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FMLS Market Intel Report - Spring 2025

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Introduction

Welcome to your FMLS Market Intel Report. As we transition into the vibrant spring season, we anticipate an active home buying market. In this report, we will unpack key trends and insights for the upcoming months, with a particular focus on mortgage rate movements, housing affordability, and market dynamics.

Mortgage Market Update

The mortgage market has experienced significant fluctuations, with some surprising developments in recent weeks. Since mid-January, when mortgage rates peaked at 7.04%, we have seen a notable decline. However, since the beginning of March, we've witnessed the largest weekly drop in almost six months, with the average 30-year fixed mortgage rate falling to 6.63%. This represents a 13-basis point decrease in just one week and a full 41-basis point drop compared to mid-January.

This reduction in mortgage rates has a direct impact on housing affordability and purchasing power. For instance, a buyer with a \$400,000 loan and a 10% down payment could see a \$100 reduction in their monthly mortgage payment. Such savings are likely to encourage buyers who have been hesitant to re-enter the market, making it an opportune time for those "on the fence" to make a move.

Market Performance and Trends

Looking at the latest market statistics, we see a mixed but evolving picture:

- **Pending Sales:** For the 4-week period ending March 1, pending sales in the FMLS market area decreased by 5.9%. This is a figure that will be closely monitored in the coming weeks to assess how buyers are responding to the recent drop in mortgage rates.
- **New Listings and Coming Soon Listings:** On a positive note, we are seeing an increase in housing supply. New listings have risen by 12.4%, while "coming soon" listings are up by 6.4%. These trends suggest that buyers have more options to choose from, further incentivizing potential homebuyers to act now.

Influencing Factors on Mortgage Rates

Mortgage rates are influenced by a variety of factors, most notably the bond market. Bond market investors' expectations regarding future inflation, global demand for U.S. Treasuries, and the Federal Reserve's interest rate policy all play a role in shaping mortgage rates.

Recent economic reports, such as the February jobs report (which came in at 151,000 jobs—below expectations), along with a slight uptick in the unemployment rate to 4.1%, have raised concerns about the economy's momentum. Additionally, investors are grappling with the impact of tariffs and the volatility seen in the stock market. Consumer confidence has also taken a hit, with a 7-point drop in the Conference Board's consumer confidence index, marking the largest decline since August 2021.

In these uncertain times, bonds are being viewed as a safe haven, which has benefited the housing market in the short term. However, the long-term outlook remains uncertain due to a number of "known unknowns." If the economy weakens, there is a likelihood that the Federal Reserve may cut mortgage rates, but inflationary pressures could have the opposite effect. Only time will tell how these forces will play out.

Remote Work Mandates and Housing Demand

Another significant factor affecting housing demand is the return-to-office mandates from large companies. In 2025, companies like Amazon, AT&T, JPMorgan Chase, Dell, and Tesla will require employees to work in the office full time. A survey conducted by Bright MLS, under the

direction of Dr. Lisa Sturtevant, revealed that 25% of remote workers stated they would need to move if they were mandated to work full time in the office.

This shift in workplace dynamics is likely to have profound effects on the housing market, as workers may relocate to areas closer to their offices or more affordable housing markets.

What This Means for Atlanta

In Atlanta, this trend may have significant implications. At the recent Economic Outlook Conference, Katie Kirkpatrick, President and CEO of the Atlanta Chamber, highlighted that 70% of Fortune 500 companies have a footprint in Atlanta. As the 6th largest Metropolitan Statistical Area (MSA) in the nation, Atlanta is a major hub for business relocation. When companies look to relocate to Atlanta, one of the most common questions they ask is: "Where will my employees live, and can they afford it?" Housing availability and affordability remain central to the city's continued growth.

Conclusion

The spring 2025 housing market presents a mix of opportunities and challenges. Lower mortgage rates are improving affordability and increasing purchasing power for buyers, while rising inventory levels provide more options for prospective homeowners. However, the overall market remains subject to external factors, including economic indicators, Federal Reserve policy, and evolving work patterns due to return-to-office mandates.

For those looking to dive deeper into local market dynamics and stay updated on the latest trends, we encourage you to visit [firstMLS.com/intel](https://www.firstmls.com/intel) for the most current market statistics, which are updated weekly.

Thank you for joining us for this FMLS Market Intel Report. Until next time,

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