



GAHBA Builder/Developer/Lender Council

Welcome to Housing's New Normal

Higher for Longer.....

.....Longer

Maybe Not Much Longer???

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

November 15th, 2024

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MORE TO COME!

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Huntsville
Montgomery
Orange Beach
Tuscaloosa

Florida

Emerald Coast
Gold Coast
Jacksonville
Orlando
Panama City
Space Coast
Tallahassee
Tampa

Georgia

Atlanta
Augusta
Brunswick
Columbus
Golden Isles
Macon
Savannah
Valdosta

Louisiana

Baton Rouge
New Orleans

North Carolina

Asheville
Charlotte
Greensboro
Raleigh
Wilmington
Fayetteville **NEW**

South Carolina

Aiken
Beaufort
Charleston
Columbia
Florence
Greenville
Myrtle Beach
Spartanburg
Sumter
Western Upstate

Tennessee

Chattanooga
Nashville
Knoxville **NEW**

Virginia

Richmond

Texas

Dallas
Houston
Austin
San Antonio

MARKETWATCH

BY MARKETNSIGHT

LIFE AFTER FED RATE CUTS AND THE 2024 ELECTION

WHAT EFFECT WILL FALLING INTEREST RATES HAVE ON HOUSING DEMAND? WHAT WILL BE THE FALLOUT FROM THIS YEAR'S ELECTION CYCLE? JOIN US AS WE FINISH OUT 2024 AND LOOK AHEAD TO 2025 AND BEYOND!

FEATURING:



JOHN HUNT,
CHIEF ANALYST
MARKETNSIGHT



DR. RAJEEV DHAWAN
GSU ECONOMIC
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DECEMBER 12TH, 2024

10AM- 12PM EST

VIRTUAL EVENT

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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!



**The National Media is ALWAYS 2 Months
Behind MarketNsight!!**

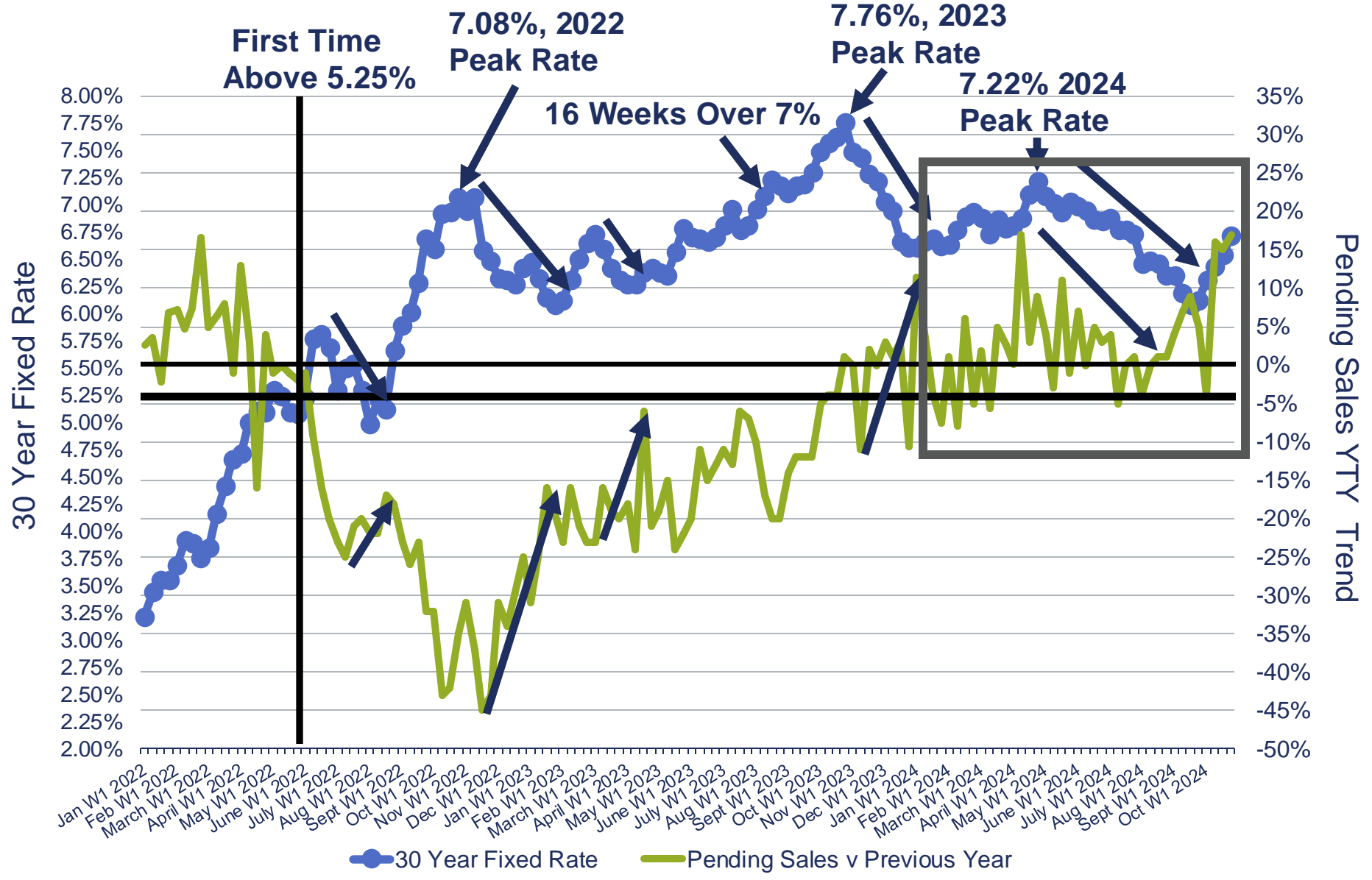
**In June 2022, We Reinstated Weekly
Market Updates as Rates Began Exploding**



