

# Could Tariffs Provide a Spark?

Thus far, we have only heard the negative side of the tariff forecasts. These prognostications have centered upon slower economic growth and increased inflation, which is a pretty bleak scenario. Few have talked about the threat of tariffs bringing a burst of economic activity, but this burst may actually happen within a few sectors of the economy. These sectors included home building and the purchase of automobiles. Other sectors may be similarly affected as well—but for now we will focus upon these two.

Why could we have increased activity? The fear of missing out (FOMO) comes to mind. If the price of building a home or importing cars is going to go up, consumers will rush to purchase these goods to “beat the increases.” A similar phenomenon happens when mortgage interest rates are rising – people rush to purchase homes before rates go higher. Indeed, we have seen isolated positive reports within the automotive and new home sectors in the past several weeks, though it is too early to coin this an authentic trend of some kind.

Here is the not so good news. Any burst of activity caused by FOMO will be borrowing from the future. Thus, this possible short-term economic spark could serve to dampen economic growth later in the year. Of course, this is all speculation. We don’t know if the tariffs will last in the long run, let alone dampen economic activity. But we feel that it is important to present all possibilities for the future, and this is one side of the equation that we don’t see analysts focusing upon very much.

On the other hand, it does highlight how much uncertainty has been thrust into the environment due to these policies. Certainly, it is going to be an interesting year with the new of tariffs in the headlines... □



# The American Dream

Despite rising home prices and financial strain, 82% of Americans still consider owning a home part of the American Dream, according to Bankrate’s 2025 Home Affordability Survey.



That figure is up from 78% in 2024 and surpasses aspirations like retirement (71%) or a successful career (66%). Americans consider homeownership to be the cornerstone of the American Dream, more so than anything else. This belief hasn’t wavered and has only gotten stronger despite increasing affordability challenges,” said Greg McBride, Chief Financial Analyst at Bankrate. Affordability is the top obstacle for would-be homeowners. Among non-homeowners who desire to buy, 83% cite cost-related issues.

Specifically, 59% say their income isn’t enough, 55% point to high home prices, and 46% say they can’t afford a downpayment or closing costs. Still, 64% of Americans say they’d be willing to make lifestyle changes for affordable housing. Among these, 29% would downsize, 24% would move out of state, and 19% would consider moving farther from family and friends. Gen Zers were most likely to say they’d relocate for affordability. Current homeowners report having reached their goals mostly through saving: 44% said they intentionally saved for a down payment, while others relied on grants (17%), family gifts (15%), or additional income (10%)... □ Source: Mortgage Point

# Selected Interest Rates

May 22, 2025

- 30 Year Mortgages——6.86%
- 2024 High (May 2)——7.22%
- 2024 Low (Sept 26)——6.08%
- 15 Year Mortgages——6.01%
- 10 Year Treasuries——4.53%

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.

# Homeowners Still Profiting

ATTOM released its first-quarter 2025 U.S. Home Sales report, finding that homeowners on average made a 50.2% profit selling single-family homes and condos in the first quarter. That’s down 3.2 percentage points from Q4 2024 and down 4.8 percentage points year-over-year. While the national median profit margin for home sales has been declining pretty consistently over the past three years, it still remains well above pre-pandemic levels.

The national median home sale price has been flat over the past two quarters at \$355,000. However, the median raw profit that sellers made on their homes dropped about 4% from about \$124,000 in Q4 2024 to \$119,000 in Q1. “Sellers may not be enjoying quite the same windfall they were a few years ago but by historical standards profits are strong, both in terms of margins and raw dollar value,” said Rob Barber, CEO for ATTOM. “The first quarter also tends to be the weakest of the year, so don’t be surprised to see profits regain ground during the summer months.”

Home sales following foreclosures by banks and other lenders were 1.5% of all home sales nationally in Q1, up slightly from 1.3% in Q4 and Q3. That’s also well below the high of 30.1% hit in 2009. All-cash transactions were 42% of home sales in Q1, up from 38.3% in Q4. That’s the highest proportion of all-cash sales since 2014. Homes sold by institutional investors were 6.3%, up from 6.1% in the prior quarter... □

Source: ATTOM

# Did You Know...

ATTOM released its 2024 property tax analysis, finding that the average tax on a single-family home 1st year was \$4,172 in 2024, a 2.7% increase from the previous year.

Redfin released a report finding that the prices home sellers are asking for and the prices that homebuyers are paying diverge by \$39,000--the largest gap since May 2020

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