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Real Estate Trends For Realtors, Homeowners and Professionals
January 2026

Where The Fed Stands in 2026

The Federal Reserve lowered their benchmark interest rates three times to close out 2025. While this was good news for the real estate markets, the path to lower rates has not be as clear as many would have liked. This is true despite major pressure on the Fed to lower rates significantly from the Administration and a clear slowdown in the labor markets.

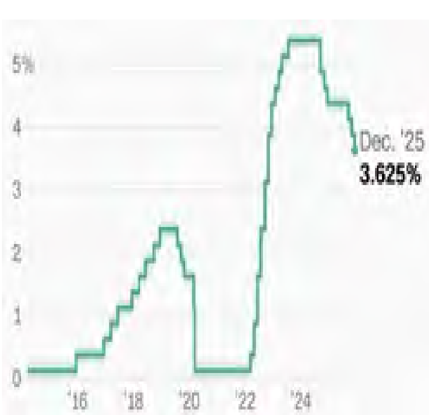
Fed Chairman Powell had a lot to say after their last meeting in December. He acknowledged that the economy, especially the jobs picture, has gotten weaker. But he also pointed to the fact that inflation, while down significantly from its post-pandemic peaks, has not improved much in 2025. He cited the influence of tariffs upon inflation and also expressed the hope that tariff induced inflation would be a temporary factor.

Stubborn inflation and a slowing economy puts the Fed in the unenviable position of fighting two conflicting enemies attacking from two completely opposite vantagepoints. Lower rates can exacerbate the inflation picture, but higher rates can stifle the economy even further.

Here is the good news regarding the real estate sector. Mortgage rates have come down during the past few months and this factor has increased real estate activity. And there is potential for further decreases in the coming months, regardless of the fact that the Fed may stay neutral early in 2026. Most prognosticators are predicting that rates will ease in 2026, but the easing is supposed to be gradual and limited in scope. For those looking to purchase a home this year, each drop in rates is a positive sign.

Even more important, every decrease in mortgage rates brings us closer to loosening up the lock-in effect. This phenomenon keeps sellers from listing their homes because they have a low rate on their present mortgage. Let's hope for more progress in 2026!...❑

The Fed Lowers Rates



Canadians Are Still Buying

While headlines suggest recent data for tourism shows a significant decline in general travel and "snowbird" visits, largely due to political tensions, a weak Canadian dollar, and new travel rules --Canadians remain one of the top foreign buyers of U.S. property, accounting for 14% of all international purchases in a recent report. Moving money to the U.S. may seem counterintuitive, but relative to major cities in Canada, such as Toronto and Vancouver, U.S. property prices enable Canadian dollars to go further. Someone buying a single house in Canada may be able to spread that same downpayment across multiple properties in certain U.S. markets, such as cities in the Midwest and Sun Belt, and expect higher returns.

Another key component is that the investment math tends to make more sense with lower-priced properties. Places with higher price-to-rent ratios, where rent is relatively high when compared to the cost to buy a property, offer cash flow opportunities that would be hard to come by without paying all-cash in expensive Canadian metros. On top of that, Canada has very high property taxes that eat into ROI, compared to some states. The final piece to this is that Canadians who own U.S. property preserve their wealth in a stronger currency, in an asset class that has tripled in value over the past 20 years. These gains can then be transferred back to Canadian dollars at favorable rates. In addition, lower income and sales taxes in many states, coupled with warmer weather, are major draws...❑

Sources: CBC and HousingWire

Selected Interest Rates

December 18, 2025

30 Year Mortgages	*6.21%*
2025 High (Jan 16)	*7.04%*
2025 Low (Oct 30)	*6.17%*
15 Year Mortgages	*5.47%*
10 Year Treasuries	*4.12%*

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.

NAR Sees Stronger 2026 Market

The real estate market may finally see a long-awaited surge in activity in 2026, with home sales poised for a potential double-digit jump. Lawrence Yun, chief economist at the National Association of REALTORS®, is forecasting a 14% nationwide increase with home sales for 2026, following 2025's stagnating levels. New-home sales are also projected to rise 5% next year. "Next year is really the year that we will see a measurable increase in sales," Yun told attendees at the Residential Economic Issues and Trends Forum during a recent conference. Rising sales won't come at the expense of price stability either: "Home prices nationwide are in no danger of declining," he said. NAR expects prices to climb 4% in 2026, supported by job growth and persistent supply shortages. The groundwork for a rebound may already be forming.

Mortgage applications are trending higher, job gains remain steady, homebuilders continue to add supply, and the record-breaking 43-day government shutdown—that could have delayed some recent home sales—is finally over, Yun said. "Mortgage applications have been consistently above last year, implying that people's desire to enter the market has been consistently positive," Yun said. Yun expects gradual improvement in mortgage rates ahead. "As we go into next year, the mortgage rate will be a little bit better," Yun said. "It's not going to be a big decline, but it will be a modest decline that will improve affordability." He forecasts rates to average around 6% in 2026, down from a roughly 6.7% overall average for this year...❑ *Source: NAR*

Did You Know…

Home remodeling expenditures are expected to remain steady through the end of this year and into the middle of 2026, according to the Leading Indicator of Remodeling Activity by the Remodeling Futures Program at the Joint Center for Housing Studies of Harvard University. LIRA projects that year-over-year spending on home renovation and repair will rise by 2.4% in early 2026 before easing to 1.9% in the third quarter of next year.

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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