and how much is owed on the mortgage... ▢

Source: CNN

## Selected Interest Rates

August 24 2023

30 Year Mortgages	7.23%
2022 High (Nov 10)	7.08%
2022 Low (Jan 6)	3.22%
15 Year Mortgages	6.55%
10 Year Treasuries	4.21%

Sources—Fed Reserve, Freddie Mac  
Note: Average rates do not include fees and points. Information is provided for indicating trends only and should not be used for comparison purposes.

## America On The Move

More than one-quarter of homebuyers nationwide are looking to move to a different metro area, reported Redfin. The figure increased from 23% a year ago and less than 20% before the pandemic.



The Redfin Housing Migration Report said a record share of homebuyers are relocating because high mortgage rates have made housing more expensive, which makes relatively affordable areas more attractive. But that doesn't mean more homebuyers are looking to relocate, Redfin noted. In fact, the number of homebuyers moving to a new metro is down 7% from a year ago, the biggest decline on record.

Still, out-of-town moves are holding up better than in-town moves: The number of homebuyers looking to move within their current hometown is down a record 18%. "In other words, the overall homebuying pie has shrunk, but buyers moving to a new metro make up the biggest piece of that pie on record," the report said. "Climate risks haven't yet stopped many homebuyers from moving into areas that don't have enough water and places that could eventually be underwater," Redfin Chief Economist Daryl Fairweather said. "That's because even though Sun Belt home prices soared during the pandemic, those metros remain a bargain for people relocating from expensive coastal cities..." ▢

Source: Redfin

## Did You Know...

Analysis of Google search data by Value Walk reveals that searches for HELOC skyrocketed 305% in the United States as of July 2023—the highest level in internet history for America. This represents an unprecedented increase in Americans looking to remove equity from their property, according to Google search data analysis.