

REAL ESTATE TRENDS

FOR REALTORS, HOMEOWNERS AND PROFESSIONALS

January 2024

Experts Release 2024 Forecasts

Curious about the real estate market in 2024? So are we and we decided to present a few of the forecasts from experts of major industry organizations:

2024

Borrowing costs are expected to ease further next year, which should entice buyers to return to the market. NAR is projecting that existing-home sales will rise 13.5% and new-home sales—which are up about 5% this year, defying market trends—could increase another 19% by the end of next year.

Single-family home sales likely bottomed out in Q4 2023 and, due to the recent pullback in mortgage rates, are expected to begin a slow but meaningful recovery over the course of the next year, alongside upward-trending mortgage origination activity, according to the December 2023 commentary from the Fannie Mae Economic and Strategic Research (ESR) Group. The ESR Group also continues to forecast a modest downturn in 2024, followed by a return to growth in 2025.

The Mortgage Bankers Association (MBA) has indicated that total mortgage origination volume is expected to increase to \$1.95 trillion in 2024 from the \$1.64 trillion expected in 2023. Purchase originations are forecast to increase 11 percent to \$1.47 trillion next year. By loan count, total mortgage origination volume is also expected to increase by 19 percent, to 5.2 million loans in 2024 from 4.4 million loans expected in 2023.

In summary, the major industry organizations are expecting things to get better—lower mortgage rates and increased real estate sales – but not greatly so. Let's hope they are right about the direction, but wrong about the size of the increase so that we can have a larger rebound... ▢

199,000

Jobs Added In November



New Trend: House Hacking

In the face of soaring housing costs, a growing number of young homebuyers, primarily millennials and Gen Z, are embracing the concept of "house hacking."



This trend involves renting out a portion or the entirety of their homes to generate additional income. According to a recent Zillow survey, 55% of Millennial and 51% of Gen Z buyers consider the opportunity to rent out part of their home for extra income to be very or extremely important when making home purchase decisions. This house hacking trend is not limited to the younger generation, as 39% of all homebuyers also find the prospect appealing.

Additionally, Zillow's 2023 Consumer Housing Trends Report (CHTR) highlights that more than half of millennial (59%) and Gen Z (54%) buyers believe it is highly important to be able to rent out their entire home in the future, compared to 43% of all buyers. "Younger homebuyers — mostly Gen Z and millennials — are especially into the idea of rental income as a key factor in their home-buying decisions," said Zillow senior population scientist Manny Garcia... ▢

Source: Zillow

Selected Interest Rates

December 21, 2023

30 Year Mortgages	6.67%
2023 High (Oct 19)	7.79%
2023 Low (Jan 26)	6.09%
15 Year Mortgages	5.95%
10 Year Treasuries	3.89%

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.

Higher Loan Limits For 2024

The Federal Housing Finance Agency (FHFA) has announced an increase in conforming loan limits for Fannie Mae and Freddie Mac for 2024. Overall, the limits increased by 5.56%, the same percentage increase in home prices measured by FHFA's Home Price Index for the past 12 months.

In 2023, the maximum conforming limit for one-unit properties was \$726,200, thus the increase was just over \$40,000 to \$766,550. The maximum limits for high-cost areas such as the New York and Washington DC Metropolitan areas is 50% higher, or \$1,149,825 for a one unit property.

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to
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The Federal Housing Administration also released their 2024 limits for FHA loans. FHA base limits are at 65% of the base conforming limits (\$498,257) with the high-cost limits at the same level as conforming high-cost limits.. Reverse mortgages are also at the high-cost limit nation-wide... ▢

Sources: FHA and FHFA

Did You Know...

According to the Federal Housing Finance Agency's (FHFA) Home Price Index which compared home values between the third quarter of 2022 and the third quarter of 2023, the average U.S. home price gained a cool 5.5% in value year-over-year. In comparison, home prices rose 2.1% compared to the second quarter of 2023.

A recent Fannie Mae poll reveals that over 80% of renters would like their on-time rent payments to be factored into their credit scores. Rent is often a renter's largest monthly expense, and credit scores play a huge factor in the ability to pursue financial and economic opportunities, such as obtaining mortgage or car loans, credit cards, or student loans.