**Want to See January National Headlines
Today???**

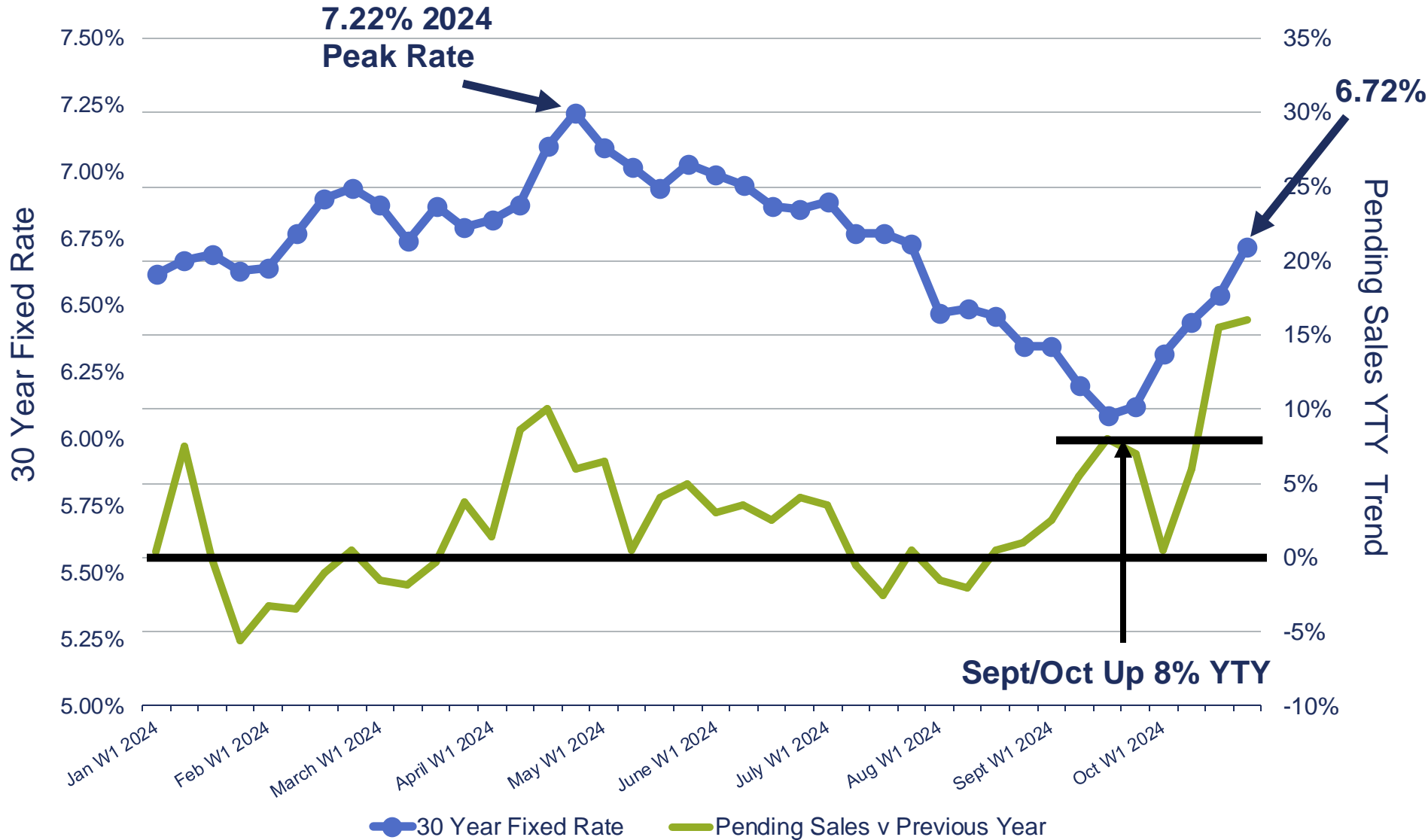
Weekly Pending Sales YTY % Change

January Week 1 2023 Through October 31st, 2024



Pending Sales YTY % Change Two Week Moving Average

January Week 1 2024 Through October 31st, 2024



1st Look at Local Housing Markets in October

First Year-over-year Sales Gain Since August 2021

CALCULATEDRISK BY BILL MCBRIDE

NOV 7



Closed Sales, October 2024					
	Oct-24	Oct-23	Oct-19	YoY	vs 2019
Denver	3,443	2,986	4,654	15.3%	-26.0%
Las Vegas	2,458	2,173	3,571	13.1%	-31.2%
Northwest	6,479	5,291	8,338	22.5%	-22.3%
Portland	1,975	1,670	2,588	18.3%	-23.7%
San Diego	1,930	1,742	2,695	10.8%	-28.4%
Santa Clara	1,051	912		15.2%	
Total	17,336	14,774	21,846	17.3%	-25.5%

