



# **GAHBA Builder-Lender-Developer Council**

**Life After Fed Rate Cuts and  
the 2024 Election**

**Welcome to Housing's New Normal  
Higher for Longer.....Longer  
Maybe Not Much Longer???**

February 12, 2025  
John Hunt – ViaSearch/MarketN insight  
[jrhunt@marketnsight.com](mailto:jrhunt@marketnsight.com)  
(770) 419-9891

# Now's the Time for Small & Mid-Sized Builders to Capitalize on Built-for-Rent

Tuesday, February 25, 2025

10:15 AM to 11:15 AM

Room: LVCC – West 207



IBS Education

# Featuring:



**Mark Konter**

Konter Quality Homes  
Savannah, Georgia  
Email: [Mark@KonterHomes.com](mailto:Mark@KonterHomes.com)



**John Hunt**

MarketNsight  
Atlanta, Georgia  
Email: [jrhunt@marketsight.com](mailto:jrhunt@marketsight.com)



**Lamar Smith**

Smith Family Homes  
Savannah, Georgia  
Email: [ismith@smithfamilyhomes.com](mailto:ismith@smithfamilyhomes.com)

# **Super Session: The Blueprint: Design & Develop Attainable, Exciting Homes & Neighborhoods**

**Wednesday, February 26, 2025**

**8:30 AM to 10:30 AM**

**Room: LVCC – Spotlight Room – West 326**



**IBS Education**

## Featuring:

- ❖ **Moderator: Donald Ruthroff, Design Story Spaces, LLC**
- ❖ **John Hunt, MarketNsight**
  
- ❖ **Seth Hart, DTJ Design**
- ❖ **Chris Grady, KEPHART**
- ❖ **Chris Moore, DTJ Design**
- ❖ **Kristen Maher, Rancho Mission Viejo**
- ❖ **Rebecca McAdoo, Garman Homes**
- ❖ **Scott Snodgrass, Meristem Communities**



# MarketWatch

# Poll Results

# Dec 2023 – Dec 2024

## Over 1,100 in Attendance

	Dec 2023	Jun 2024	Dec 2024
<b>Are you still offering home shoppers rate-based incentives (buy downs, etc.)?</b>			
Yes	66%	65%	
No	34%	35%	
<b>If yes, what has been the effect on sales?</b>			
None at all.	38%	45%	
Somewhat positive.	53%	48%	
Very positive.	9%	8%	
<b>What is your interest rate target forecast for the end of 2024?</b>			
Rates will stay in the high 7's and low 8's.	5%	<b>Rates at 6.60% December 12<sup>th</sup>, 2024</b>	
Rates will remain in the low 7's.	22%		
Rates will fall to the 6's.	54%		
Rates will fall into the 5's.	17%		
Rates will fall below the "Sensitivity Threshold" of 5.25.	2%		
<b>What is your interest rate target forecast for the end of 2025?</b>			
Rates will go up dramatically from here to the 7's or 8's.			1%
Rates will remain about the same (in the 6's).			66%
Rates will drop below 6.			29%
Rates will fall below the "Sensitivity Threshold" of 5.25.			4%
<b>Have you seen a change in traffic and activity since the election?</b>			
Traffic is up.			39%
Traffic is unchanged.			46%
Traffic is down.			15%

**85%  
Unchanged  
or Up**

	Dec 2023	Jun 2024	Dec 2024	
<b>What best describes your sales for January through May 2024 versus the same period in 2023?</b>				
Up More Than 10%.		22%		<b>78% Flat to Positive</b>
Up Less Than 10%.		16%		
Flat.		40%		
Down Less Than 10%.		8%		
Down More Than 10%.		14%		
<b>What best describes your sales for January through November 2024 versus the same period in 2023?</b>				
Up More Than 10%.			18%	<b>68% Flat to Positive</b>
Up Less Than 10%.			16%	
Flat.			34%	
Down Less Than 10%.			12%	
Down More Than 10%.			20%	
<b>What is your industry forecast?</b>				
Flat year over year.	38%	42%	32%	<b>87% Flat to Positive</b>
Up year over year.	39%	43%	55%	
Down year over year.	23%	15%	13%	
<b>What is your projection for your own business?</b>				
Flat year over year.	27%	33%	27%	<b>86% Flat to Positive</b>
Up year over year.	56%	51%	59%	
Down year over year.	17%	16%	14%	
<b>Would you rather attend the next MarketWatch in person or via Zoom?</b>				
In Person	16%	14%	21%	<b>Are We Shifting Back in Favor of In Person??</b>
Via Zoom	84%	86%	79%	





# What Effect Will the Feds New Rate Policy Have On Housing??

# Fed decision opens the real estate floodgates after four years

September 19, 2024

Compass Regional Vice President Jeffrey Polashuk also voiced support for the cut.

"I believe that a lot of the rate cuts were already baked into finance pricing, but the positive news of this change will ensure that people won't delay their search any longer. This rate cut, paired with the election season ending in the next two months, will be the trigger that will propel people back into the market," he told Fox News Digital.

The perfect formula for a healthy housing market, according to the industry leaders, would include more rate cuts and an emphasis on affordable new builds with plausible legislative action around developer subsidizing.



# Lower mortgage rates aren't igniting the housing market. There are 2 key reasons why, top economist says



KPMG's chief economist, Diane Swonk

“We’ve not seen the reaction that we had seen earlier in the year, every time the mortgage rate dipped, people flooding into the market,” she said. “Part of that is people waiting for mortgage rates to fall more than they have on the hopes of rate cuts by the Federal Reserve. But another part of it is the affordability equation got worse.”

Swonk mentioned rising insurance costs, booming home prices, and high rents, all of which are making it harder to buy or own a home regardless of borrowing costs. “It’s not just interest rates that are holding people out of the market,” she said.

Swonk shares a view held by almost all housing policy analysts and urban economists, that there’s a shortfall of housing in our country that’s made it so home prices rarely fall. Zoning and land-use regulations are the crux of the problem, she said. “We’ve been underbuilding for decades in this country, and it’s been because of a constraint on zoning,” Swonk explained.

The number of affordable homes were in the hundreds of thousands in the 70s, but now they’re only in the thousands, and it’s because of the “not in my backyard, zoning laws we have,” she said, playing on the acronym NIMBY, used to refer to those who don’t want development in their neighborhoods. And while the presidential candidates have plans (or maybe approaches) for housing, it is a local issue more than anything else.

“We have an affordability problem that is a supply problem,” Swonk said. “It is a huge problem in terms of building wealth for a whole generation, if not two generations, of people. And that’s one of the reasons why millennials are not as happy as their predecessors, because they do want to buy a home.”

