

30-Year Fixed Mortgage Rates



6.69%

June 2023



6.71%

July 2023

Source: Macrotrends.net

TALKING POINTS

- June's inflation fell to 3% YOY from 4% in May and from a peak of 9.1% on 6/22. The numbers are still not where the Feds want them to be.
- Although the 30-year fixed rate only increased slightly in July, the bottom line is that the battle isn't over yet.

WHY IS THIS IMPORTANT?

- It's essential to share with your sellers that although historically mortgage interest rates aren't alarming if you compare them to what we experienced in the late 80s and again in the early 2000s, buyers are still hesitant to make offers as they are still waiting for rates to come back down. Many buyers dislike getting into a bidding war and overpaying for a home.
- If buyers pay top dollar or above, plus assuming a higher interest rate, a seller's home needs to be in top shape to edge out their competition (primarily new construction). Pay attention to the Existing Home Sales rate – since sales in all four regions of the US

declined year-over-year.

- Now is the time to show your buyers and sellers your market knowledge through data analysis – Absorption Rate charts can be beneficial. Another approach is tracking price per square foot and comparing it YOY and MOM – the national median house price is down 3.1% YOY to \$396,100.

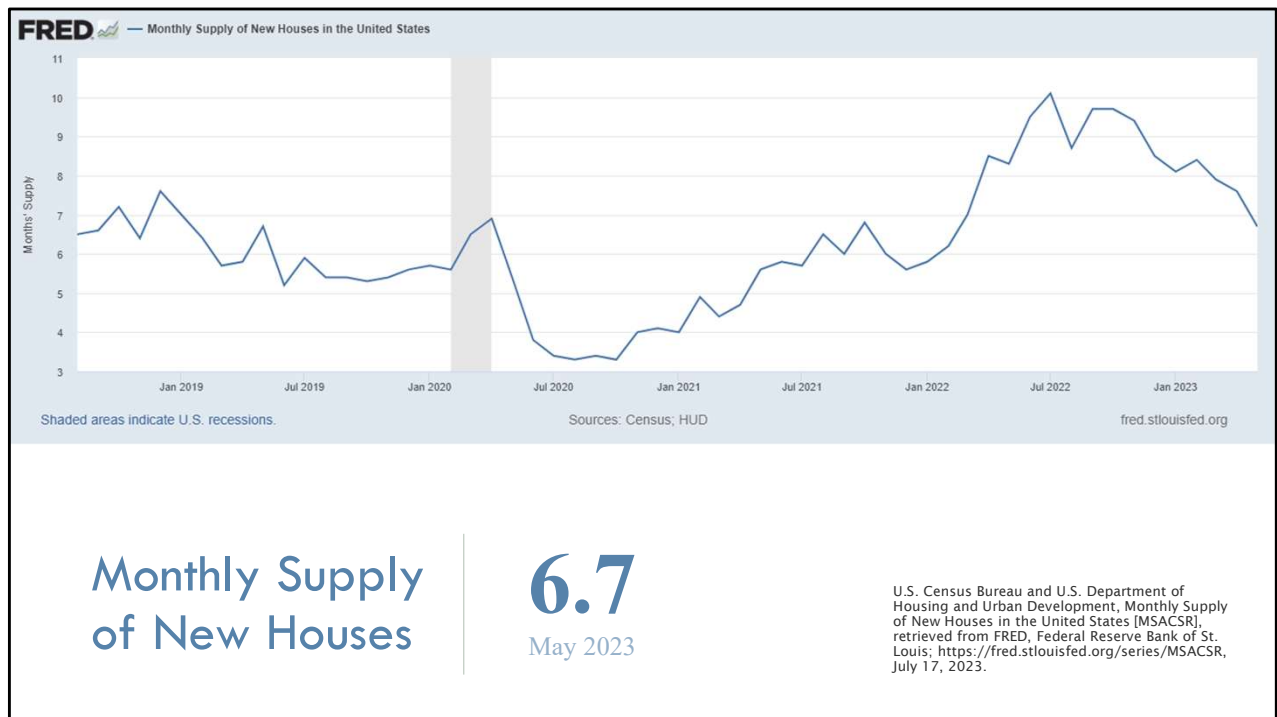


TALKING POINTS

- Existing home sales increased 0.2% in May, with gains in the South and West and declines in the Northeast and Midwest regions.
- It's crucial to keep your eye on YOY trends – existing home sales have declined over 20% since June 2022.

WHY IS THIS IMPORTANT?

- Housing affordability is deteriorating, with home prices generally creeping up and interest rates again testing recent highs.
- Using the median-priced home, it's taking almost 36% of a buyer's household income to cover the monthly mortgage payment.
- Affordability is very close to the 37-year low reached in late 2022.
- When talking to your sellers, listen to see if selling quickly is part of their objective because the list price will matter.



TALKING POINTS

- In the US, more buyers are turning to new construction to get into a home rather than face multiple offer situations on existing homes.
- This has led to the absorption rate of new construction single-family homes decreasing to 6.7 months of inventory, down from 7.6 in April.

Why is this important?

- With many markets still experiencing historically low inventory rates, more buyers are considering new construction.
- You may want to scope out new developments in your market and introduce yourself to the builder or their sales staff.
- Identify which builders will work with you regarding commission and what the protocol is; for example, will you need to accompany the buyer on their first visit to the development to qualify for a commission if they buy? How do you register a

buyer?

- Talk to your buyers about the advantages of having you represent them with new construction vs. negotiating the purchase independently. Remember, the builder's salesperson does not represent the buyer's interest; they represent the builder.
- When talking to sellers, let them know that their competition won't just be existing homes for sale but also new construction and why.