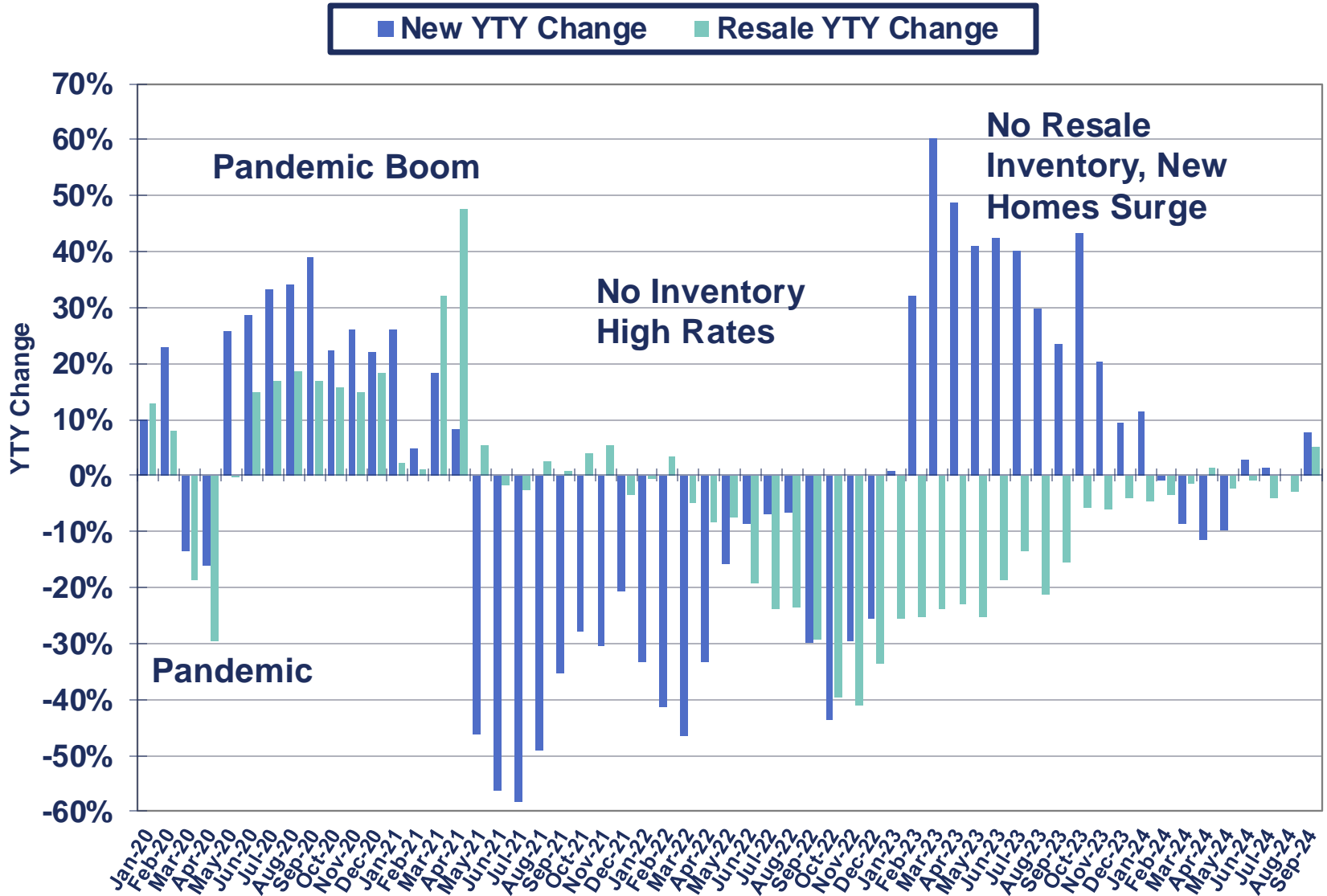
This early data suggests that the October existing home sales report will show a solid year-over-year increase. This will be the first year-over-year gain since August 2021 following 37 months with a year-over-year decline.

https://calculatedrisk.substack.com/p/1st-look-at-local-housing-markets-e81?utm_source=post-email-title&publication_id=443155&post_id=151112795&utm_campaign=email-post-title&isFreemail=false&r=2qkprc&triedRedirect=true&utm_medium=email

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

Google it!

