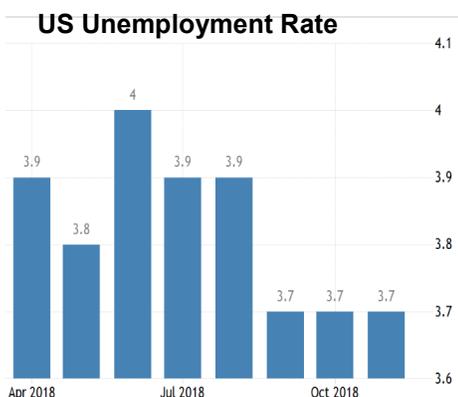


Predictions For 2019

The new year is here and the Federal Reserve Board has made its last key decision of 2018. The increase of short-term interest rates by one-quarter of one percent was not unexpected. The clues as to what 2019 will look like were the real keys to the meeting. The statement after the meeting and the comments made at the press conference indicated that the Fed still believes that the economy is on strong footing, but there are enough headwinds we will be facing in 2019 that could keep the Fed from continuing hiking rates after they achieve a neutral stance which neither stimulates or restricts the economy.

For months we have speculated as to where specifically that neutral stance might be and, though the Fed has hinted that we are now close, we still don't know the precise number, as it may depend upon several factors in play. Regarding the headwinds, while some economists are predicting that the economy will soon slip back into recession, most analysts believe that the economy will slow down next year but will continue to grow.

A slower economy could bring a halt to the increase in rates when taken together with the Fed slowing down their mission. We have already seen rates fall back, which is good news for those who want to purchase homes. With home prices not appreciating as rapidly, more inventory on the markets and rates stabilizing, more buyers may take the leap to homeownership. On the other hand, many other forecasters are continuing to predict higher rates in 2019, and if this is true, today's opportunity to purchase may require more urgency... [📄](#)



SOURCE: TRADINGECONOMICS.COM | U.S. BUREAU OF LABOR STATISTICS



Record Lows For FSBOs

The number of For Sale by Owner transactions fell to a record low of 7.0% of all home sales in 2018, down from 8.0% last year, according to the National Association of Realtors®' 2018 Profile of Home Buyers and Sellers.



FSBOs—homeowners who try to sell their properties themselves without a real estate agent—have decreased dramatically since 1981, when they accounted for 15% of all home sales. Today, consumers rely heavily on real estate agents. Sellers, 90% of whom listed their homes in the MLS, placed high priority on the benefits of using a real estate professional.

Sellers by far say the agent's reputation is the most important factor selecting an agent, at 31%. Most FSBOs say they decided not to use an agent because they sold to a friend, relative, or neighbor. The report also showed that FSBOs typically sold for less than the selling price of homes represented by an agent... [📄](#) Source: NAR -- *Want to View an Article Entitled -- "First Home? The Right Realtor® is the Key"?* Contact Us

Selected Interest Rates

December 20, 2018

- 30 Year Mortgages—4.62%
- 2018 High (Nov 15)—4.94%
- 2018 Low (Jan 4)—3.95%
- 15 Year Mortgages—4.07%
- 5/1 Hybrid ARMs—3.98%
- 10 Year Treasuries—2.76%

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.

Housing Market Favoring Buyers?

The housing market is showing several signs of slowing, providing a much-needed break for potential buyers who have been waiting to jump into the market. Existing-home sales were 2.4% lower in the third quarter than a year ago, and the drop comes at a time when many areas are starting to see an uptick in new listings. Home prices in many markets are no longer rising by double digits—or even single digits—annually.

But with a strong economy and low unemployment, the housing dip is more of a rebalancing of the market than a sign of a downturn, housing analysts say. Sellers are realizing there is a slowdown and are starting to cut their prices to better compete. Nearly 29% of listings in major markets during the month ending Oct. 14 saw price reductions, according to the real estate brokerage Redfin.

"The cycle has moved from seller-advantage to at least mildly buyer-advantage in many parts of the United States," writes Kenneth Harney, a nationally syndicated real estate columnist. "If you're a buyer, take your time. But keep in mind: If you shop diligently, this winter could be a smart time to catch a deal—a marked-down price on the house you really want..." [📄](#)

Source: The Washington Post

Did You Know...

FHA, VA, Fannie Mae and Freddie Mac have released their 2019 loan limits. These limits are up approximately 7.0% from 2018, reflecting higher average home prices. These higher limits will provide more options for home buyers in 2019. The limits for one-unit properties are:

Base FHA: \$314,827
Base Conforming and VA: \$484,350
High Cost Areas: \$726,525 — All, including FHA Reverse Mortgages

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