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Economic Report: Insights into Today's Housing Market

FMLS Market Intel Report

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“As we enter the “Holiday Market” season, the federal government is officially back up and running, which means market data releases will return to their regular schedule in the coming weeks. With that backdrop, this month’s Market Intel takes a closer look at current conditions across the FMLS market area and how we are performing year to date.”

Market Overview Through October

Through the first ten months of the year, there were 50,594 single family detached closings, a level essentially unchanged from the same period in 2024. The average sales price reached \$522,115, reflecting a modest one percent increase year over year.

Inventory continues to rise, with 21,145 active listings, up sixteen percent year to date. The Atlanta Business Chronicle recently noted that *Atlanta housing supply is now at its highest point since before the pandemic*. This pattern has held steady throughout 2025: flat sales, flat pricing, and more homes available.

Historic Low Turnover Rates

Housing turnover helps explain the stall in market momentum. Redfin reported that 2025 recorded 21.7 home sales per 1,000 homes during the first nine months of the year, marking the lowest turnover rate in more than three decades.

Even though mortgage rates have fallen eighty basis points from January levels, the market remains sluggish. Several dynamics are contributing to this slowdown:

Key Factors Holding Back the Market

1. Affordability Challenges

Home prices remain near record highs, and borrowing costs are still elevated. This imbalance continues to suppress demand, as many buyers simply cannot justify today's monthly payment levels.

2. The Mortgage Rate Lock-In Effect

A significant portion of homeowners are reluctant to part with their current mortgage rates.

- Over seventy percent of mortgaged homeowners in the United States hold rates below five percent.
- Meanwhile, the share of mortgages above six percent is at a ten year high.

This disconnect keeps potential sellers in place unless they can trade up at a reasonable cost—or unless they price their homes unrealistically high, which further slows movement.

3. Heightened Economic Uncertainty

Concerns about job stability, persistent inflation, and general economic instability have made buyers more cautious. Consumer sentiment reflects this hesitation. The University of Michigan's Consumer Sentiment Index recorded a six percent decline in November, influenced heavily by the recent forty three-day government shutdown.

The Fifty Year Mortgage Proposal

One proposal suggested to stimulate demand is the introduction of a fifty year mortgage. Extending the loan term would lower monthly payments and improve affordability in the near term. However, the drawbacks are significant:

- Homeowners would build equity more slowly
- Rates would likely be fifty basis points higher
- Total interest paid over the life of the loan could nearly double

This idea was unpopular in the 1970s and remains unpopular today.

Portable Mortgages

More enthusiasm has been expressed around a potential portable mortgage option. This would allow homeowners to *take their current mortgage rate with them* to a new home, combined with an additional loan to cover remaining financing needs.

This concept specifically benefits homeowners with below market rates and has the potential to ease the inventory gridlock caused by the lock-in effect.

Major Credit Scoring Change

As of November 15, **Fannie Mae has removed its minimum FICO requirement of 620** for single borrower loan files submitted through Desktop Underwriter. This shift will:

- Increase competition among credit reporting agencies
- Expand mortgage accessibility for borrowers with limited or alternative credit histories

Prospective buyers should consult their mortgage professionals to understand how these changes may affect eligibility.

Market Intel is updated weekly on the FMLS website, offering detailed views into our region's supply, demand, pricing, and market dynamics. For those interested in specific county or local submarket trends, additional tools and resources are available online.

Thank you for joining us for this month's update. Happy Thanksgiving.