Atlanta YTY Change in Pending Sales

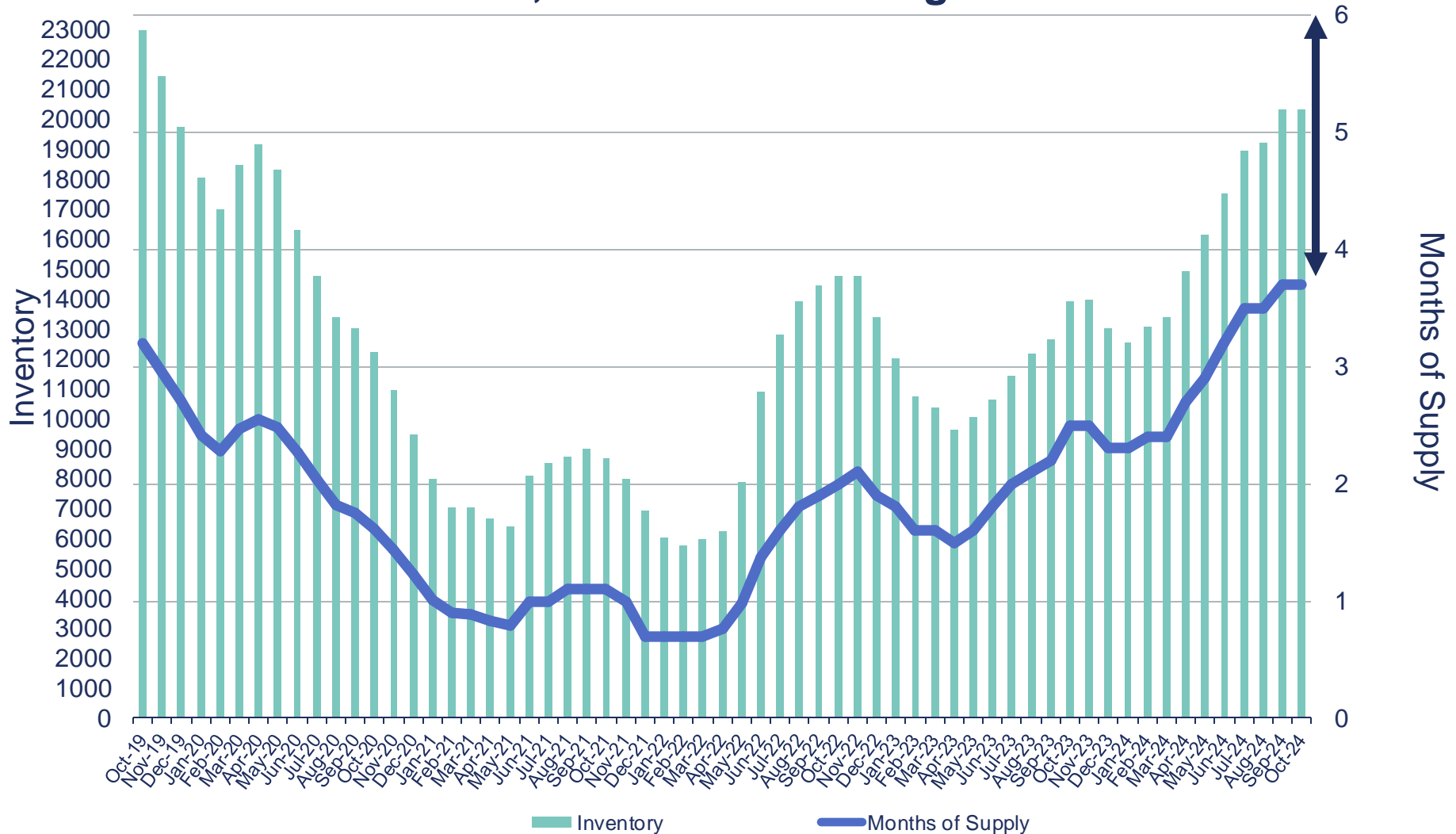




What About Inventory??