**Lower Rates = Higher Demand**

**Higher Demand = Less Inventory**

**Less Inventory = Higher Prices**

**Sounds Like 2020 All Over Again!**

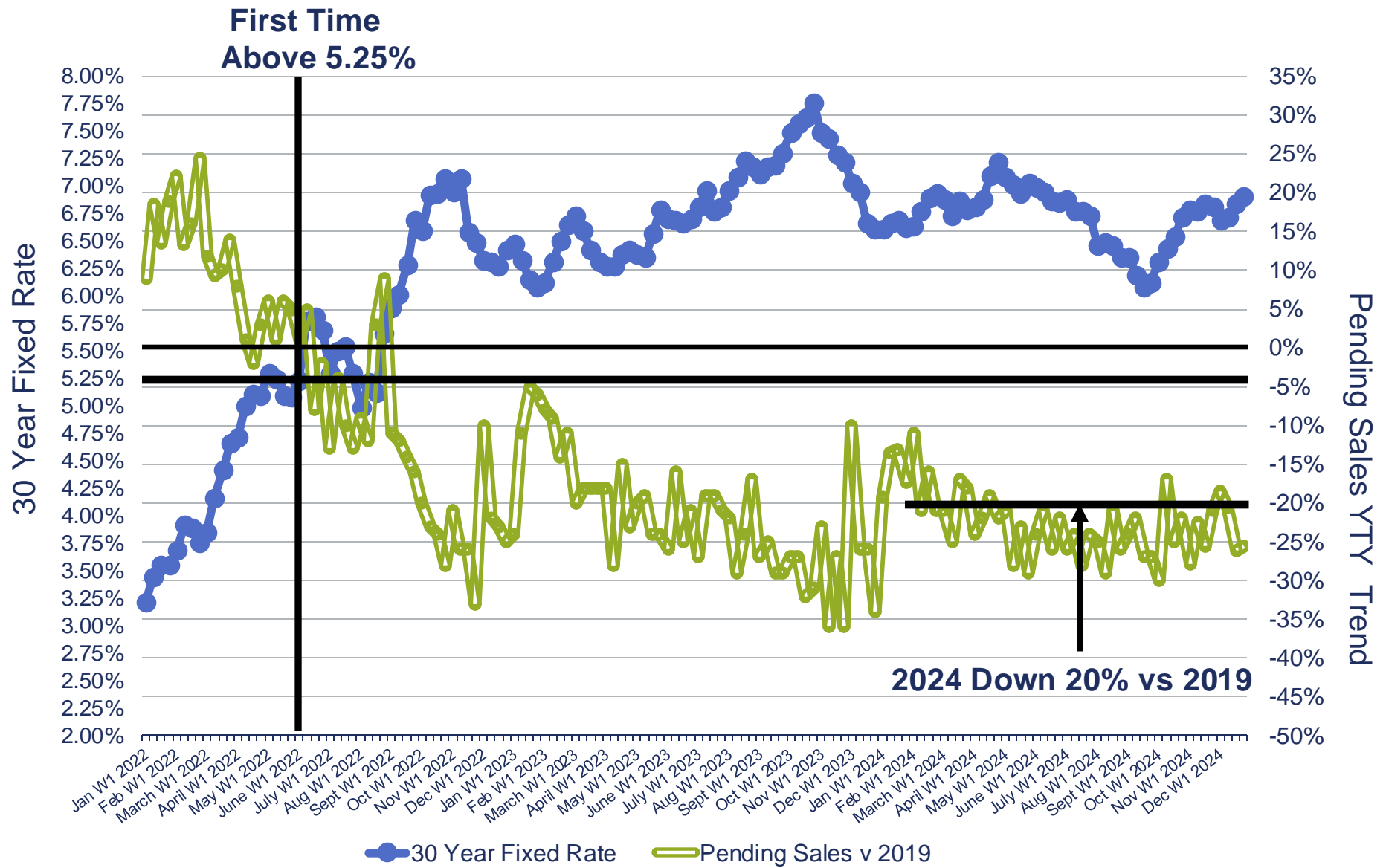
**The Definition of Insanity!**



**In June 2022, We Reinstated Weekly  
Market Updates as Rates Began Exploding**

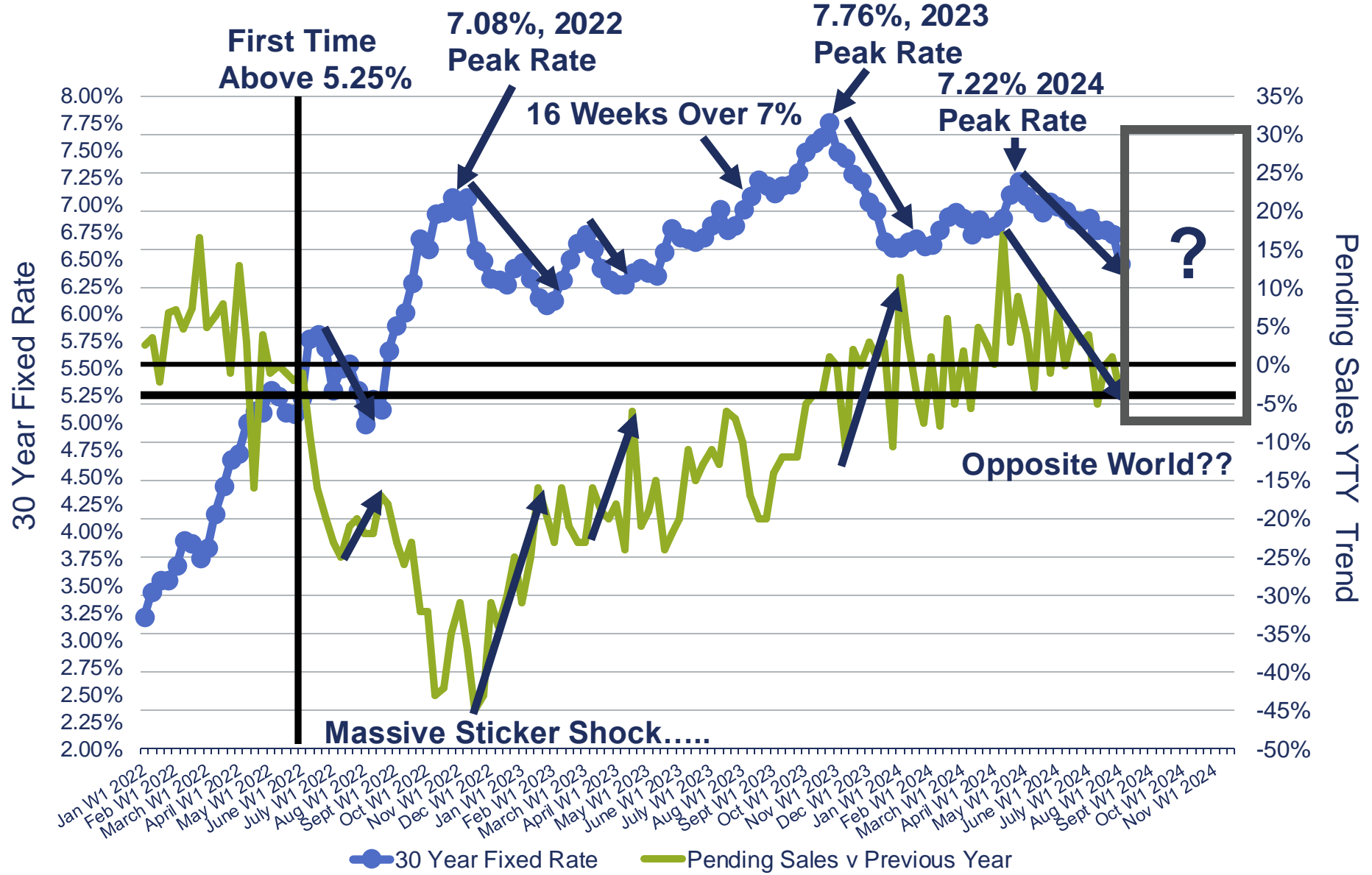
# Weekly Pending Sales YTY % Change vs 2019

