

30-Year Fixed Mortgage Rates



6.81%

July 2023



7.18%

August 2023

Source: Macrotrends.net

TALKING POINTS

- Inflation remains uncomfortably high. Chair Jerome Powell indicated that additional 2023 rate increases are possible if inflation hasn't dropped enough by the next meeting, October 31.

WHY IS THIS IMPORTANT?

- High-interest rates have pushed the average interest and principal payment for new borrowers using a 30-year mortgage to \$2,306. Compared to two years ago, 5% of new borrowers paid over \$3,000/month; today, it's almost 25%!
- As a Buyer's Agent, you'll want to connect with respected and knowledgeable mortgage reps and recommend 2-3 of them to your buyers. Buyers must shop for the best mortgage terms and conditions.
- It's essential to let your buyers know that real estate typically outperforms other assets regarding value appreciation.
- A high-interest rate environment can be a great time to buy an investment property if

you know what you are doing. The market may spook other investors and landlords, and your investors can come in and find hidden gems.



TALKING POINTS

- Existing home sales fell 2.2% in July.
- The median existing-home sales price rose in July by 1.9% from one year ago to \$406,8700. This is the fourth time the monthly median sales price has exceeded \$400,000.
- The national absorption rate for existing homes is 3.3 months, continuing its upward swing.

WHY IS THIS IMPORTANT?

- This is good information to include in your listing presentation to help set the correct expectations for sellers.
- Higher interest rates are slowing the pace of sales.
- If you're working with renters, be aware that they face affordability challenges.



TALKING POINTS

- The monthly absorption rate of new construction homes is increasing slightly.
- The National Association of Home Builders estimates that “...at least 1.5 million housing units are needed to meet demand and bring the housing market into balance.”

Why is this important?

- If your buyers are considering buying new construction, make sure you are recommending a private home inspection vs. the builder’s inspector. Homes are going up quickly to take advantage of existing homes’ low inventory, and sub-contractors aren’t held accountable as they should. Even local County building departments have been known to let sub-par work slide during the inspection.
- Builders, like existing home sellers, still have the upper hand in hot markets, so getting builders to throw in extras at no charge will be challenging.