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More Americans optimistic about buying a home in 2024

Source: WPTV

After several years of feeling priced out of the market, potential home buyers in America are feeling more hopeful about their chances in 2024, according to a new report from Fannie Mae. That optimism is directly tied to the hope that the Federal Reserve will cut interest rates this year. Rates have dropped nearly one full percentage point since October, to an average of 6.62 percent for a 30-year fixed rate mortgage last week.

“Mortgage rate optimism increased dramatically this month, with a survey-high share of consumers anticipating mortgage rate declines over the next year,” said Fannie Mae Vice President and Deputy Chief Economist Mark Palim. “Notably, homeowners and higher-income groups reported greater rate optimism than renters.” Experts still anticipate home prices to stay flat throughout the year.

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Housing boom? Purchase applications start 2024 with a jump

Source: Orange County Register

Applications for home-purchase mortgages in the U.S. increased last week by the most since June as borrowing costs hovered near a seven-month low. The Mortgage Bankers Association's gauge of mortgage applications to buy a home increased 5.6 percent in the week ended Jan. 5, which included the New Year's Day holiday. An index of overall mortgage applications, which also includes refinancing, climbed 9.9 percent, the sharpest advance in nearly a year.

Existing-home sales have edged up recently and new-home purchases have generally been improving, despite some bumps, as the Federal Reserve signaled that it has finished boosting borrowing costs. Lawrence Yun, chief economist at the NATIONAL ASSOCIATION OF REALTORS®, said last month it will take a few months to see buyers respond to the lower interest rates.

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Insurance markets show signs of improving

Source: The Wall Street Journal

Recently, home buyers and homeowners in many areas prone to

natural disasters such as wind, fire, earthquakes and flooding have had a difficult time finding insurance for their home. However, higher prices and lower interest rates are attracting more capital investment into reinsurance, which could make home insurance more affordable.

When a homeowner buys insurance for their home, the insurer takes on risk that they might have to pay out a large amount of money compared to the premiums they charge. Typically, insurers buy a form insurance themselves for the risks that they are taking on, called reinsurance. Reinsurance is meant to keep large insurance providers afloat in case they have to pay out a tremendous sum of money following catastrophes such as hurricanes or large earthquakes that damage a lot properties all at once. In the first nine months of 2023, global reinsurers posted an average return on equity of 21 percent, up 18 percentage points from the prior year, according to Fitch Ratings. But the price of stocks in various reinsurers have fallen over the last three months, while primary insurers such as Allstate, Travelers and Progressive have all outperformed the S&P 500 over that time. As higher returns draw in more capital to reinsurance, it will likely take some pressure of the price of insurance coverage for the consumer.

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Sacramento among 10 cities where home prices fell the most in 2023

Source: Yahoo!

Sacramento ranked ninth among U.S. cities where home prices fell the

most in 2023, according to research from Realtor.com. The median home price in Sacramento in 2023 was \$662,875, at \$340 per square foot. Compared to a year prior, this was 3.4 percent lower than it had been.

Other cities included Winston-Salem, where the median price was \$345,899 at \$148 per square foot, which was 3.6 percent lower than a year prior; Phoenix, with a median price of \$529,450 at \$274 per square foot, which was 5.6 percent lower than a year ago; Austin, Texas, with a median price of \$583,751, at \$276 per square foot, 7.7 percent lower than a year ago; and Boise, Idaho, with a median price of \$609,875, at \$282 per square foot, which was 7.8 percent lower than the year prior.

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Mortgage demand jumps nearly 10 percent, even as interest rates tick up

Source: CNBC

Mortgage rates moved a little bit higher last week, but are still in a range that consumers appear to like. Mortgage application volume rose 9.9 percent last week compared with the previous week, according to the Mortgage Bankers Association's seasonally adjusted index. The average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances (\$726,200 or less on

average) increased to 6.81 percent from 6.76 percent, with points remaining unchanged at 0.61 for loans with a 20 percent down payment.

Applications to refinance a home loan jumped 19 percent from the previous week and were 30 percent higher than the same week one year ago. The 30-year fixed rate was 39 basis points higher than it was a year ago, but 26 basis points lower than it was four weeks ago. “The increase in purchase and refinance applications for both conventional and government loans is promising to start the year, but was likely due to some catch-up activity after the holiday season and year-end rate declines,” said Joel Kan, an MBA economist.

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