



# Steve's Mortgage Notes

12-23-24



## Happy New Year! 2025 predictions

**Steve Van De  
Beuken**  
(520) 235-6862  
StevenV@Altitude  
HomeLoans.com  
NMLS#224527

A new year is just what the doctor ordered. I learned a lot in 2024. I became certified to teach continuing education for Realtors. I helped some great families finance home purchases and helped a few other families with refinances but overall, business was slower than I would like in 2024.

So, what happens now? What will 2025 bring us? Here are [four predictions from Fannie Mae](#) and a couple of guesses from me:

1) Mortgage interest rates will come down but the decline will be slight and slow. Fannie has predicted that the average 30 year fixed rate will be near 6% at this time next year. The road to 6% will not be straight. Expect some highs and lows this year.

2) Existing home sales will increase slightly in Arizona. It's hard to believe but we have [more housing inventory here in Tucson than we had before the pandemic](#). Fannie Mae's report points out that most of the country has fewer listings now than they had in 2019.

**3) New home sales will be a bright spot in the housing market. This doesn't help me a great deal but in the "grand scheme" of things, we need the inventory. Household formation is still happening at a faster pace than home construction.**

**4) Home prices will still go up but at a much slower pace. Fannie Mae says home prices will grow by 3.6% in 2025. That is slower than the 5.8% pace we have seen in 2024. Those are national numbers. Appreciation here in Tucson may be even lower than the 3.6% Fannie is predicting nationally.**

**Fannie Mae has more data than I do but I have my own predictions for 2025. Last week Fed Chair Jerome Powell suggested that he expects only two Fed Funds rate cuts in 2025. That was before the [personal consumption expenditures price index \(PCE\)](#) was updated later last week. PCE came in much cooler than expected. PCE is the Fed's favorite measure of inflation. If lower PCE becomes a trend, we can expect more than two Fed Funds rate cuts next year.**

**I expect inflation to cool. The [cost of rent has fallen over the past six months](#). The cost of shelter makes up 47% of PCE. Additionally, there are signs that the economy isn't doing so well. Look at [this list of retailers that are closing stores in 2024](#).**

**I agree with Fannie Mae for the most part but I think our services will be in higher demand than Fannie suggests. Predictions can be valuable but guarantees are even better. I guarantee there will be people here in town that need to buy, or sell, or refinance a home. It is our job to find them and help them. Happy New Year!**

## Interest rate update

I can't wait to start 2025! A year ago the **average 30 year fixed rate was 6.75%**. I thought for sure that mortgage interest rates would be lower today than they were at the end of 2024.



Inflation had been as high as 9.1% as recently as June of 2022 and had come down to 3.4% at this time last year. Today, inflation is down to 2.7% which is much closer to the Fed's stated goal of 2%. It's reasonable to think that mortgage interest rates will fall to 6% by this time next year.

It's going to be a fun year!

Here is a look at [the average interest rates from Mortgage News Daily](#):

30 year fixed rate 7.11% (6.95% last week)

15 year fixed rate 6.47% (6.23% last week)

## Bits and Pieces

Barndominiums are a real thing. I know because the [New York Times](#) wrote about it so it must be real. The Times article makes "barndos" sound awesome and there are areas in and around Tucson that are perfect for this type of home.....The holidays are all but over. Now it's time to think about taxes. Here are [8 tax breaks for home owners](#). Did you know that home improvements made for medical reasons may be tax deductible? Mortgage interest is deductible and so are mortgage insurance premiums.....What would happen if [Fannie Mae and Freddie Mac were re-privatized](#)? Would that mean the end of loan-level-price-adjustments? GoBankingRates.com says that re-privatization could produce more stringent underwriting guidelines.....The Wall Street Journal says [Insurance and taxes now cost more than mortgages](#) for some homeowners. The vast majority of mortgages have fixed interest rates but homeowners insurance and taxes can increase over time.

Manufactured homes can be an affordable alternative to traditional homes. Or at least they used to be. LendingTree studied prices and found that the [cost of manufactured housing spiked 58.3%](#) between 2018 and 2023.....Buying a home is way more difficult if you have debt. The average American carries [\\$6,501 in credit card debt](#). That's \$13,002 per couple and the average interest rate on a credit card is 27.62%. Add student loans and car loans and home ownership is tough.....Zillow has made some predictions for 2025. Expect a slowing economy, slightly lower mortgage interest rates, [and more home sales](#). Coincidentally, that looks almost exactly like my Christmas wish list. I hope Zillow is accurate for once.....  
.....Realtor.com has a list of six ways buyers can beat the competition. The first is my favorite: [Be prepared with a pre-approval or full underwriting](#). I'm not a seller but a buyer that can verify that they are already approved makes that buyer attractive.

### Quote of the Week

**"Write it on your heart that every day is the best day of the year."**

**-Ralph Waldo Emerson**

Happy New Year! Stop me if you have heard this story. A seasoned shoe salesman had been sent to a remote island to drum up sales. A week later he reported back to his manager and said "It's impossible to sell shoes here! Everyone is barefoot.". The manager sent a second salesman to the same island. This salesman was a novice with no sales experience. The second salesman reported record sales after two days. His manager asked how he had sold so many shoes and the salesman responded "This place is perfect! Everyone was barefoot!".

I am determined to be more like the rookie salesman. Yes, mortgage interest rates are high but it is a great time to buy a home. It may even be a good time to refinance for some homeowners. If there is anything I can do to help you and the clients you care about, please give me a call!

Thank you for reading. Have a great week!

StevenV@AltitudeHomeLoans.com



Altitude Home Loans | 1885 N Kolb Rd St 210 | Tucson, AZ 85715 US

[Unsubscribe](#) | [Update Profile](#) | [Constant Contact Data Notice](#)



Try email marketing for free today!