Inventory and Months of Supply Trending Atlanta

30,000 Annual Housing Deficit

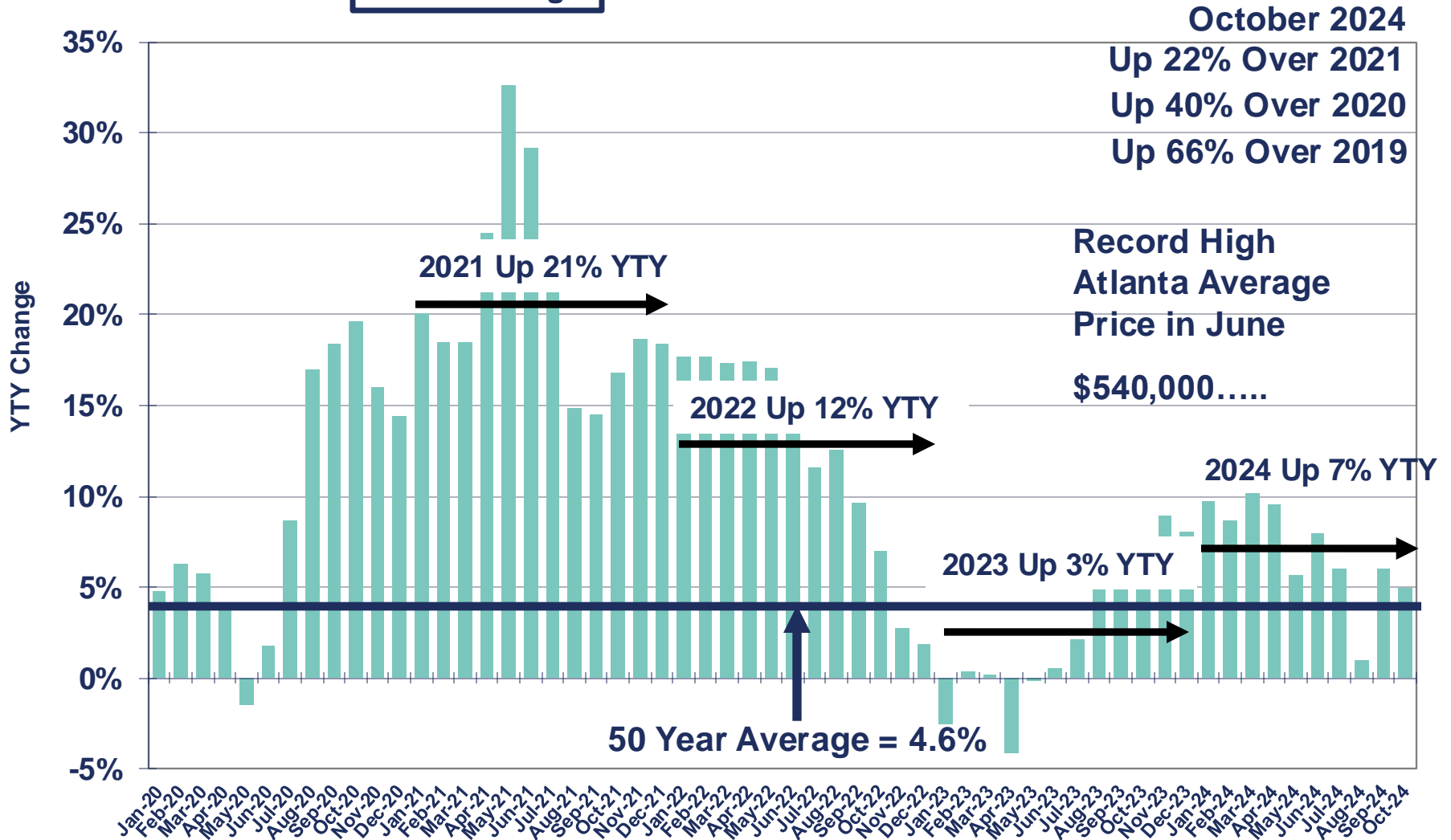




What About Price??

YTY Change in Closed Price ATL

■ YTY Change



Jerome Powell's Fed is beginning to think its interest rate hikes 'may be having smaller effects than in the past'



FORTUNE

May 22, 2024

After several unexpectedly high inflation readings, Federal Reserve officials concluded at a meeting earlier this month that it would take longer than they previously thought for inflation to cool enough to justify reducing their key interest rate, now at a 23-year high.

High interest rates “may be having smaller effects than in the past,” the minutes said. Economists have noted that many American homeowners, for example, refinanced their mortgages during the pandemic and locked in very low mortgage rates. Most large companies also refinanced their debt at low rates, which has blunted the impact of the Fed’s 11 rate hikes in 2022 and 2023.

But at a news conference just after the meeting, Chair Jerome Powell said it was “unlikely” that the Fed would resume raising its benchmark rate — a remark that temporarily boosted financial markets.

On Tuesday, Christopher Waller, a key member of the Fed’s Board of Governors, said he would “need to see several more months of good inflation data before” he would support reducing rates. That suggests that the Fed wouldn’t likely consider rate cuts until September at the earliest.

Jerome Powell: The Fed alone can't fix the broken housing market—the market and government will need to do so

Powell: "The real issue with housing is that we have had, and are on track to continue to have, not enough housing"



[Lance Lambert](#)

September 20, 2024



Also In The News...

Sales of High-End Homes Surge

Even as total sales “changed little overall”:

- Sales of homes of over \$1,000,000: +40% YoY
- Sales of homes of \$750,000 to \$1,000,000: +24% YoY
- Correspondingly fewer homes sold in the mid- and lower-range.

