Federal Reserve likely to lower interest rates through 2024

Source: Wall Street Journal

Slowing inflation caused Federal Reserve Chair Jerome Powell to pivot away from raising interest rates and toward planning when rates might be lowered. Just two weeks prior, Powell had said it was too soon to speculate about when lower rates might be appropriate, but on Wednesday, officials anticipated three rate cuts next year, lowering the fed funds rate to around 4.6 percent (from its current range between 5.25 and 5.5 percent) by the end of 2024.

The U.S. economic outlook has brightened in recent months because inflation and wage growth are slowing. Healed supply chains and an influx of workers in to the labor force are curbing wage and price increases without causing broad economic weakness.

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NAR forecasts improved outlook for home buyers in 2024

Source: NATIONAL ASSOCIATION OF REALTORS®

The housing market is expected to grow to 4.71 million existing home sales in 2024, and an improved outlook for home buyers, according to a new report by the NATIONAL ASSOCIATION OF REALTORS®' Chief Economist Lawrence Yun. This would be an increase of 13.5 percent compared to 2023. Home prices are expected to rise only slightly, by about 0.9 percent from 2023.

After eclipsing 8 percent in late 2023, Yun expects the 30-year fixed mortgage rate to average 6.3 percent and that the Fed will cut rates four times. "Housing inventory is expected to rise by around 30 percent as more sellers begin to list [their homes] after delaying selling over the past two years," said Yun. He also foresees 1.48 million housing starts (homes that begin construction) in 2024, including 1.04 million single family and 440,000 multifamily homes.

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Home buyer sentiment hit record low last month, before rates fell

Source: Mortgage Professional America

Fannie Mae's National Housing Survey found that only 14 percent of Americans said that November was a good time to buy a home. However, because the survey of 1,058 homeowners and renters was conducted between Nov. 1 and Nov. 16, the data was compiled just as mortgage rates were beginning a dramatic retreat from the highest levels of 2023.

When the survey was taken, almost half of consumers expected mortgage rates to continue climbing and only one in five consumers thought they would come down in the next 12 months. But since then, interest rates have come down nearly a full percentage point from 7.83 percent for a 30-year fixed-rate mortgage to 6.96 percent. Fannie Mae Chief Economist Doug Duncan cautioned that affordability challenges and worries about household finances might continue to plague consumer home buying sentiment for the near future.

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Take an AI tour of Santa's North Pole cabin

Source: Zillow

Now you can take a virtual 3D tour of Santa Clauses' North Pole cabin. Zillow released the interactive, AI-generated floor plan that includes high-resolution photos of Santa's mailroom, gift-wrapping suite, living room, bedroom, bath, office, wood-burning fireplaces, a custom elf door and a hot cocoa bar. Hidden within the photos is a treasure hunt for holiday items such as mistletoe, fruitcake and 15 other traditional trimmings.

"Rest assured, Santa is not selling his beloved home," said Amanda Pendleton, Zillow's trend expert. The home is estimated to be worth $1.8 million, due to its unique status and remote location. However, it is not and will never be for sale.

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Mortgage refinance demand jumps to 19 percent after rates fall

Source: CNBC

Mortgage rates dropped again last week, prompting a 19 percent jump in mortgage refinance applications over the prior week, according the Mortgage Bankers Association's seasonally adjusted index. Refinance demand was 27 percent higher than the same week one year ago.

Demand for mortgages to buy a home also increased, but by the lower rate of 4 percent, which was 18 percent lower than the same week one year ago. Home prices are still high and housing supply remains tight.

The average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances ($726,200 or less on average) fell from 7.17 percent to 7.07 percent, with points dropping from 0.60 to 0.59 for loans with a 20 percent down payment, according to the MBA. That was the lowest level since July.

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