## January Week 1 2022 Through December 31st, 2024



# Weekly Pending Sales YTY % Change

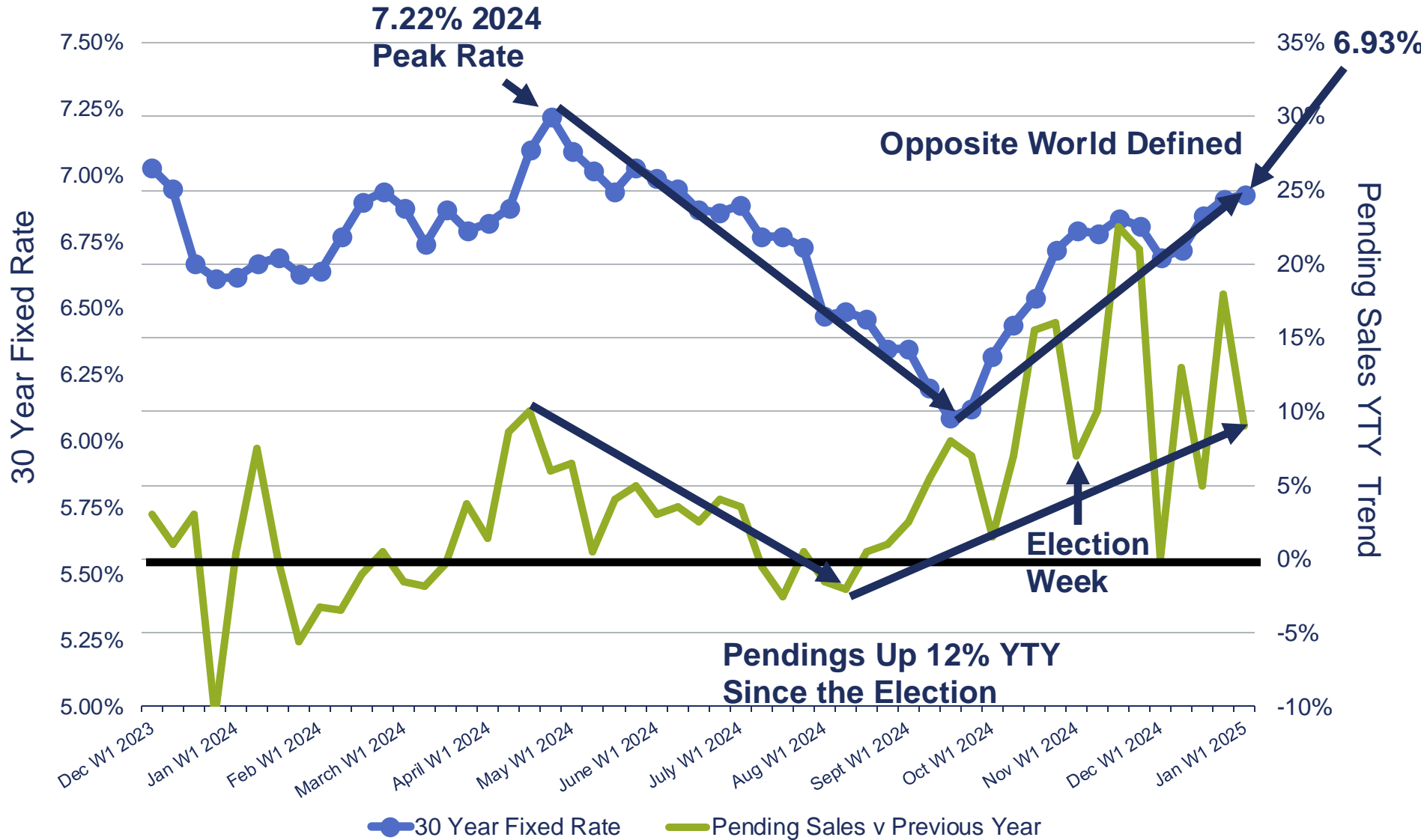
## January Week 1 2022 Through August 7th, 2024





# Pending Sales YTY % Change Two Week Moving Average

January Week 1 2024 Through January 7th, 2025





# 1st Look at Local Housing Markets in December

**CALCULATEDRISK** BY BILL MCBRIDE

JAN 8



Closed Sales, December 2024					
	Dec-24	Dec-23	Dec-19	YoY	vs 2019
Denver	3,107	2,620	4,582	18.6%	-32.2%
Las Vegas	2,277	1,981	3,214	14.9%	-29.2%
Nashville	2,651	2,313	3,325	14.6%	-20.3%
Northwest	4,812	4,018	7,093	19.8%	-32.2%
Portland	1,534	1,330	2,213	15.3%	-30.7%
San Diego	1,720	1,397	3,767	23.1%	-54.3%
Santa Clara	814	659		23.5%	
<b>Total</b>	<b>16,915</b>	<b>14,318</b>	<b>24,194</b>	<b>18.1%</b>	<b>-33.5%</b>

In December, sales in these markets were up 18.1% YoY. Last month, in November, these same markets were up 17.6% year-over-year Not Seasonally Adjusted (NSA).

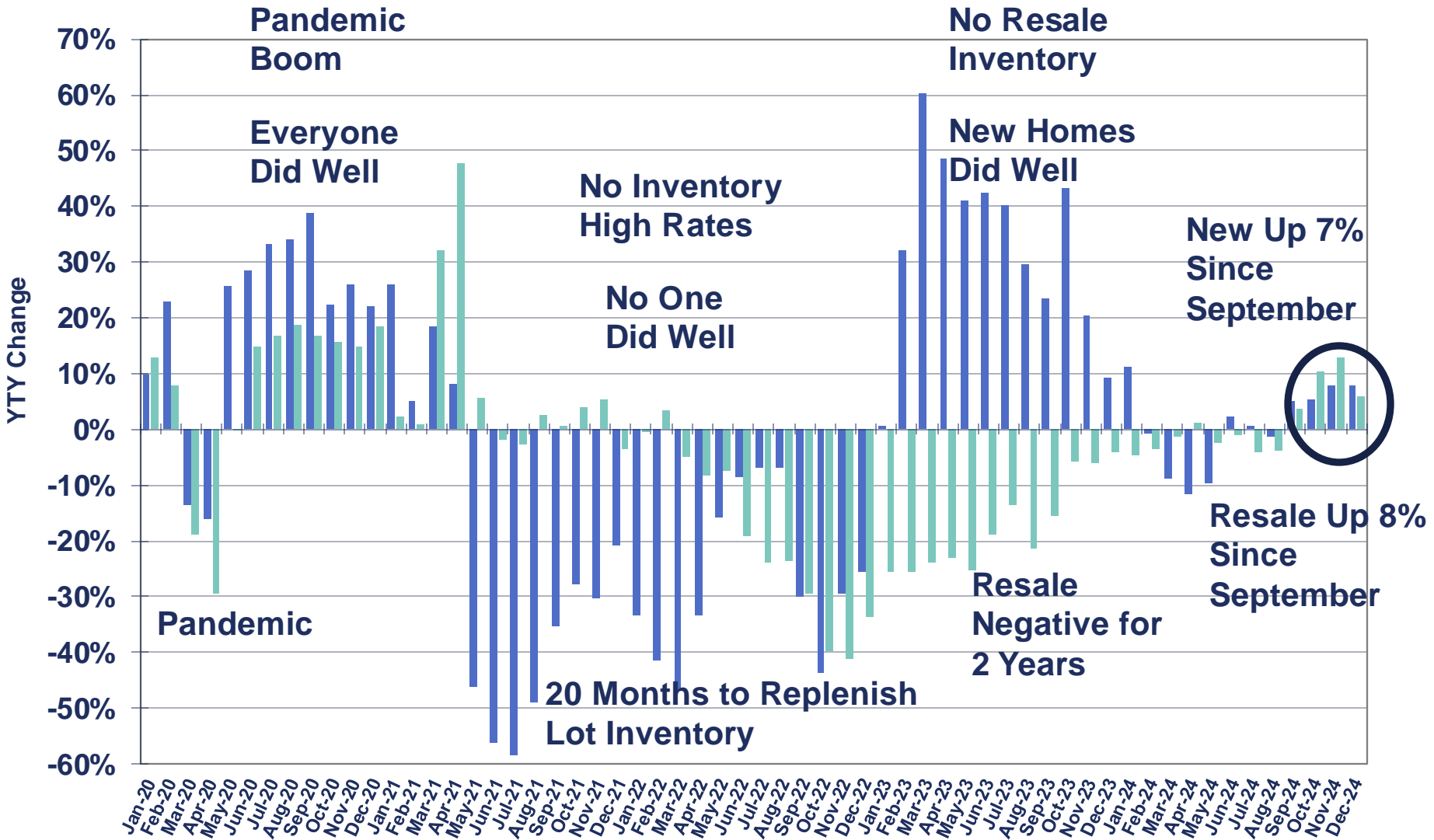
[https://calculatedrisk.substack.com/p/1st-look-at-local-housing-markets-559?utm\\_source=post-email-title&publication\\_id=443155&post\\_id=154086153&utm\\_campaign=email-post-title&isFreemail=false&r=2qkprc&triedRedirect=true&utm\\_medium=email](https://calculatedrisk.substack.com/p/1st-look-at-local-housing-markets-559?utm_source=post-email-title&publication_id=443155&post_id=154086153&utm_campaign=email-post-title&isFreemail=false&r=2qkprc&triedRedirect=true&utm_medium=email)

**MarketN sight is the only  
major housing research company  
in the country  
that breaks out pending sales  
by new versus resale resale!!**

