



The Home Stretch

It is the final quarter of the year. And quite a year it has already been. Mortgage rates moved back near all-time highs in the spring only to start falling in the summer. The National Association of Realtors signed a consent agreement which will change the way that real estate agents will go about their business. The war in Ukraine continued to rage while the Middle East again became a hot bed of tragic events. The real estate market continued to slow even as the listing shortage and housing price gains eased, but the price of homes continued to move upward.



On the political front, the last quarter of the year will be a whirlwind with only one month to go before we elect a new President. Adding to the uniqueness of 2024, we have already had an assassination attempt and the incumbent bowing out weeks before the convention. The balance of power in the House and Senate are also up for grabs in what has become a very divided electorate. Who knows what surprises the next month will bring.

Meanwhile, there is a slew of economic data to add into the 2024 equation before we call an end to a very exciting year. This month we will start with the September jobs report—a particularly interesting data point at this juncture. The job market has led the economic recovery from the pandemic for the past four years. It was expected that the pace of job growth would slow down at some point. That point seems to have taken hold in the latter part of this year. This progression has helped facilitate progress on the inflation front. But we can't afford for the job market to slow too much if the economy is going to successfully experience a mostly soft landing... ☐



Homes More Affordable

Interest rate drops have made August the most affordable month since February, as home price growth cooled to 12-month low, according to the September 2024 ICE Mortgage Monitor Report. Declining mortgage rates have brought home affordability to its best level since February and boosted refinance incentive for many recent-vintage mortgages.



With 30-year conforming rates down 60 bps from just over 7% in May, the principal and interest payment on the average-priced home purchase is \$145 less per month than just three months ago. The share of income needed to make payments on that home (34.3%) is still 10 pp above its 30-year average and ICE Market Trends data shows recent record highs in down payments and credit scores.

Spurred by rate declines, purchase loan demand had two of its best weeks since March, but remains noticeably below the levels seen earlier this year and in 2023 when rates were at comparable levels. The ICE Home Price Index for July showed the annual rate of home price growth slipping to +3.6% from +4.1% in June, marking the slowest pace in 12 months on rising inventory and still-soft demand.... ☐

Source: Morning Star

Homeowner Equity Growing

CoreLogic released its Homeowner Equity Insights report for the second quarter, finding that U.S. homeowners with mortgages saw their overall equity increase by 8% year-over-year. Overall, the equity for those homeowners has increased by a total of \$1.3 trillion from Q2 2023. That brings total net homeowner equity to more than \$17.6 trillion. "Persistent home price growth has continued to fuel home equity gains for existing homeowners who now average about \$315,000 in equity and almost \$129,000 more than at the onset of the pandemic.

The substantial accumulation of home equity for existing homeowners has served as an important financial buffer in times of uncertainty, as some homeowners are facing higher costs of homeowners' insurance and taxes and have had to tap into their equity to prevent falling behind on their mortgages," said Selma Hepp, Chief Economist for CoreLogic. "As a result, mortgage delinquency rates have remained at historical lows despite the inflationary pressures and higher costs of almost all non-mortgage, homeownership-related expenses."

The average U.S. homeowner gained approximately \$25,000 in equity over the past year. The total number of mortgaged residential properties with negative equity fell by 4.2% from Q1, to about 960,000 homes total. That represents about 1.7% of all mortgaged properties. Year-over-year, national negative equity was down by 15%, or about 169,000 fewer homes... ☐

Source: CoreLogic

Did You Know...

Consumer sentiment in the U.S. reached a four-month high, according to the latest reading from the University of Michigan. Consumers were more optimistic than at any time since May, buoyed by improved buying conditions for long-lasting goods and lower interest rates.

National Homeowner Equity

Q2 2024 - YOY Change



CoreLogic

Selected Interest Rates

September 19, 2024

- 30 Year Mortgages——6.09%
- 2023 High (Oct 19)——7.79%
- 2023 Low (Jan 26)——6.09%
- 15 Year Mortgages——5.15%
- 10 Year Treasuries——3.72%

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.



Compliments of
Suzanne Smith
 HNB Mortgage
 2101 W. Wadley Ste.36
 Midland TX 79705
 432-683-0081
 Suzanne@HNBmortgage.com
 NMLS # 192813
 Branch/Company 226999/205935
 Se habla Español