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Real Estate Trends For Realtors, Homeowners and Professionals

March 2025

The Fate of The CFPB

The Consumer Financial Protection Bureau was created by the Dodd-Frank Act in the wake of the financial crisis which spawned the Great Recession of 2008. Unlike the pandemic-induced recession of 2020, the recovery of the economy from the Great Recession was long and painful, especially within the real estate industry which is this commentary's main focus. Housing prices fell significantly and took years to recover. The secondary market for mortgages collapsed and the Dodd-Frank Act put regulations in place, such as verifying the ability to repay a mortgage, in order to restore faith in these markets which serve to make sure that money to finance homes is available.

Another factor affecting real estate during this time was the government take over of the giant mortgage agencies – Fannie Mae and Freddie Mac. Though this move was intended to be temporary, they exist today, some 15 or so years later, under a government conservatorship after repaying billions of dollars back to the government to repay the cost of bailing them out. Today we face the real possibility of a curtailed or even eliminated CFPB and a re-privatization of these mortgage agencies. The question is—what would that world look like? What happens to the regulatory aspects of the CFPB? How would the government assure that there would not be another bailout of the agencies which are now even bigger than they were in 2008?

Of course, we don't have the answers to these questions. Nor do we have a crystal ball to see where these entities will land and what shape they will be when they do land. We do know that confidence in the secondary markets is essential. The interest rate spread between mortgages and treasuries is wider than it has historically been for the past few years. Whatever changes are made need to make sure the spreads don't widen, but narrow to help ease the real estate affordability challenges we currently face...

Home Prices Still Rising

Home prices finished 2024 strong, NAR data shows and in the last five years alone, median home prices have jumped 50%. Property owners are getting richer as home prices prove resilient against lower home sales.

Nearly 90% of metro areas registered home price increases in the final quarter of 2024, according to the latest housing data from the NAR. "Record-high home prices and the accompanying housing wealth gains are definitely good news for property owners," says NAR Chief Economist Lawrence Yun. "However, renters who are looking to transition into homeownership face significant hurdles." The high home prices are making it difficult for real estate newcomers to save up for a down payment.

Still, FOMO may be setting in for those would-be homeowners as wealth accumulation for homeowners far outpaces that of renters. The spread in median net worth between homeowners and renters stands at $415,000 for homeowners versus $10,000 for renters, NAR has previously reported. The national median price for a single-family existing home rose nearly 5% in the fourth quarter of last year compared to a year earlier, settling in at $410,100, NAR's fourth-quarter data shows. In the last five years alone, median home prices have jumped 50%...

Source: National Association of Realtors

Sellers Getting Ready

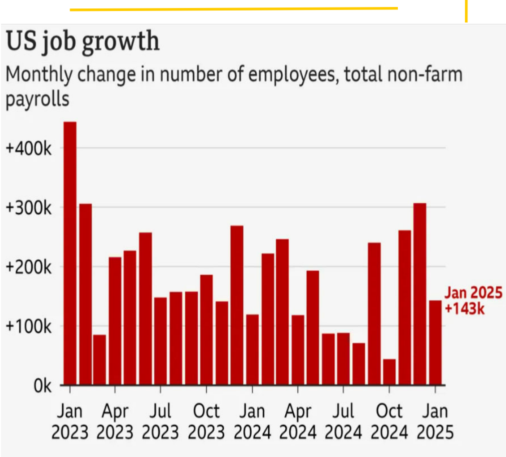
More homeowners appear willing to sell their homes, a recent Zillow survey of homeowners suggests. Nearly one in five respondents indicated their homes were already listed for sale or they would consider selling their home within the next three years, Zillow reported. Among respondents who indicated they might sell, some 15% said their home was already listed, while 48% indicated they would consider selling within the next year. A further 36% said they would consider doing so in the next two or three years.

The overall number willing to sell ticked up from summer and fall surveys but remains below the percentages in most of the 2023 surveys, Zillow said. The share of homeowners with no intention of selling also shrunk from prior surveys, Zillow reported. Some 42% of respondents in the latest survey indicated they had no intention of selling. In 2021 and 2022, that share was above 50% in surveys, Zillow said. Respondents listed a desire for an upgraded home as the top reason for moving. Almost half said they plan to sell their home for a profit or use the equity for another purpose, Zillow said. Others cited a change in their household size as a factor. Zillow also asked people who have no intentions of selling why they want to stay in place. More than 70% said they love their current home... *Source: Zillow*

Did You Know...

Redfin reports that for the four weeks ending on February 2, new listings of U.S. homes for sale rose 7.9% from last year. That also marks the biggest increase of homes for sale since the end of last year...

Cash sales took a bigger role in the U.S. housing market last year as mortgage rates remained high and buyers competed for a limited number of homes for sale. The share of houses and condos bought with cash hit an 11-year high, accounting for nearly 39% of all sales, according to data provided by ATTOM to Scotsman Guide...



Selected Interest Rates

February 20, 2025

30 Year Mortgages	*6.85%*
2024 High (May 2)	*7.22%*
2024 Low (Sept 26)	*6.08%*
15 Year Mortgages	*6.04%*
10 Year Treasuries	*4.50%*

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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