



Steve's Mortgage Notes

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Wait until after the election.....wait until after the holidays.....

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I understand. Mortgage demand was down 22% to end 2024. The residential real estate "turnover rate" is the lowest it has been in 30 years. First it was uncertainty about what would happen after the national election in November. Then, of course, we have the holidays. I get it. I had a busy holiday season too.

What about now? Is this a good time for people to buy houses? Yes, mortgage interest rates are still higher than we want. Our economy looks a little shaky. Unemployment has risen from 3.4% in May of last year to 4.2% at the end of December. To some potential home buyers it may look like a risky time to buy a home.

This is not the time to wait! The S&P CoreLogic Case-Shiller Index is the gold standard for real estate data. Two weeks Case-Shiller revealed that home prices in the U.S. are up 3.6% from a year ago. That's great but those are national numbers. What about right here in Tucson? Well, our MLSSA statistics tell us that

the [median home price is up 4.4% from a year ago](#).

It's time to buy. Yes, mortgage interest rates are still high. There are two possible directions for mortgage interest rates. Up or down. If mortgage interest rates increase, our clients will be happy they bought before rates went even higher. If mortgage rates go down, our clients can refinance.

The real reason our clients should buy now is that homes are almost certain to go up in value over time. Yes, we may face another temporary decline at some point in the next few years but over the long run home values have risen and risen sharply.

I can't think of a better investment. Most first time buyers are paying rent anyway! How is that working out? Nerdwallet.com says that [the average stock market return is about 10%](#).

Compare that to a first time home buyer in Tucson. Let's assume a purchase price of \$300,000 with a 5% down payment. If you take that \$15,000 and invest it in the stock market, you can expect a return of \$1,500 according to Nerdwallet. If instead our client buys that \$300,000 home and it appreciates at just 3%, they have earned \$9,000 in equity.

The election is over. The holidays have come and gone. If you refer a buyer to me, I'm going to tell them that it's time to buy a home right now!

Interest rate update

Have you ever wished for peace and quiet? Have you ever craved stability? That is what we had last week in the mortgage bond market. Not only did we end the week at roughly the same place we started, there were not even



big swings during the week. It happens every year around the holidays.

It has been nice. Now, I would like the same mortgage interest rate stability at a lower interest rate. How about somewhere closer to 6% than 7%?

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

30 year fixed rate 7.10% (7.11% last week)

15 year fixed rate 6.49% (6.47% last week)

Bits and Pieces

The National Association of Realtors says pending home sales have reached the [highest level in 21 months](#). Pending sales were up 2.2% in November from October and 6.9% from a year ago. More transactions are better than fewer transactions.....Mortgage interest rates are bound to improve this year. Here is a list of [7 times a refinance makes sense](#). Obviously a lower interest rate is a reason. Consolidating debt is another. Anyone with credit card debt should at least find out how much they could save.....[Credit card defaults are skyrocketing](#). What does that mean for housing? Well, those affected will have lower credit scores which makes it harder to buy a home. On the other hand, it's a sign that the economy is weak which means interest rates are likely to come down.....I don't know where they got this information but Bankrate.com says [the mortgage takes an average of 44 days to close](#). What? Is that what you are experiencing? It shouldn't take any longer than four weeks if the BINSR process wraps up within 10 days. Three weeks is reasonable.

CNBC highlights the problems that come with [unverifiable income when applying for a mortgage](#). Tipped employees, gig workers, and some self employed borrowers can't verify all of their income. There are options for these homebuyers. Don't give up on them.....I wish I had more clients like Kennie Bukky. Kennie saved over [\\$60,000 for a down payment before her 25th birthday](#). Her secret? Living frugally and premeditated savings. This home buyer sacrificed and is now ready to own a home. Sadly, Kennie lives in the UK but the same rules apply.....
.....Sun Corridor Incorporated and the Tucson Metro Chamber of Commerce are merging. The merger is supposed to ["better position the region's effort to attract new jobs and investment"](#) in Tucson and

Southern Arizona. I hope it works. Jobs are critical for a healthy real estate market in Tucson.....The U.S. Treasury and the Federal Housing Finance Agency have announced an agreement to [amend the Preferred Stock Purchase Agreements](#) with Fannie Mae and Freddie Mac. What that means is that Fannie and Freddie may be re-privatized soon.

Quote of the Week

**"The best way to predict the future is to create it."
-Peter Drucker**

We're number 1! This is legitimate. The Federal Financial Institutions Examination Council researched homebuyer demographics. One of the things they tracked was where older home buyers were purchasing. Here is a [list of the 20 cities with the highest percentage of senior home buyers](#).

The metropolitan area with the second highest percentage of over 55 home buyers was Phoenix. Over 27.5% of homebuyers in that area are over 55 years old. Tucson has the highest percentage of buyers over the age of 55. In the Tucson metro area, 33.7% of homebuyers are over 55 years old.

If you are looking for a demographic to target this year, don't forget about our seniors!

Thank you for reading. Have a great week!

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