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Real Estate Trends For Realtors, Homeowners and Professionals

February 2024

Here They Come...

Among the many variables expected to affect the markets this year will be the sideshow we affectionately call a Presidential election year. News about the elections will garner headlines throughout the year, competing with events such as two wars which are being fought on the other side of the globe.

Politics and government news have always affected the economy, for example threats of shutting the government down over budget bickering. However, the Presidential election season has the ability to take the rhetoric to another level.

As usual, we will not get into politics in this commentary. However, as events unfold which could affect the economy's performance, connections will be made. Just remember, as noisy as things get, we must separate the rhetoric from reality. For example, while there may be threats of a government shutdown, an actual shutdown rarely happens, and essential services are not shut off if it does happen. This does not mean the markets will not react to the noise and the last-second deals which inevitably come into place.

Meanwhile, we still must react to the day-to-day happenings. As January moves into February, we will see plenty of economic news. Starting with the first reading of economic growth for the 4th quarter of 2023. Then, we have the first meeting of the Federal Reserve's Open Market Committee for the year and the first data from January in the form of the jobs report. As Hatcher said in the movie Rundown – "That's a lot of cows." There will be lots for the economic analysts to digest!... ❑

216,000 Jobs Added In December

Gen Z: On The Move

Gen Z, now aged between 11-26-years-old moved at rates far above national averages in 2023 according to HireAHelpers' year-end report based on their internal data.

Coming into headlines more frequently nowadays, they seem to be more mobile as they come-to-age based on a litany of factors including workplace habits, home ownership ambitions and the use of remote work technology. That has led Gen Z to be more mobile, even when facing less favorable economic conditions than previous generations, including housing unaffordability, high rent, and mounting student loan debt. This is still occurring as record numbers of young adults are staying put and living with their parents or other family members. When looking at the moving data a different trend emerges.

Despite making up just 12% of the population, Gen Z adults accounted for 17% of all moves that took place in America this year — the national average of 8%. By comparison, Millennials moved at a rate of 11%, Gen X (5%), and Boomers (3%). After a drop in 2020, which was likely caused by the COVID-19 pandemic, more and more Gen Z adults have been moving each year. And they're the only generation to do so... ❑

Source: MReport

Selected Interest Rates

January 18, 2024

30 Year Mortgages———6.60%
2023 High (Oct 19)———7.79%
2023 Low (Jan 26)———6.09%
15 Year Mortgages———5.76%
10 Year Treasuries———4.14%

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 Deficit

Bank of America housing analysts say that "underbuilding" of U.S. homes over the past decade has not only "absorbed the 2 to 3 million home glut from pre-financial crisis overbuilding" but has also created a "deficit of 4 million" U.S. homes.

Simply put, the analysts say we went from an overbuilt nation to an underbuilt nation over the past decade "The most direct solution for the housing shortage problem is to build more homes," wrote in a paper published late in 2023, which examined the markets that are—and aren't—addressing the "deficit."

The paper Included an analysis looking at building permits issued as a share of the local population. Perhaps not surprisingly, the analysis found that major Sun Belt markets are adding housing units at the fastest clip, while many slow population growth markets in the Northeast and Midwest are lagging behind... ❑

Source: Fast Company

Did You Know…

There's a larger share of homes in America without mortgages now compared to any time since 2005, according to the latest census data. This means some people aren't worrying about high mortgage rates. The share of mortgage-free U.S. homes has jumped from 34.3% to 39.3% in the past decade, per the census data.

There can be a psychological perk to paying off a loan early, but according to some personal finance experts, it could be smarter to invest that money instead. "If people derive some intrinsic happiness out of paying off their mortgage because it reduces their stress, then that has value," Michael Roberts, a Wharton School finance professor, tells Bloomberg.

Source: Axios

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