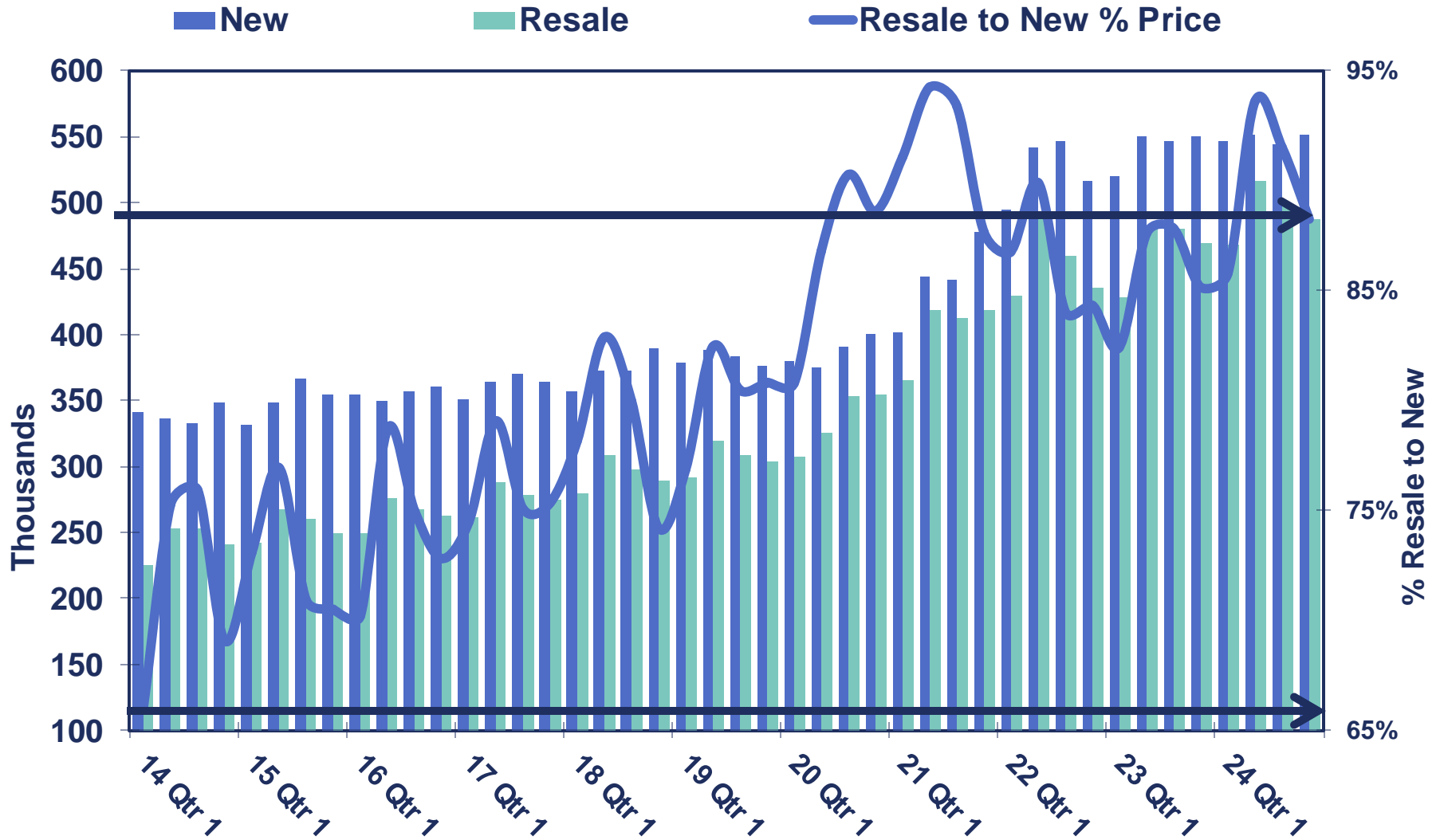
**It Matters!!**

# YTY Change in Pending Sales

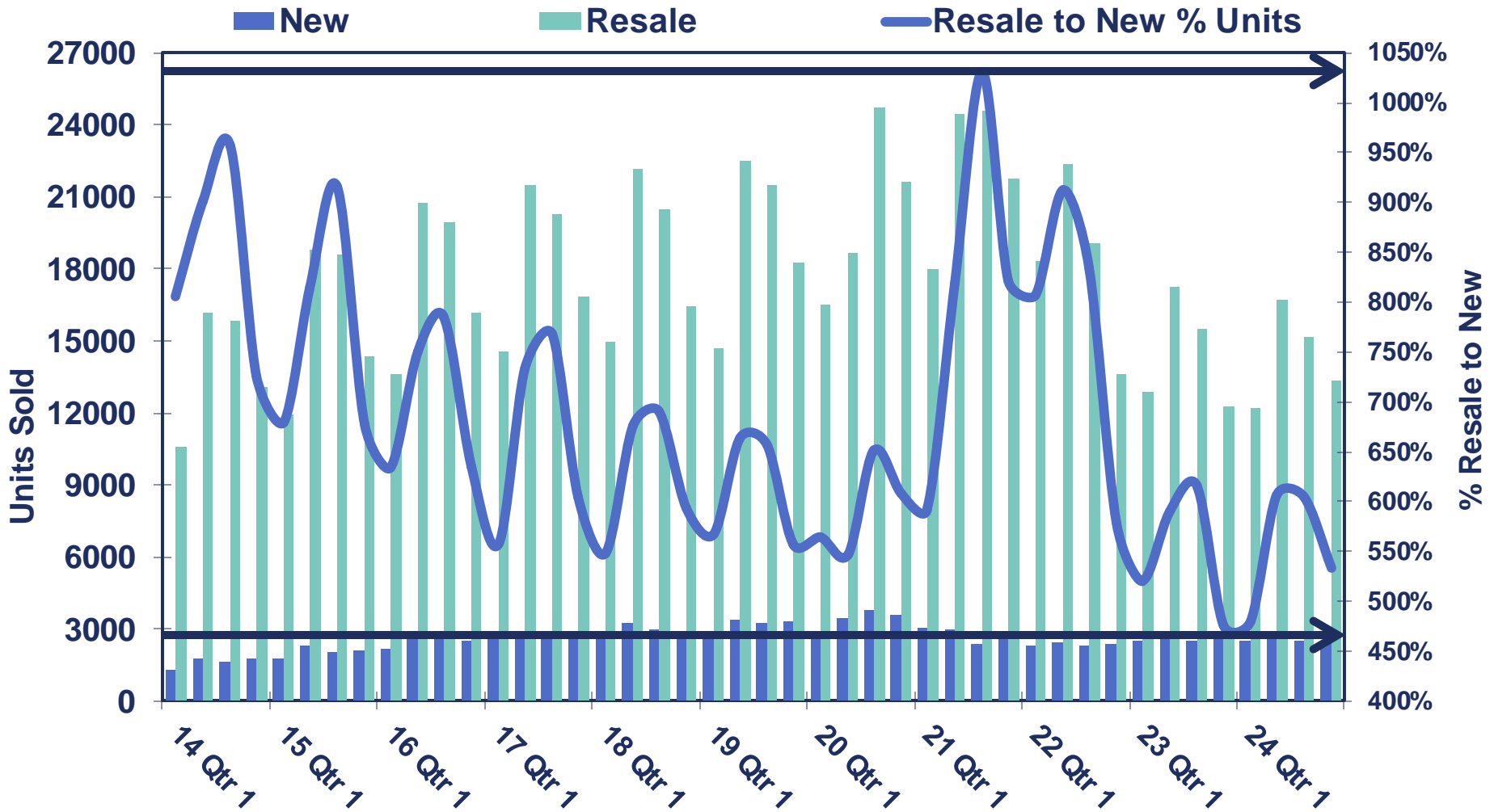
■ New YTY Change    ■ Resale YTY Change



# Average Price – Atlanta MSA



# Units Closed Total – Atlanta MSA

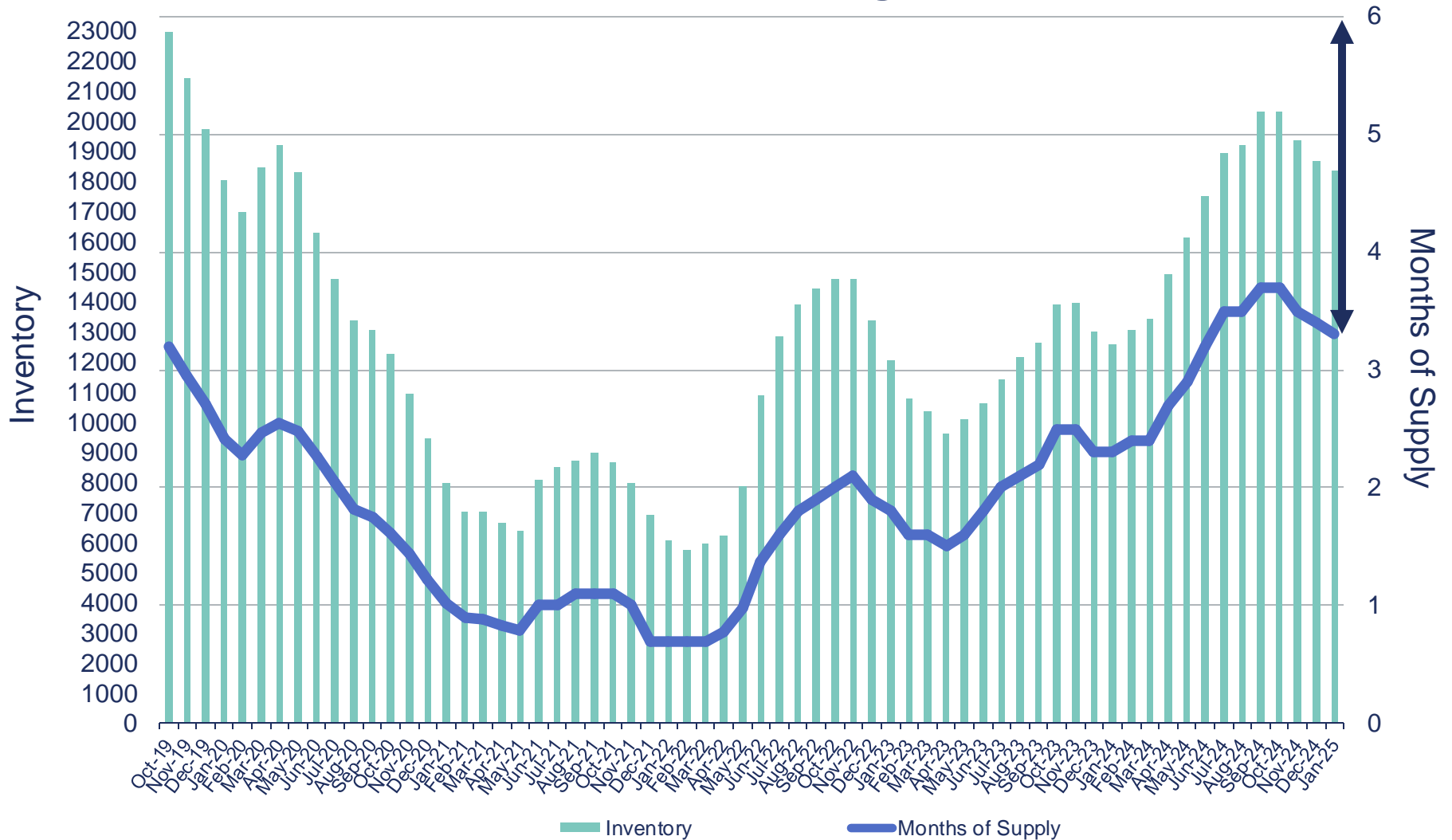




## What About Inventory??

# Inventory and Months of Supply Trending Atlanta

## 35,300 Annual Housing Deficit

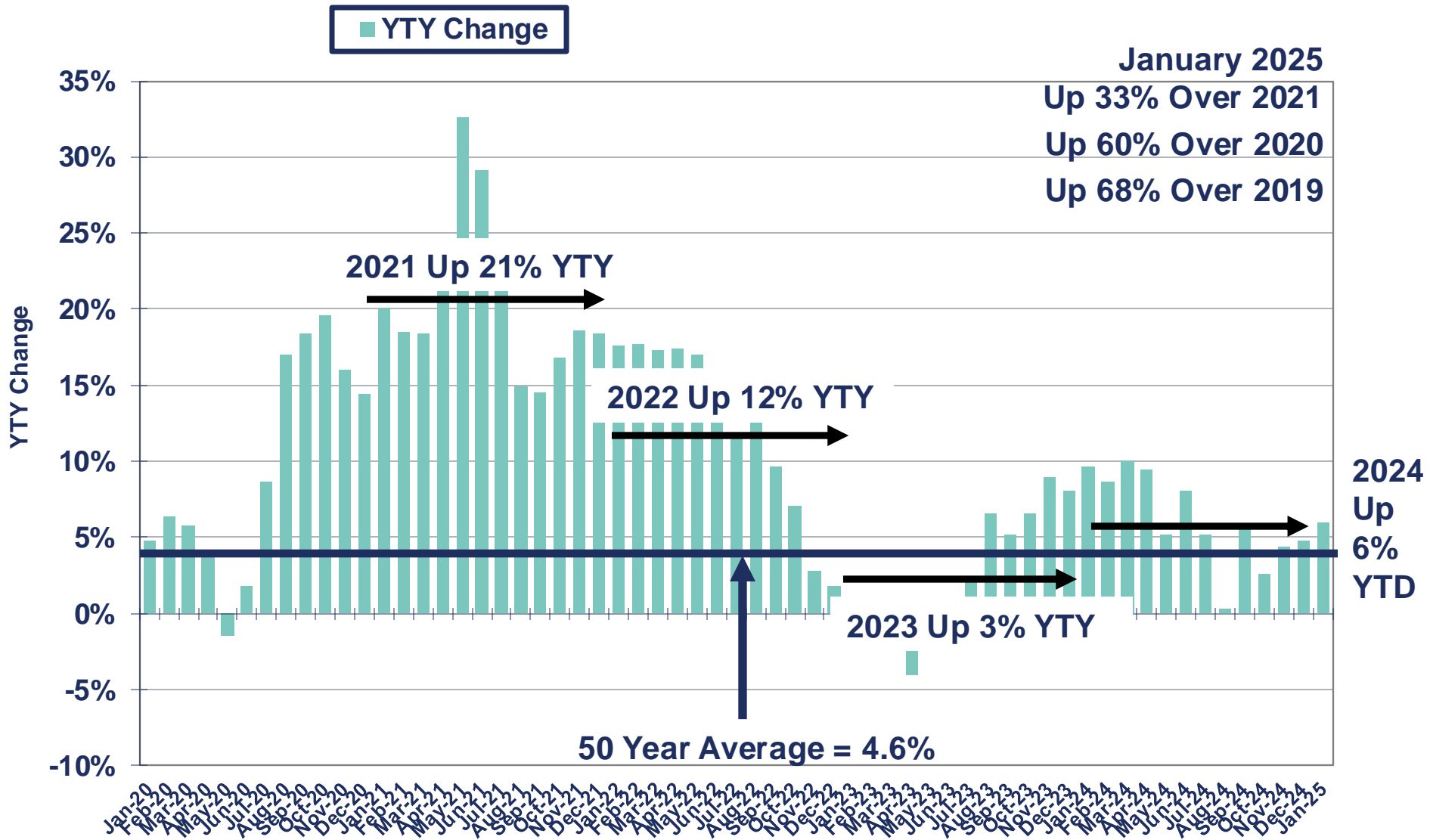




## What About Price??



# Atlanta YTY Change in Closed Price



# ***Robert Dietz – NAHB Chief Economist***

**Entry-level buyers are driving much of the activity. Sales of homes in the \$200,000 to \$300,000 range increased more than 35% in October from a year earlier. Demand for starter homes is expected to fuel continued sales growth if builders can ramp up construction quickly enough. Builders face a number of challenges, such as high land costs, labor shortages and rising material prices.**

