FMLS MARKET INTEL

November 21, 2024

There's lots to cover with new data and a somewhat confusing rate environment — let's dive in and see what it means for the Georgia real estate market.

In our last bi-weekly report I said rates will likely decline well into 2025 but to expect some volatility. How right I was. The Fed came through with the anticipated .25 point cut on Nov 7, and a week later, the benchmark Freddie Mac national average for a 30-year FRM was 6.78%. A slight decline that paused a 6 week climb in rates. For a little perspective, the top rate was almost 7.8% October 2023 while early September rates bottomed at 6.1%.

On Nov 13 the inflation report for October came in at 2.6% - below expectations. It was received as good news. But it also means at least for now the Fed will likely be more cautious going forward. The broad consensus that the Fed will cut again next month is weakening somewhat with all eyes on the November inflation and employment numbers.

Finally, both presidential candidates proposed economic policies likely to push inflation higher. While the election has been decided, significant uncertainty remains about what lies ahead. If inflation is reignited, it will be hard for the Fed to maintain a "neutral stance" on monetary policy.

There are some good insights into the future from NAR's 2025 economic forecast. After the slow recovery from 2023 this year, it expects higher sales (up 9% to 4.47m), moderating price appreciation (2% in 2025 and 2026) and stabilizing mortgage rates (5.9% in 2025 and 6.1% in 2026).

Next month I'll spend more time looking at the various forecasts for 2025 with a focus on Georgia. Here's a teaser: Georgia will outperform the nation as it's vibrant economy continues to create well-paying jobs and its quality of life

NAR also released its 2024 Report on Homebuyers & Sellers, which is full of valuable information. Key buyer groups include all-cash buyers, multigenerational households, and single buyers, especially single women. While people entering their peak homebuyer years will be

What does this mean to you and your clients? First, today's rates may well be a window of opportunity. Waiting for a significant drop in rates shortly looks like a poor bet at this point. Second, discuss with your mortgage professional financing options for first-time buyers, like an ARM and down payment assistance programs that could make all the difference. Third, sellers should consider the benefits of offering a rate buy-down rather than a price reduction to generate interest. And finally, continue to connect with households that are the most likely to move.

Please take a look at the Market Intel on the FMLS website to access the most current key market statistics - they are updated weekly.