



### Not in a Straight Line

If there is one feature of the markets you can always count on, it is the attribute of non-linear progression. What does that mean? In plain English, it means that the markets do not rise or fall in a straight line or in accordance with a certain set path. For example, when mortgage rates rose from a low of 3.00% three years ago to a high of 7.75% one year ago, there were four time periods in which rates actually fell, even though they were on the way up.



Similarly, now that mortgage rates are falling, they are not falling in a straight line. Rates fell from 7.75% to just over 6.00% over the past year, but they rose significantly this spring and also have risen since hitting their low in mid-September. This does not mean that rates have stopped falling or that the trend has reversed. It is really a normal occurrence which might be caused by typical market variations or intervening variables such as the strong jobs report released earlier in October. Of course, there can always be intervening variables that are even stronger such as world-wide tensions. Certainly, there have been plenty of those this year.

Speaking of variables, we are likely to have plenty of those. First, we will have the third quarter economic growth advanced estimate (GDP) released. This will be followed by the Fed's favorite inflation indicator and the October jobs report. Then we will have the election on first Tuesday of November, followed by a meeting of the Federal Reserve which starts the very next day. All we can say is that you should hold on, because the beginning of November could be a very wild ride!... 📌



### The Market Awakens

There's growing evidence that the recent decline in rates is already boosting demand. Redfin's Homebuyer Demand Index was up 9% month over month at the end of September, hitting its highest level since April. Mortgage rate lock-in activity was also double what it was a month earlier.



While mortgage rates haven't moved since the Federal Reserve's half-point interest rate cut last month, the news of the cut reached a lot of people who didn't know mortgage rates had already dropped. "There's no doubt demand has picked up since the Fed's interest-rate cut," Phoenix-area agent Max Shadle said in a statement. "I'm seeing much more traffic at my listings. Falling rates are an incentive for homeowners to sell, too, because they know demand is coming back and they feel less locked in by their relatively low rate."

According to Redfin's data, pending sales increased on a year-over-year basis in 27 of the 50 most populous metro areas. In addition, according to Altos Research data, pending home sales rose 6.4% year over year at the end of September, bucking a seasonality trend in which sales start to recede in the fall. The Mortgage Bankers Association (MBA) reported that mortgage applications hit their highest level in more than two years as fall commenced... 📌 Source: HousingWire

### America On The Move?

While 35% of homeowners expressed interest in moving last year, that number has jumped to 72% today. Nearly three-fourths of homeowners are hoping to move, but due to the current market conditions, many are putting their plans on hold, creating a backlog of buyers. Despite many wanting to move, the majority aren't packing boxes just yet due to the challenges in the market, according to a study from Point.

This has caused housing gridlock. Even with market hurdles, many homeowners are eager to move due to concerns over their home's size and location. Around 40% of homeowners cited their home's size as the primary reason for wanting to relocate, whether they need a bigger space (25%) or are looking to downsize (16%). Another 36% pointed to location-related reasons. Only 11% of homeowners are looking to access home equity, and 8% feel their current home is too expensive.

Renovations could offer a solution to homeowners stuck in place due to size concerns. 66% of homeowners plan to undertake home improvements in the next 12-18 months, with 39% planning to use cash for their projects... 📌

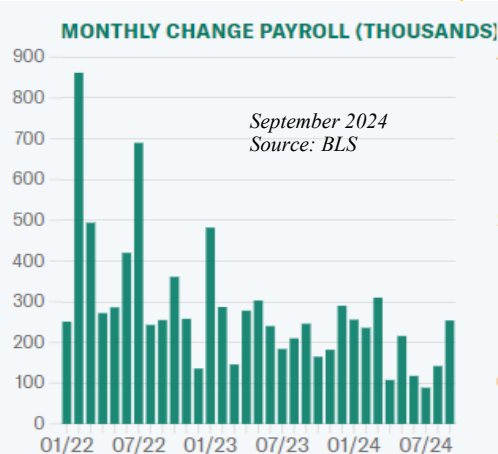
Source: Point

### Did You Know...

Home prices increased by 5.9% on an annual basis as of the end of September, according to Fannie Mae. The government-sponsored enterprise also revised down its reading for home price appreciation as of the end of June, to 6.4% on an annual basis.

As we head into the winter months, ValuePenguin put out a report on winter weather damage. So far, winter weather has caused an estimated \$61.8 million in property damage in 2024

Homeowners 62 and older saw their collective home equity levels rise in the second quarter of 2024 by roughly \$600 billion, increasing to a total of \$14 trillion and continuing a streak of forward momentum observed in the first quarter



### Selected Interest Rates

October 23, 2024

- 30 Year Mortgages——6.54%
- 2023 High (Oct 19)——7.79%
- 2023 Low (Jan 26)——6.09%
- 15 Year Mortgages——5.71%
- 10 Year Treasuries——4.25%

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.

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