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Real Estate Trends For Realtors, Homeowners and Professionals

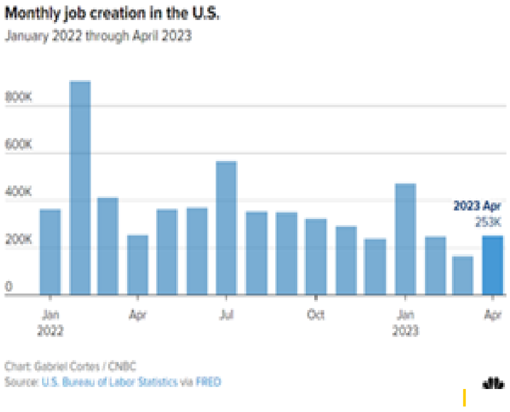
May 2024

More Jobs Than People?

Every month we have been singing the same refrain – the job market is hot. Except there is a limit to the number of jobs that can be created. And not every person qualifies for every job. For example, if there are many job openings for doctors, it is not likely that most of us can apply. In other words, the unemployment rate is not likely to drop to zero. On the other hand, we can't create more jobs than the employable population. So, let's take a look at our history.

For the decade of 2011 to 2020 the economy added just over 20.0 million jobs, or approximately 200,000 per month. For a perspective, we lost between 8.0 and 9.0 million jobs in the previous two years during the Great Recession. Therefore, some of this was "catch-up" as we started that decade with a high unemployment rate and ended it with a low unemployment rate. This decade we started the exact same way due to the pandemic recession. We lost almost 9.0 million jobs in 2021. Because of the pandemic, the recovery was much faster, and we have gained over 14.0 million jobs in the past two and a third years, bringing the unemployment rate right back down.

Seem like too many jobs? Not really, if you take a normal year of 1.5 to 2.0 million jobs gained and subtract the 9.0 million jobs we had lost in 2021 from 14.0 million gained, we are now just about caught up. We have added 5.0+ million jobs net in the past three and a third years. Why does it seem like too many jobs were added? For one, many left the work force during the pandemic which brought down the labor participation rate. This rate has been coming back slowly and is just now approaching the rate seen just before the pandemic – alleviating some of the job shortages. Thus, the answer is that we have not created too many jobs. But if we keep adding at this rate, we could be asking the question again...



The Mom & Dad Advantage

More than one-third (36%) of Gen Zers and millennials planning to purchase a home soon expect to get a cash gift from family to help fund their down payment, according to a new survey from Redfin. Young homebuyers are also getting financial assistance from family members in different ways.

Approximately one in every six (16%) Gen Zers and millennials say they will utilize an inheritance to help fund their down payment, while roughly 13% intend to live with their parents or other family members to save money for down payments. "Nepo-homebuyers have a growing advantage over first-generation homebuyers. Because housing costs have soared so much, many young adults with family money get help from Mom and Dad even when they have jobs and earn a perfectly respectable income," said Redfin Chief Economist Daryl Fairweather. "The bigger problem is that young Americans who don't have family money are often shut out of homeownership. Many of them earn a perfectly good income, too, but they aren't able to afford a home because they're at a generational disadvantage; they don't have a pot of family money to dip into. This contributes to wealth inequality and often prevents young people from gaining economic ground."... *Source: Mortgage Point*

Selected Interest Rates

April 18, 2024

30 Year Mortgages——7.10%
2023 High (Oct 19)——7.79%
2023 Low (Jan 26)——6.09%
15 Year Mortgages——6.39%
10 Year Treasuries——4.63%

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.

Aging in Place

The number of older Americans planning to remain in their current homes as they age is increasing, according to recent data released by Redfin. The real estate company surveyed baby boomers (60-78 years old) and a small segment of the silent generation (ages 79 and up) in February 2024.

Findings indicate that 78% of older homeowners plan to stay in their current homes as they age. The next most common plan is moving to a 55-plus community, with 20% of respondents planning to or having already done so. A smaller group (10%) said they plan to move in with adult children, and 6% plan to move in with friends. There were 838 respondents representing the baby boomer generation and 62 respondents from the Silent Generation, all of whom are homeowners. The results from baby boomers who rent their homes were similar, according to Redfin analysts.

"Aging in place is already contributing to the housing shortage and is likely to continue doing so. The fact that the vast majority of baby boomer homeowners plan to age in place could prolong the shortage of homes for sale," Redfin data journalist Dana Anderson commented in her report. Freddie Mac surveyed 55 and older on their housing plans in 2021, comparing the results with the same survey performed in 2016. In 2016, 63% of respondents planned to age in place, while that percentage increased to 66% in 2021. Baby boomers staying put is one reason inventory remains at historic lows, according to a separate Redfin analysis...

Source: National Mortgage Professional

Did You Know...

Zillow research shows that more than 80% of prospective home buyers consider climate risks as they shop.

Although this trend is seen across generations, Millennial and Gen Z shoppers – who comprise 54% of all home buyers – are more likely to consider climate risk when deciding where to buy a home compared to other generations.

Compliments of
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