

REAL ESTATE TRENDS

FOR REALTORS, HOMEOWNERS AND PROFESSIONALS

December 2023

Moving Into The Home Stretch

Thanksgiving is over. That means we are in the home stretch of the year. From the business side, many within the real estate industry will be happy for this year to end. There is no guarantee that next year will be better, but most analysts are pointing towards a gradual improvement in the real estate market next year spurred on by moderately lower interest rates.

2024

What makes us think rates will be lower next year? Without going through ten or so technical explanations, we will cite the untechnical “law of averages.” Rates have been rising for just about two years now and we are due for a turnaround. This does not mean that interest rates are due to fall sharply, but there is greater chance of a decline than there is an increase. Of course, there are x-factors we must consider. Some of these are known, for example there are two wars being fought overseas.

Other known factors are the periodic threats of a government shutdown and a Presidential election year. Unknown factors? Will inflation ease and will the job market slow down? The jobs report for November will be released shortly and we recently receive some good inflation news. And the following week we will have the last meeting of the Fed Reserve Open Market Committee for the year. That is always fun.

Then there are factors we don’t even know about because they have not happened. After all—who predicted the pandemic three-plus years ago? And who would have thought the pandemic would ignite a hot real estate market? Our advice? Enjoy the rest of the year and especially the holidays. And be prepared for anything... 📦

3.2%

Consumer Inflation For The Past 12 Months



Americans Still Want to Purchase

Despite mortgage rates topping 7%, Americans persist in their desire to buy a home. According to the latest Housing Trends Report, the share of adults with plans to purchase a home within a year edged up to 17% in the third quarter of 2023, up from 15% a quarter earlier. The share has fluctuated up and down without a clear trend for over a year, likely due to the push-pull between two opposing forces: higher interest rates/home prices and persistent demand stemming from demographic growth.



Meanwhile, interest in newly built homes continues to rise as the collapse of existing home inventory leaves new homes as the only option in many areas. In the third quarter of 2023, 27% of prospective buyers were looking to buy new construction, up for a third consecutive quarter after falling to 20% in the final quarter of 2022.

At the same time, the Census Bureau’s Housing Vacancy Survey (CPS/HVS) reported the U.S. homeownership rate at 66% in the third quarter of 2023, nearly identical to the previous quarter, despite higher rates and home prices... 📦

Source: The National Association of Home Builders

Selected Interest Rates

November 16, 2023

30 Year Mortgages	7.44%
2022 High (Nov 10)	7.08%
2022 Low (Jan 6)	3.22%
15 Year Mortgages	6.76%
10 Year Treasuries	4.44%

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.

Climate Risks Considered

Down Payment Resource (DPR), a provider of homebuyer assistance program data and solutions, reports that homebuyer assistance program administrators are responding to the mounting home affordability crisis by rapidly rolling out new homebuyer assistance programs and funding buydowns, as there are now 2,256 homebuyer assistance programs available to help people affordably finance homes.

“Most first-time homebuyers are well aware that interest rates are hitting generational highs, but what they are not hearing is that there are homebuyer assistance programs available to help,” said Rob Chrane, Founder and CEO of Down Payment Resource. “Program providers are working around the clock to ensure the programs they offer meet the needs of their markets. For this reason, many programs now allow funds to be used for buydowns and other popular financing strategies that take the edge off mortgage payments.”

DPR’s Q3 2023 Homeownership Program Index report examines the 2,256 homebuyer assistance programs that were active as of October 25, 2023, and found two hundred and ninety-five programs will fund buydowns which allow borrowers to lower their interest rates by paying an upfront fee. Fifty new agencies began offering programs. More agencies have stepped up to administer homebuyer assistance programs as affordability worsens. Now, a total of 1,373 agencies provide assistance to aspiring homeowners, a 3.78% increase over the previous quarter... 📦

Source: DSNews

Did You Know...

A whopping 68% of young Gen Z adults are choosing to live with family as opposed to independent living, according to RentCafe. Meanwhile, 20% of Millennials are still residing in their parental homes.

An analysis from Redfin has found that nearly 7% of homes for-sale posted a price drop during the four weeks ending October 29, on average, the highest portion on record.