**"The markets that are going to grow are ones where builders can add that entry level product."**

**How Do We Build in the  
\$300's??**

**Drive till You Qualify!!**

**Build Smaller Homes**

# New Home Sales Increase to 698,000 Annual Rate in December

Median New Home Price is Down 7.2% from the Peak due to Change in Mix

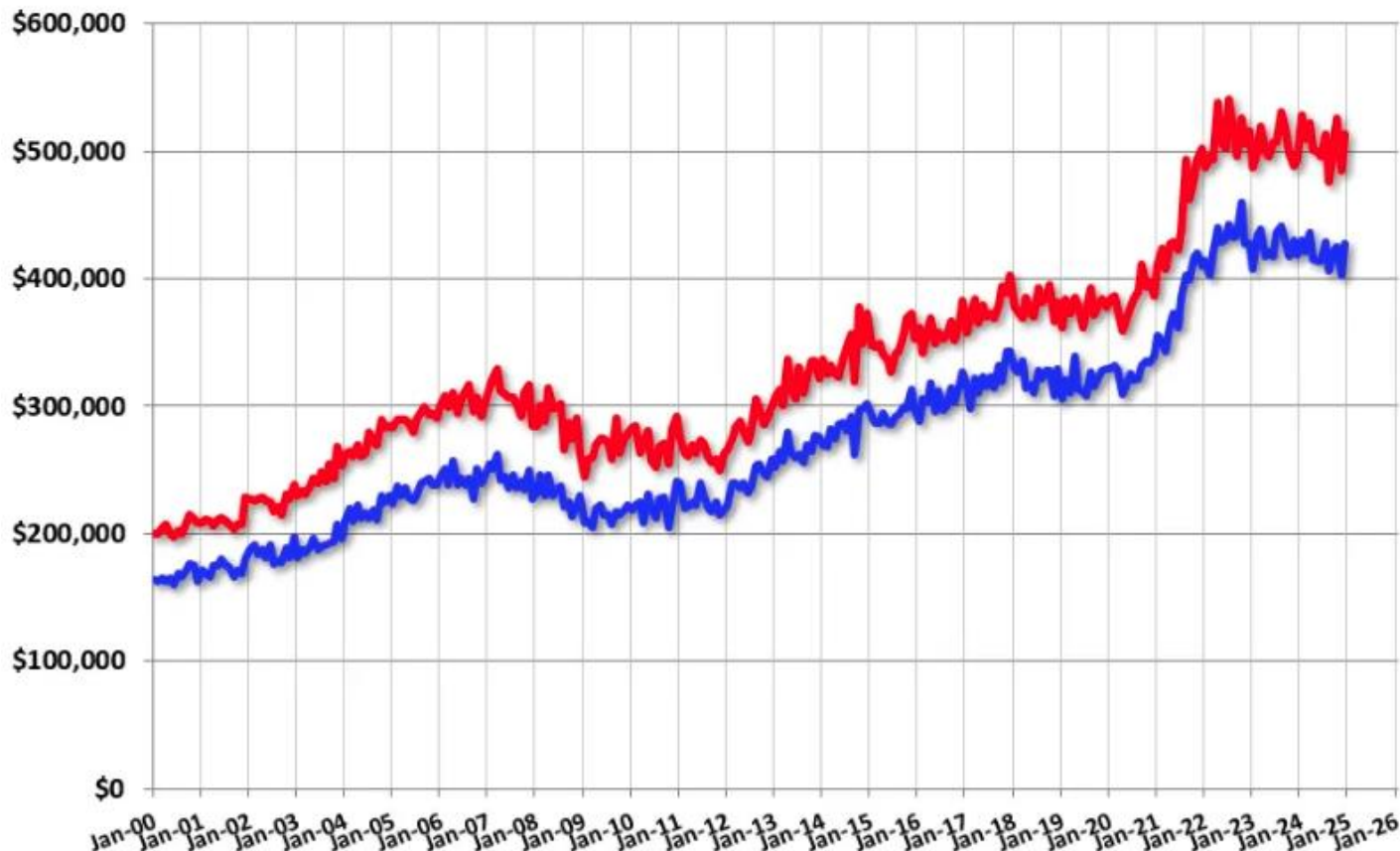
## New Home Prices

— Median — Average



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JAN 27, 2025 · PAID



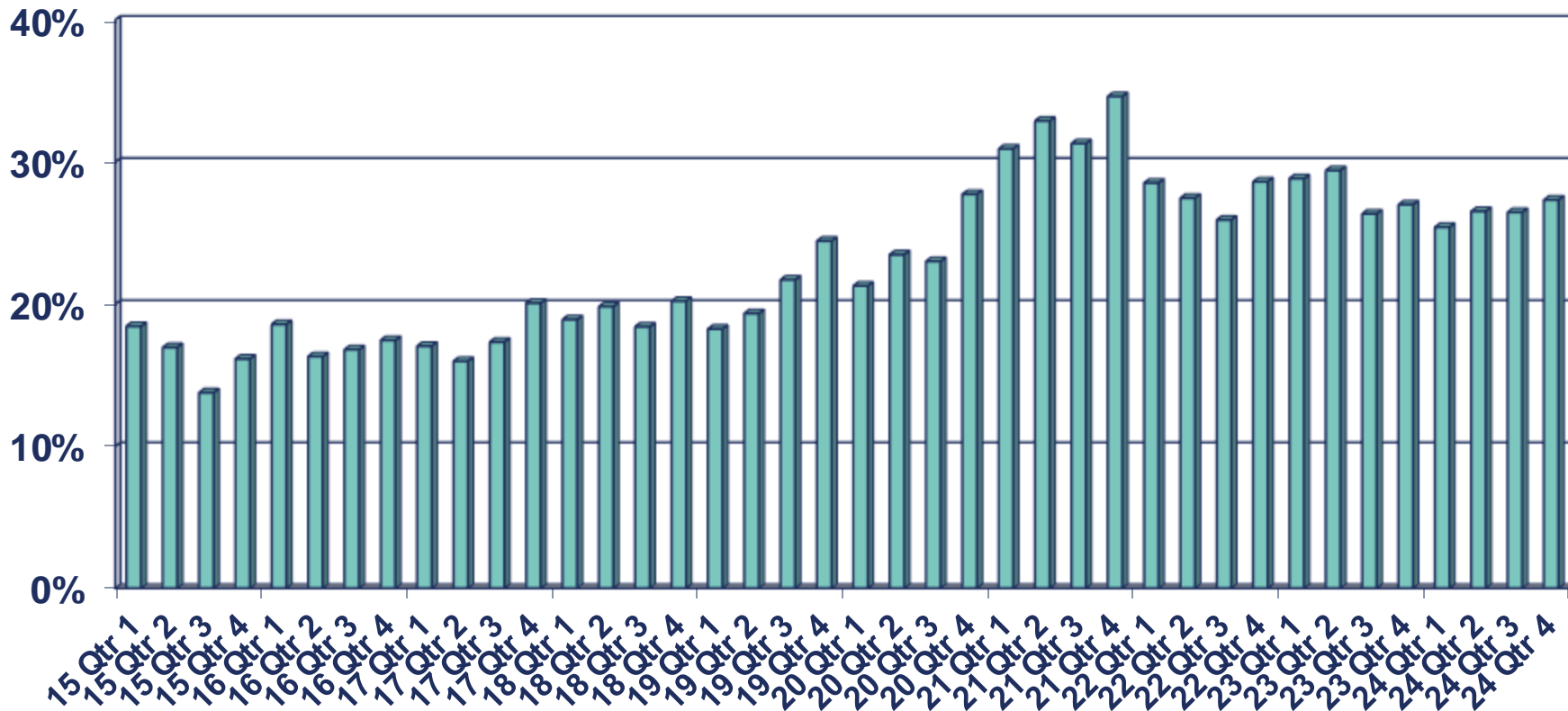
Note that the median and average price are down from the peak due to the mix of homes sold, not because of large price declines. Homebuilders are building less expensive homes to keep up volumes.

