



Steve's Mortgage Notes

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Seller's market.....or buyer's market?

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Real estate markets change. Our own Pima County market is no exception. Three years ago we were in a much different market. How much has the market changed? I'll be using the MLSSA statistics from [October of 2021](#) and [October of 2024](#) for reference.

October of 2021 was clearly considered a "seller's market". There were only 1,618 homes listed for sale and the average days-on-market was 17! Buyers were making offers over list price with escalation clauses. Home inspections were being waived. Seller concessions were difficult to negotiate.

By contrast, the average days on market today is 50 and we had 2,064 homes listed for sale at the end of last month. Escalation clauses are less common. Buyers are not only doing home inspections but are often cancelling transactions if BINSR demands are not met. Buyers have more options today than they did in October of 2021.

Clearly we are moving toward a "buyer's market" but have we arrived there? What conditions would have to be met for a market to be considered buyer friendly? A months-long trend of falling home prices would clearly indicate a "buyer's market". The median home price in Tucson is increasing but the median home price is down from September of this year, The median home price now is only \$10,000 higher than it was in October of 2021 (\$350,000 vs \$340,000).

We are clearly in a more balanced market than we were in three years ago but I'm not sure I'm ready to say that the scales have tipped in favor of home buyers. There are still more people that want to buy homes than there are people that want to sell homes.

Ironically, the one thing buyers want most would tip the sales decidedly back toward a seller's market. Lower mortgage interest rates would bring buyers back into the market. It could happen. The Federal Reserve has cut interest rates after the last two Fed meetings. Another cut is expected in December. Inflation is lower and mortgage interest rates may soon follow.

If that happens, competition among home buyers will once again be fierce. That is exactly what I would want if I were selling a home. My advice to anyone considering buying a home in Tucson within the next few months would be: buy now before mortgage interest rates fall! You don't want to battle the competition that we will see in this market if mortgage interest rates fall to 6% or less.

Interest rate update

CPI, PPI, PCE, unemployment.....
ENOUGH! Yes, the Federal Reserve has cut the Fed Funds rate twice. One more cut is expected in December. When will mortgage interest rates follow?



The Consumer Price Index (CPI) is the Federal Reserve's favorite measure of inflation. This is the measure the Fed is looking at when they set their target of 2%. CPI went up last month from 2.4% to 2.6% so mortgage lenders increased mortgage interest rates in anticipation of the Fed's next move. The next CPI report is coming on December 11th. A drop of 0.2% or 0.3% would have a positive affect on mortgage interest rates. Cross your fingers. Knock on wood. Light some candles.

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

30 year fixed rate 7.05% (6.92% last week)
 15 year fixed rate 6.43% (6.37% last week)

Bits and Pieces

Can this be true? NAR says that the [median age of first time home buyers is 38 years](#)! Additionally, first time home buyers make up only 24% of all transactions. Last year the median age of a first time buyer was 35 and first timers made up 32% of home buyers..... Kiplinger has [10 tips to secure less expensive homeowners insurance](#). We knew our clients should pay their premiums annually rather than monthly. Bundling is also a benefit. Did you know that homeowners that do not auto-renew get better rates?.....NAR has predicted that [home sales will increase 9% in 2025](#) and 13% in 2026. NAR chief economist Lawrence Yun also predicts that mortgage interest rates will bounce between 5.5% and 6.5% over the next couple of years..... I found a list of [16 mistakes first time home buyers make](#). Number 7 was "Not hiring a Realtor". Ironically, a good Realtor would

work with the first time buyer to help them avoid the other 15 mistakes. Make sure you can explain your value.

I found a list of home improvements that give [the best \(and worst\) bang for the buck](#). What do you think about the list? Because first impressions matter so much I think a new front door is a good idea for some listings at a relatively low cost.....Arizona was recently named the [fourth best state for real estate investment in the next five years](#). Relative affordability was cited as a reason. Tucson is more affordable than Phoenix or Flagstaff so I think we should take the credit here..... Have you ever wondered how much a mortgage company makes when they close a loan? The Mortgage Bankers Association says the [average profit per loan was \\$701](#) over the third quarter of this year. That's pre-tax profit.....The average buyer [makes a down payment of 15%](#) according to NAR. The average down payment in Arizona is \$34,100. The average down payment in California is \$84,200. No wonder Californians are on the move.

Quote of the Week

"No act of kindness, no matter how small, is ever wasted."

-Aesop

You need a license to drive a car. Styling hair requires a license. Getting married requires a license. You even need a license to catch a fish! Before July 1st of 2010, you didn't need a license to be a mortgage loan officer. In fact, in some cases, you still don't need a license.

Did you know that if your loan officer works for a federally regulated depository institution, they don't have to be licensed? Those loan officers must be "registered" but they don't have to be licensed.

I'm thinking about this because I just finished my continuing education so that I can renew my loan officer license. Getting a license to be a loan officer isn't especially difficult but licensing includes a back ground check. Mortgage lending is a much safer place than it was before 2010. I'm happy to sit through my CE hours every year if it means fewer bad actors in the mortgage business.

If you need a license to catch a fish, shouldn't you insist that your client's loan officer be licensed?

Thank you for reading. Have a great week!

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