



## Almost a Third of Homes for Sale Are New Construction

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*Source: Redfin*

In the third quarter of 2023, newly constructed homes in the United States accounted for a record-high 30.6 percent of single-family homes for sale. This increase is attributed to a rise in homebuilding activity and a decrease in existing homeowners listing their properties for sale, mainly due to mortgage rates reaching a 23-year high of approximately 8 percent. High mortgage rates have sidelined some potential buyers, while those still in the market are increasingly opting for new construction homes. Builders are offering concessions such as mortgage rate buydowns to attract buyers, resulting in a 12.3 percent increase in purchases of new single-family homes. This competition with home sellers could potentially slow down new home construction.

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If your offer doesn't compel buyers and sellers to reach out to you, it will fail no matter where you run it. Here's how to word your offer so [>> MORE](#)

## Fed Hits Pause on Rate Hikes, Third Time Since March 2022

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*Source: Nerdwallet*

The Federal Reserve has decided during its November meeting to keep the federal funds rate unchanged at 5.25 percent to 5.50 percent, marking the third pause since its campaign to combat inflation began in March 2022. While this move does not guarantee a pause in December or during next year, Federal Reserve Chair Jerome Powell's tone was less hawkish regarding future rate hikes. The U.S. economy is displaying resilience, with low unemployment, strong consumer spending, and a decreasing risk of recession. However, high spending can lead to inflation, and the Fed remains committed to reducing inflation from the current 3.7 percent to 2 percent. Financial tightening signs are visible, as Treasury note yields are at their highest since 2007, affecting mortgage rates.

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## Will Home Prices Drop? Here's What 6 Economists Say

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*Source: REALTOR.com*

Will today's economy force down home prices in the future?

Economists are divided. Moody's Analytics predicts a 10 percent decline in home prices "peak-to-trough" but anticipates mortgage rates to drop to 5.5 percent by 2024, assuming no recession. Goldman Sachs expects home prices to fall by 0.8 percent through December 2023 due to high mortgage rates and low inventory but projects a 3.4 percent increase in 2023 compared to the previous year. LPL Financial foresees only a modest decline in home prices by the end of the year, influenced by low inventory and affordability challenges for first-time buyers. CoreLogic suggests that while prices may fall slightly in the coming months due to seasonality and rising rates, there will be an overall 3.7 percent increase in home prices in 2023 compared to 2022. Realtor.com expects home prices to remain strong throughout the year, driven by a robust labor market. Finally, the National Association of REALTORS predicts a slight 0.1 percent rise in the median home price to \$386,700 for 2023 and a 0.7 percent increase to \$389,500 in 2024, despite a drop in existing-home sales.

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## How a Little-Known Law is Expected to Fight Racial Discrimination in Housing

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*Source: REALTOR.com*

An update to the Community Reinvestment Act, a little-known law dating back to 1977, is set to combat racial discrimination in mortgage lending. Bank regulators recently revised the act, marking the first update since 1995. This amendment aims to counteract the historical practice of redlining by requiring banks to issue more mortgages in lower-income areas. However, it does not impact credit unions and nonbank lenders, which comprise a significant portion of mortgage providers. The change, effective in 2026, encourages banks to provide more loans in areas where they do substantial mortgage and small-business lending, potentially benefiting underserved communities and people of color. Concerns linger regarding potential bank withdrawals from lower-income areas, and only banks with assets exceeding \$600 million will be affected.

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## **Adjustable-Rate Mortgage Demand Jumps Nearly 10 Percent**

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*Source: CNBC*

As mortgage rates reach a more than two-decade high, homebuyers are turning to riskier mortgage options to enter the housing market. The average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances slightly decreased to 7.86 percent, but it remains significantly higher than a year ago. In response, demand for adjustable-rate mortgages (ARMs), which offer short-term fixed rates and potential savings, surged by nearly 10 percent last week.

ARM applications now constitute 10.7 percent of all mortgage applications, the highest level in nearly a year. However, overall mortgage demand is declining, with purchase applications at their lowest since 1995, and refinance applications at their lowest since January 2023. Market watchers are eagerly awaiting news from the Federal Reserve for potential relief from high interest rates.

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