# Atlanta Square Footage History

Year	New Total Avg Price	Price Change YTY	New Total Avg SqFt	SqFt Change YTY	New Total Avg PPSF	PPSF Change YTY
2019	\$381,896		2275		\$167.86	
2020	\$387,101	1%	2335	3%	\$165.79	-1%
2021	\$439,735	14%	2246	-4%	\$195.74	18%
2022	\$525,174	19%	2333	4%	\$225.06	15%
2023	\$542,569	3%	2340	0%	\$231.87	3%
2024	\$549,899	1%	2456	5%	\$223.45	-4%
<b>Average</b>				<b>2%</b>		
<b>SqFt Needed for a \$350k Home</b>	<b>\$350,000</b>		<b>1566</b>		<b>\$223.45</b>	

# Townhome Market Share Atlanta

TH Market Share



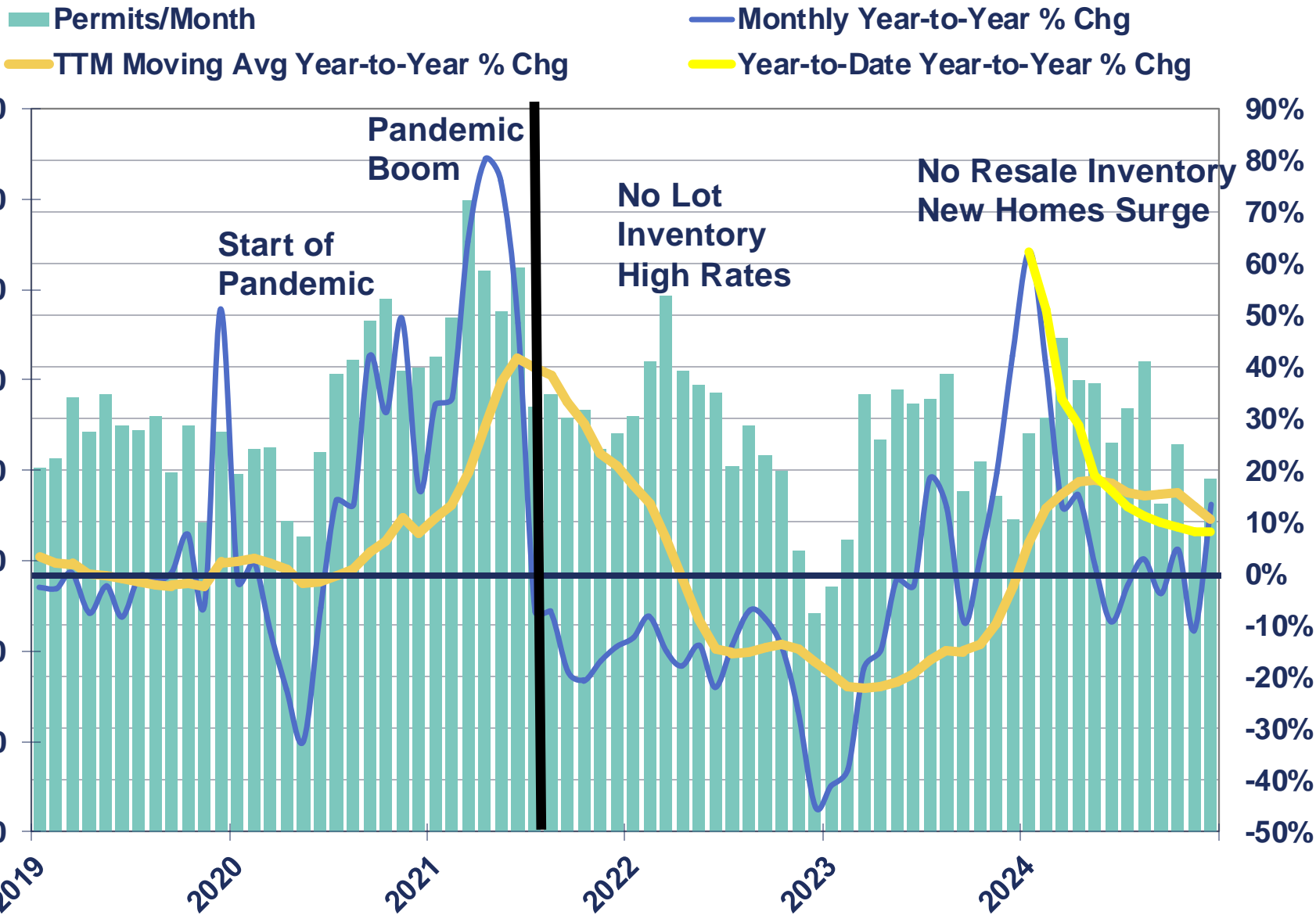
# Atlanta Lot Price History

Year	Average Lot Price	Price Change YTY	Home Price at 23% Residual
2018	\$52,553	8%	\$228,490
2019	\$57,611	10%	\$250,483
2020	\$63,592	10%	\$276,489
2021	\$73,164	15%	\$318,102
2022	\$82,164	12%	\$357,235
2023	\$93,618	14%	\$407,035
2024	\$106,746	14%	\$464,111
<b>Lot Price for a \$350k Home</b>	<b>\$80,500</b>		<b>\$350,000</b>



