



One Month Later...

Let's go back to the end of February. After a year of tepid job gains, slow housing growth and higher-than-expected interest rates, things were starting to look up. We had a solid month of job growth in January and mortgage rates were moving down enough to entice prospective homebuyers to start shopping again. Plus, those who purchased more recently were starting to refinance in greater numbers. Even inflation, though it had not reached the Federal Reserve's target, was stabilizing at a tolerable level. In other words, there were plenty of reasons for optimism.

Then the calendar moved on. The first salvo was fired literally at Iran. Unlike the limited strikes of last year, this conflict represented a sharp escalation in intensity. Immediately, oil prices surged, causing significant concerns about the future of inflation. Not surprisingly, mortgage rates rose from the recent lows, despite the labor department reporting that the growth of jobs we witnessed in January was erased the very next month. The stock market reacted as we would expect, with heavy losses in reaction to slower growth and the fear of higher inflation.

Thus, the term stagflation is being dusted off by market analysts. All this news is just a sober reminder that predictions are impossible. Plus, markets can change on a dime. If the conflict is short-lived, the stock markets and mortgage rates could reverse their directions overnight.

If the conflict continues for a longer period, there is concern about long-term damage to the economy. One thing we do know is that the consumer is resilient. If mortgage rates head back down, there is a significant amount of pent-up demand for homes and there is still the potential for a bounce-back year in 2026... □



Townhomes More Popular

For today's first-time homebuyers, getting a toehold into the pricey housing market increasingly means buying a townhome. Townhomes are making up a growing percentage of the for-sale market around the country, a testament to their relative affordability compared to single-family homes, as well as how homebuilders are leaning into growing demand for cheaper homes and higher-density neighborhoods. Townhomes are proliferating not only in denser regions where they've been a major presence but also in smaller cities.

They're likely to become an even bigger part of the market in the coming years: Attached homes made up nearly 20% of single-family housing starts in the third quarter of last year, averaging their highest market share in recent quarters since 1985. "I've been pointing to it as one of the bright spots in a housing market in 2025 that disappointed," said Robert Dietz, chief economist at the National Association of Home Builders.

The cost savings for purchasing a townhome instead of a detached single-family home can be substantial. In recent years, through both the pandemic boom and the more recent market freeze, townhomes have been roughly 10% cheaper on average than single-family homes, Realtor.com found. "It's positioning itself against single-family homes as an easier maintenance option at a better price," said Joel Berner, senior economist at Realtor.com... □

Source: Yahoo Finance

Selected Interest Rates

March 19, 2026

30 Year Mortgages—6.22%
2025 High (Jan 16)—7.04%
2025 Low (Dec 31)—6.15%
15 Year Mortgages—5.54%
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.

Housing Supply Gap Widens

The U.S. housing supply gap widened to an estimated 4.03 million homes last year, increasing from 3.8 million in 2024, according to the 2026 Housing Supply Gap Report from Realtor.com. The report noted new construction once again fell short of household formation and pent-up demand from younger households persisted. Approximately 1.41 million households were formed in 2025, compared with 1.36 million housing starts. While the annual shortfall of roughly 50,000 units may appear modest, it adds to more than a decade of underbuilding that has constrained supply, fueled home price growth and pushed homeownership further out of reach, particularly for younger Americans.

"Even when annual construction and household formation are roughly balanced, the market is still digging out from more than a decade of underbuilding," said Danielle Hale, chief economist at Realtor.com. "A supply gap exceeding four million homes underscores how deeply rooted the shortage has become." Hale noted that, without a sustained increase in housing supply, particularly in areas with strong job growth and persistent demand, affordability challenges will continue to sideline many would-be buyers. 2025 marked the third-largest annual deficit since 2012, trailing only 2020 and 2023. "Although the largest single-year gap occurred in 2020 during pandemic-related disruptions, recent deficits reflect more persistent structural imbalances between supply and demand and the difficulty of making sustained progress against the gap," the report said... □

Source: Realtor.com

Did You Know...

The typical US homeowner now stays in their home for 12 years, up from 11.8 years a year earlier and close to the longest stretch on record, according to a Redfin analysis of county sales records through December 1, 2025... Existing-home sales increased 1.7% month-over-month in February.

The US lost jobs in February and the unemployment rate increased to 4.4%. Total non-farm employment in the US decreased in February, shedding 92,000 jobs.



Sources: CNN/BLS

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