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LAST WEEK IN REAL ESTATE

Last Week in Real Estate is a roundup of relevant news and statistics from the prior week that influence our business. Disclaimer: this is a compilation of industry news from trade media and industry groups, it does not share any forward-looking predictions or projections.

November 27, 2023

The Economic and Strategic Research Group of Fannie Mae projected *Last Week in Real Estate* a near-term decline in existing home sales, anticipating a gradual uptick over the course of 2024. Their forecast also predicts a regression of mortgage rates from recent peaks, with an expected average of 6.8 percent by the fourth quarter of 2024. This outlook aligns with the continued downward movement of U.S. bond yields, reflective of incoming data suggesting a softer economic landscape and indications of tempered inflation. Recent weeks have witnessed a notable decrease in rates by half a percentage point after rising for seven straight weeks. Specifically, in the week concluding on November 22, the 30-year fixed-rate mortgage averaged 7.29 percent, marking the fourth consecutive week of declining rates. This trend spurred an increase in mortgage applications, reaching their highest level in six weeks. Below are a few newsworthy events from the third week of November that influence our business:

- **HOME BUYERS CAN BE THANKFUL FOR THIS: LOWER MORTGAGE RATES.** Mortgage rates in the past week fell to their lowest level since the week ended September 21, and a half a percentage point lower than the gauge's recent peak at 7.79%. The average 30-year fixed mortgage rate was 7.29% this week, according to Freddie Mac's weekly data. Mortgage rates climbed rapidly from August through October as inflation expectations and geopolitical uncertainty roiled bond markets. But economic data in recent weeks has driven the 10-year Treasury yield - with which mortgage rates often move - lower, resulting in a respite for prospective buyers. "U.S. bond yields continued to move lower as incoming data signaled a softer economy and more signs of cooling inflation," Joel Kan, the Mortgage Bankers Association's deputy chief economist, said in a press release. Such declines in bond yields - and mortgage rates - have resulted in increased demand for home loans. Total mortgage application volume rose 3% last week, the association said Wednesday. "Mortgage applications increased to their highest level in six weeks," Kan said.

Full Story... [Home Buyers Can Be Thankful for Lower Mortgage Rates - MarketWatch](#)

- **HOME PRICES STILL GROWING – JUST AT A MORE NORMAL PACE.** In the housing market, there are predictable ebbs and flows that happen each year. It's called seasonality. Spring is the peak homebuying season when the market is most active. That activity is typically still strong in the summer but begins to

wane as the cooler months approach. Home prices follow along with seasonality because prices appreciate most when something is in high demand. That's why there's a reliable long-term home price trend. At the beginning of the year, home prices grow, but not as much as they do when entering the spring and summer markets. As the market transitions into the peak homebuying season in the spring, activity ramps up, and home prices go up a lot more in response. Then, as fall and winter approach, prices still grow, just at a slower pace as activity eases again. Nationally prices aren't falling, it's just that price growth is beginning to normalize. Home price appreciation is returning to normal seasonality and that's a good thing.

Full Story... [Keeping Current Matters](#)

- **ECONOMY EXPECTED TO SLOW IN 2024, REBOUND IN 2025.** Economic growth remains likely to decelerate and ultimately result in a mild recession in 2024, followed by a return to growth in 2025, according to the November 2023 commentary from the Fannie Mae Economic and Strategic Research Group. While the combination of ongoing employment gains and decelerating inflation has increased the likelihood of a soft landing, the ESR group contends that, between a likely slowdown in consumption growth stemming from an imbalance between spending and incomes and the rising real federal funds rate weighing on consumer and business activity, a downturn remains the most likely outcome. With mortgage rates having previously neared the 8 percent mark, the ESR Group expects existing home sales to decline further in the near term but bottom out in early 2024. Regardless of whether the economy manages a soft landing or enters a mild recession, the ESR Group forecasts mortgage rates in 2024 to retreat from their recent highs and average 6.8 percent by the fourth quarter. As such, the ESR group expects home sales to begin to increase modestly over 2024 but to remain constrained by the likely persistence of the so-called "lock-in effect" and the low supply of homes for sale. New home sales and starts, which have remained comparatively resilient over the past year, are expected to remain so in 2024.

Full Story... [Economy Expected to Slow in 2024, Rebound in 2025 | Fannie Mae](#)

Have a productive week.

Jason