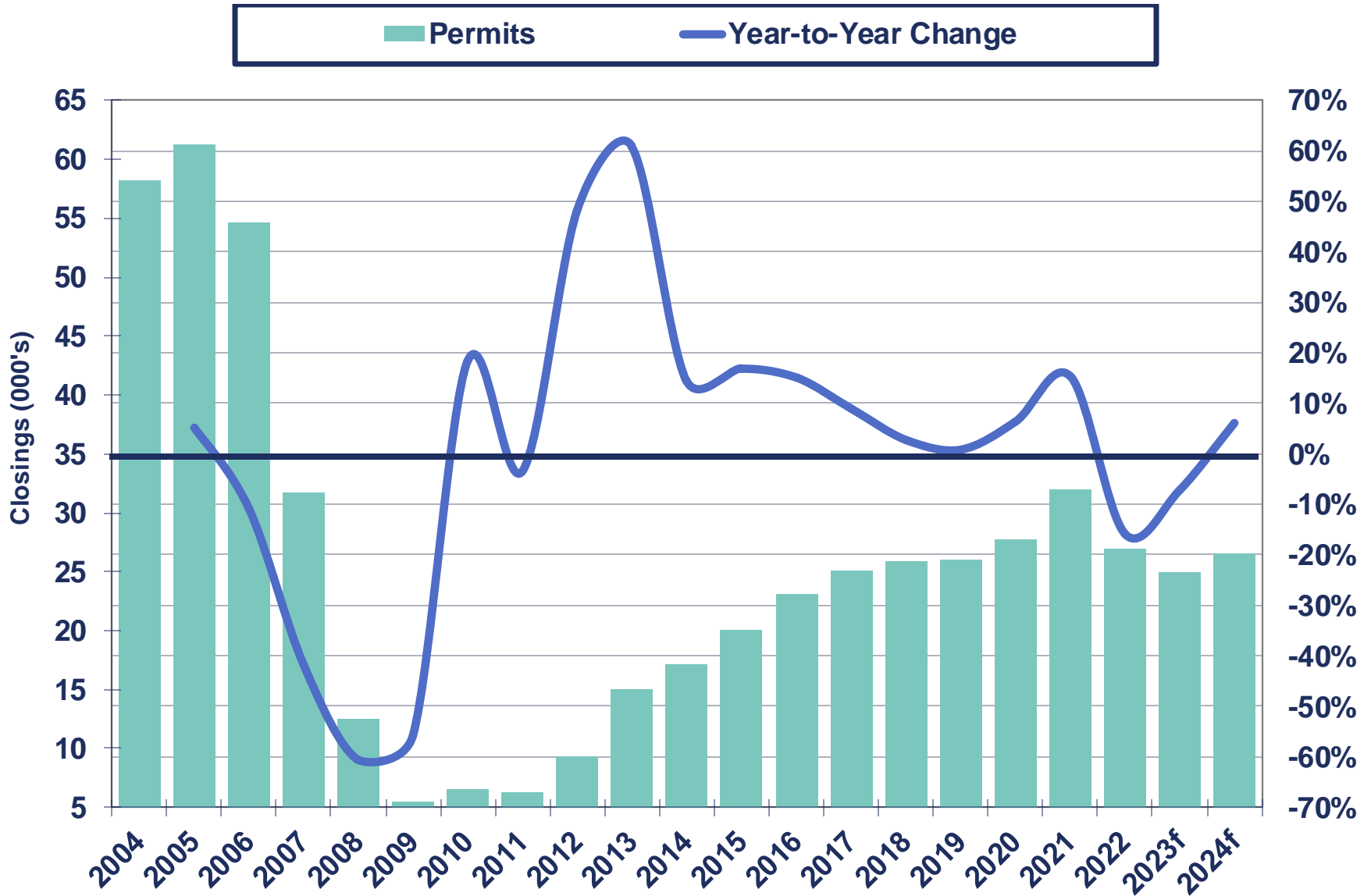


# Atlanta Permit Trend 1/2019 – 12/2024

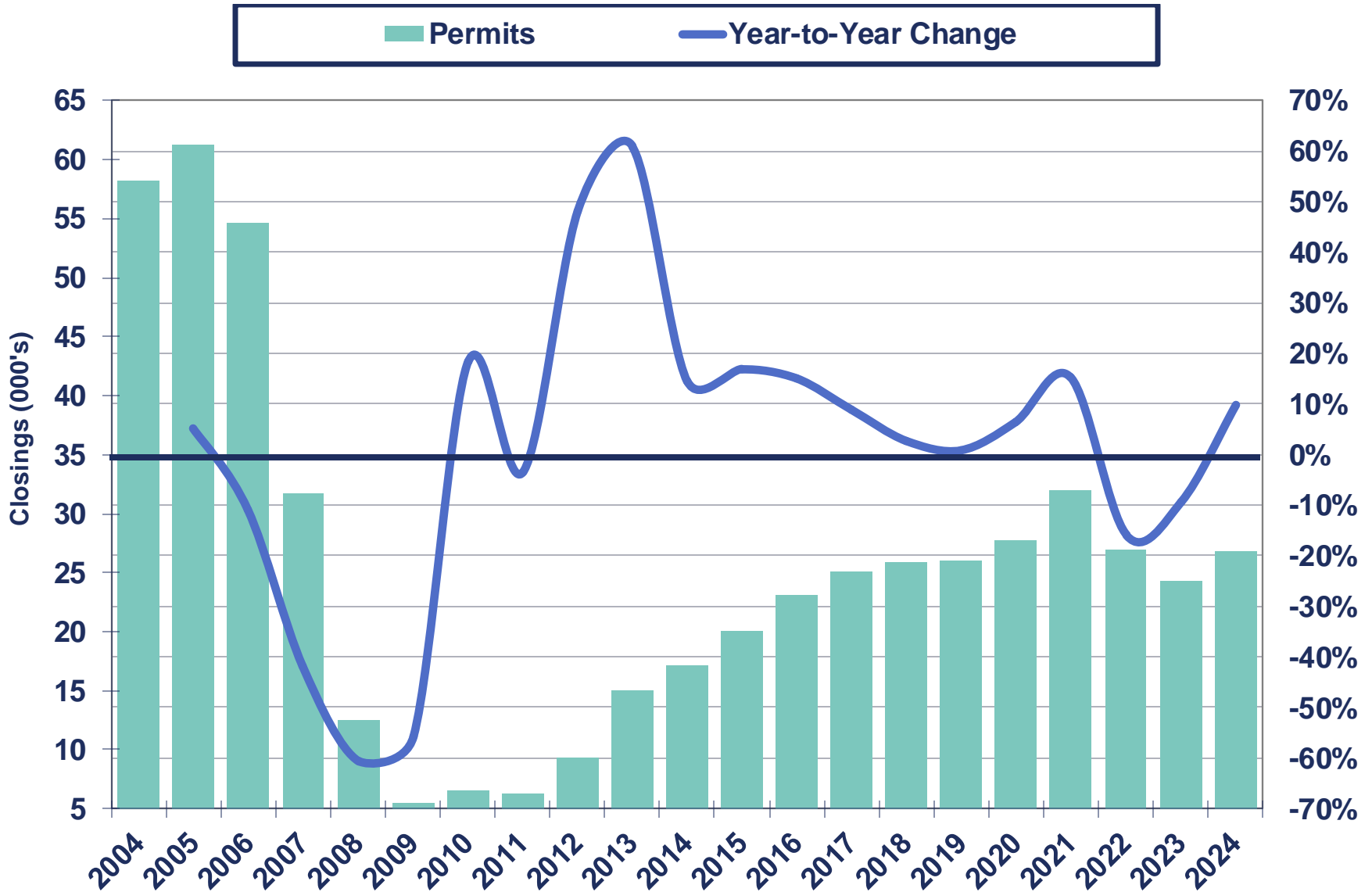


**What Did I Say Last February???**

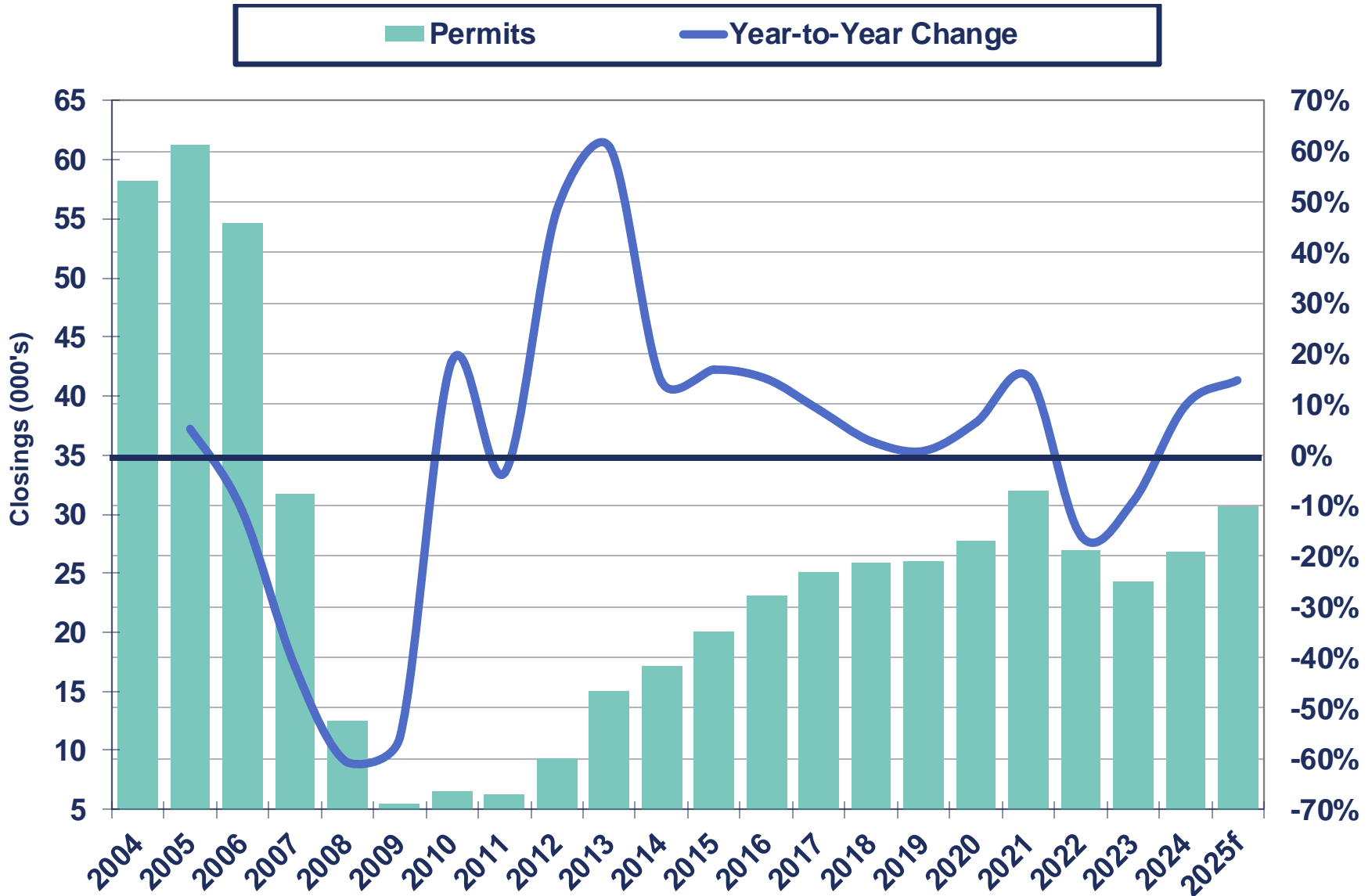
# Atlanta Annual Permits Forecast 2024



# Atlanta Annual Permits 2004-2024



# Atlanta Annual Permits Forecast 2004-2025





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