WOLF STREET

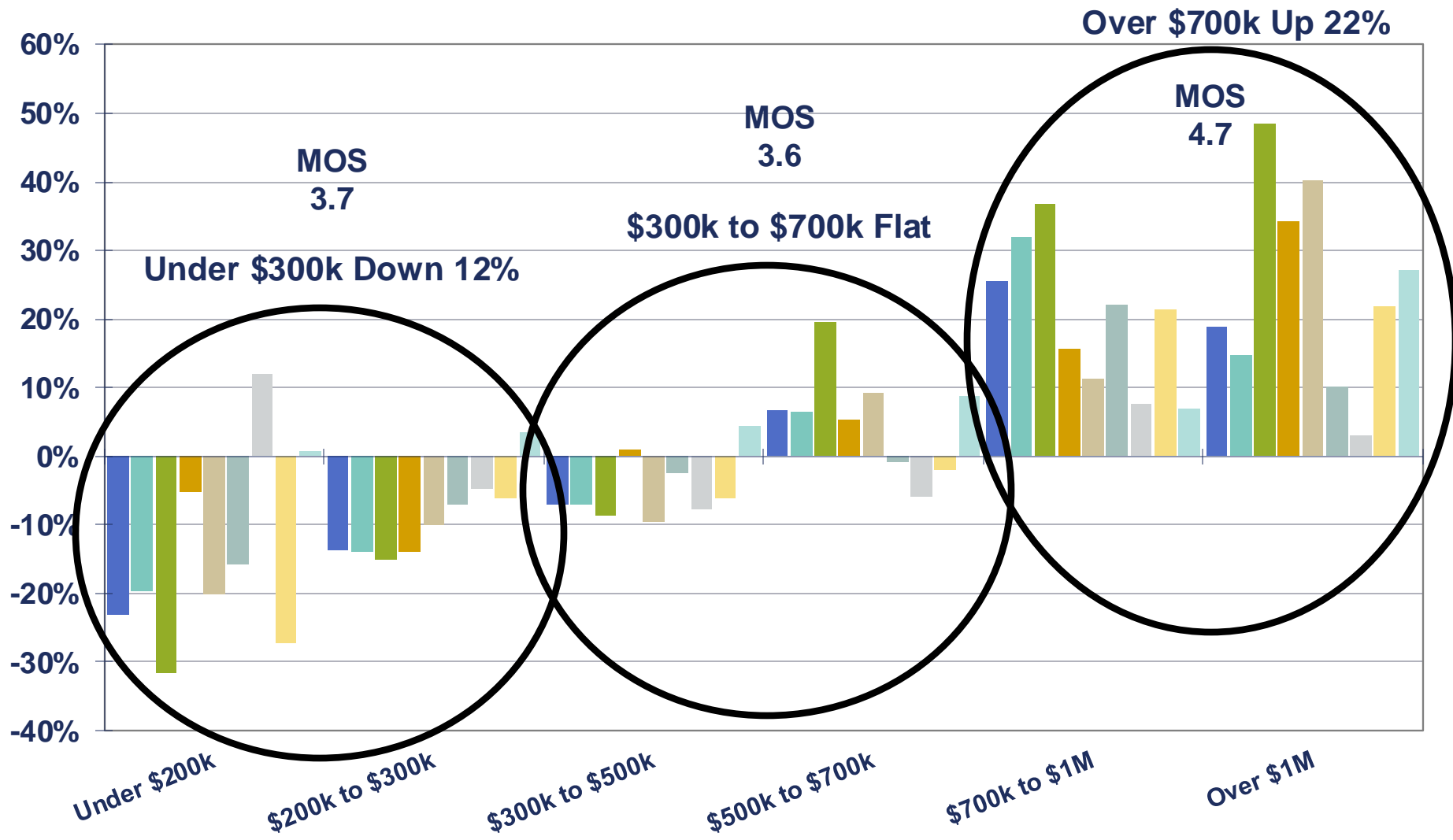
May 22, 2024

**MarketNaight is the only
major housing research company
in the country
that breaks out pending sales
by price point!!**

Google it!!

