



Will it Take a Recession?

For most of last year, it was apparent that the Federal Reserve wanted to the economy to stop growing so fast. Though you would never hear them say that they were trying to force us into a recession, certainly forecasters were predicting a recession. But the recession never came as the economy and especially the American consumer provided some formidable resilience. Month-after-month we expected the economy to slow down, yet this never happened.



Well, finally there are signs of a slower economy. Of course, this happens after the economic prognosticators have all but buried the word recession and replace it with the phrase “soft landing.” And as the economy and inflation slows, we hear the same refrain from the members of the Fed – we are not stopping until our inflation work is done. While this is commendable, we would like to remind our readers that the Fed has a history of waiting too long to get things started and then waiting too long to end their activities.

The inflation we witnessed was worldwide based upon effects of the pandemic. The world economies halting on a dime and then starting up again armed with lots of stimulus in the form of government spending and low interest rates. Should the Fed have started raising rates from zero more quickly? Probably. Will they hold higher rates longer than they should, thereby risking a recession? We hope not. The Fed is meeting as we publish this newsletter. It will be interesting to see what they say... □



Heading to The Burbs

According to a new report from StorageCafe, people have been looking for an alternative to busy urban areas and the suburbs have stepped up their game as of late. Point-and-case, suburban areas across the country are now growing faster than major cities, providing plenty of room to grow their families and for those seeking a better semblance of a work-life balance.



As the current housing market is still seeing higher home prices and limited inventory, these are the main reasons that are driving people out of urban areas and into the suburbs and beyond. RentCafe further stated that millennials are the most active generation in terms of both moving and homebuying. For millennials, most of whom are in the parenting stage of their lives, the need for larger homes and outdoor spaces is paramount.

This shift is further compounded by the rise of remote work which has diminished the necessity of living close to urban job centers, making suburban and exurban living more feasible and attractive than ever. Gen Zers are also seeking a similar pace of life as well. States with lower densities or rural charm have started to appeal to these youngsters. Housing inventory in exurbs grew by an average of 15% over the past 10 years, outpacing suburbs at 14% and principal cities at 10%... □

Source: StorageCafe

Buying With Friends

As housing prices increase, some are opting to buy a home with a friend instead of a romantic partner. According to a survey released by JW Surety Bonds earlier this year, 15% of Americans have co-purchased a home with someone other than their romantic partner, and another 48% said they would consider it. In the survey, 67% of respondents said sharing costs was a perceived benefit of co-buying. A majority of respondents also said that affording a better home and investment opportunities were also perceived benefits of co-buying.

Niles Lichtenstein, CEO of Nestment, helps pool together buyers to purchase a home. He said there are questions to ask before embarking on such a commitment. "In a lot of places, solo homeownership is just incredibly difficult," he said. "We're coming at this from educated backgrounds, but actually co-buying is a very difficult, complex process, which is why we built what we built." The survey noted, however, that 79% believed interpersonal conflict would be a potential drawback of co-buying a home. A majority also cited legal and financial complications and potential financial losses as other potential downsides.

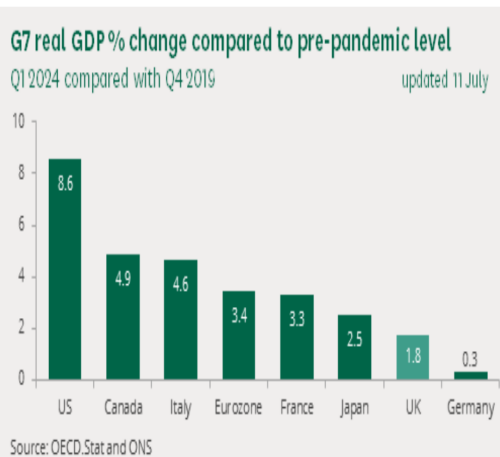
"The first is around aligning on goals. Are your goals the same? Is it about cash flow? Is it about equity? Is it about lifestyle? Then financial projections. Understanding how you can actually build those financial projections. The next step, he says, is helping people through the legalities of co-buying a home. Lichtenstein said, "When it comes to traits itself, I think you tend to want to look for opportunities where you all have shared something before, like if someone still owes you for that Uber, that might not be the right person."... □

Source: Scripps News Life

Did You Know...

According to Redfin, the typical homebuyer has gained some \$22,500 in purchasing power from: April to July as mortgage rates have eased in the past few months.

Compliments of
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Selected Interest Rates

July 18, 2024

- 30 Year Mortgages——6.77%
- 2023 High (Oct 19)——7.79%
- 2023 Low (Jan 26)——6.09%
- 15 Year Mortgages——6.05%
- 10 Year Treasuries——4.18%

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.