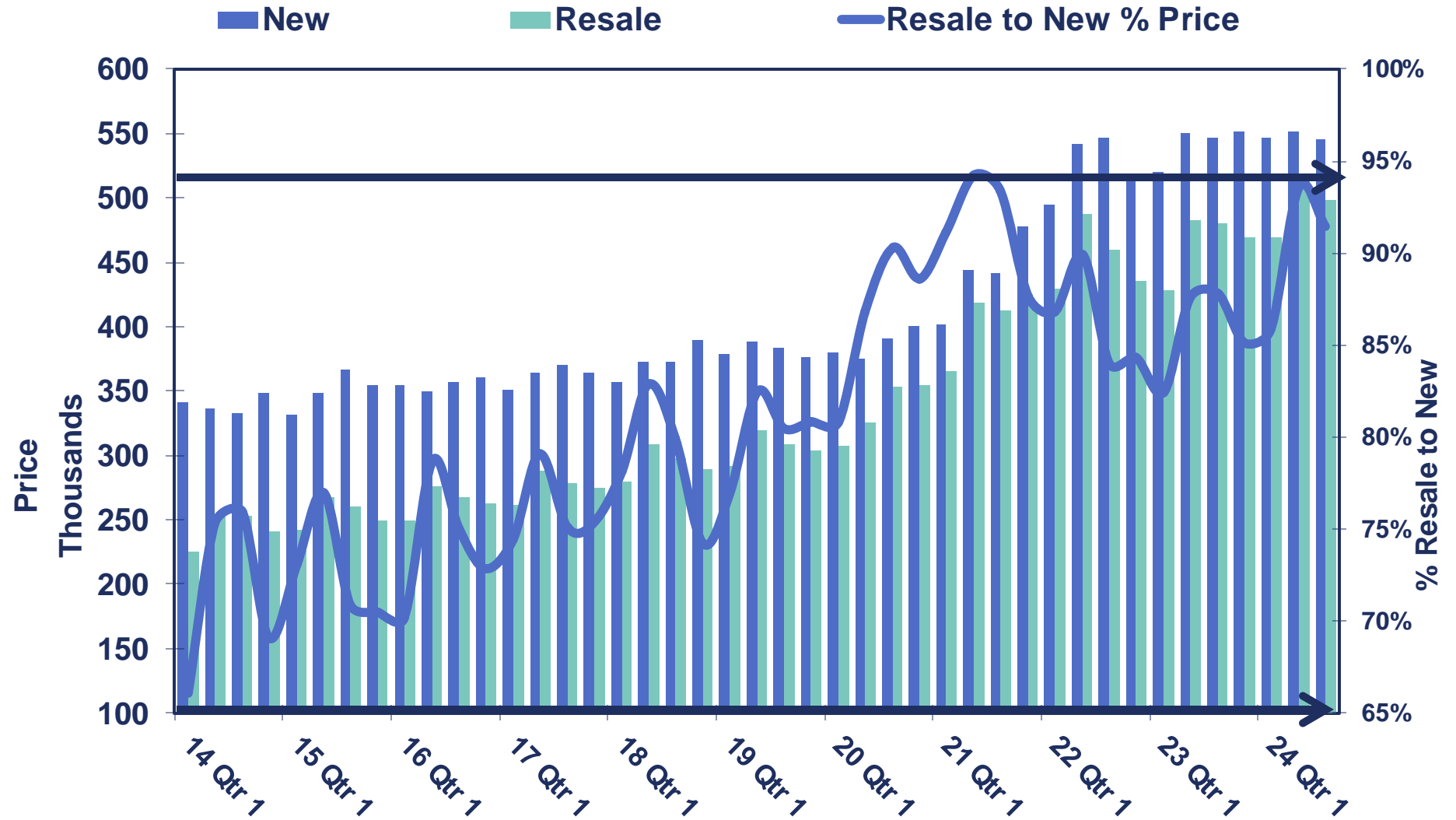
2024 Monthly Total Pending Sales YTY Change by Price Atlanta

■ Jan-24 ■ Feb-24 ■ Mar-24 ■ Apr-24 ■ May-24 ■ Jun-24 ■ Jul-24 ■ Aug-24 ■ Sep-24

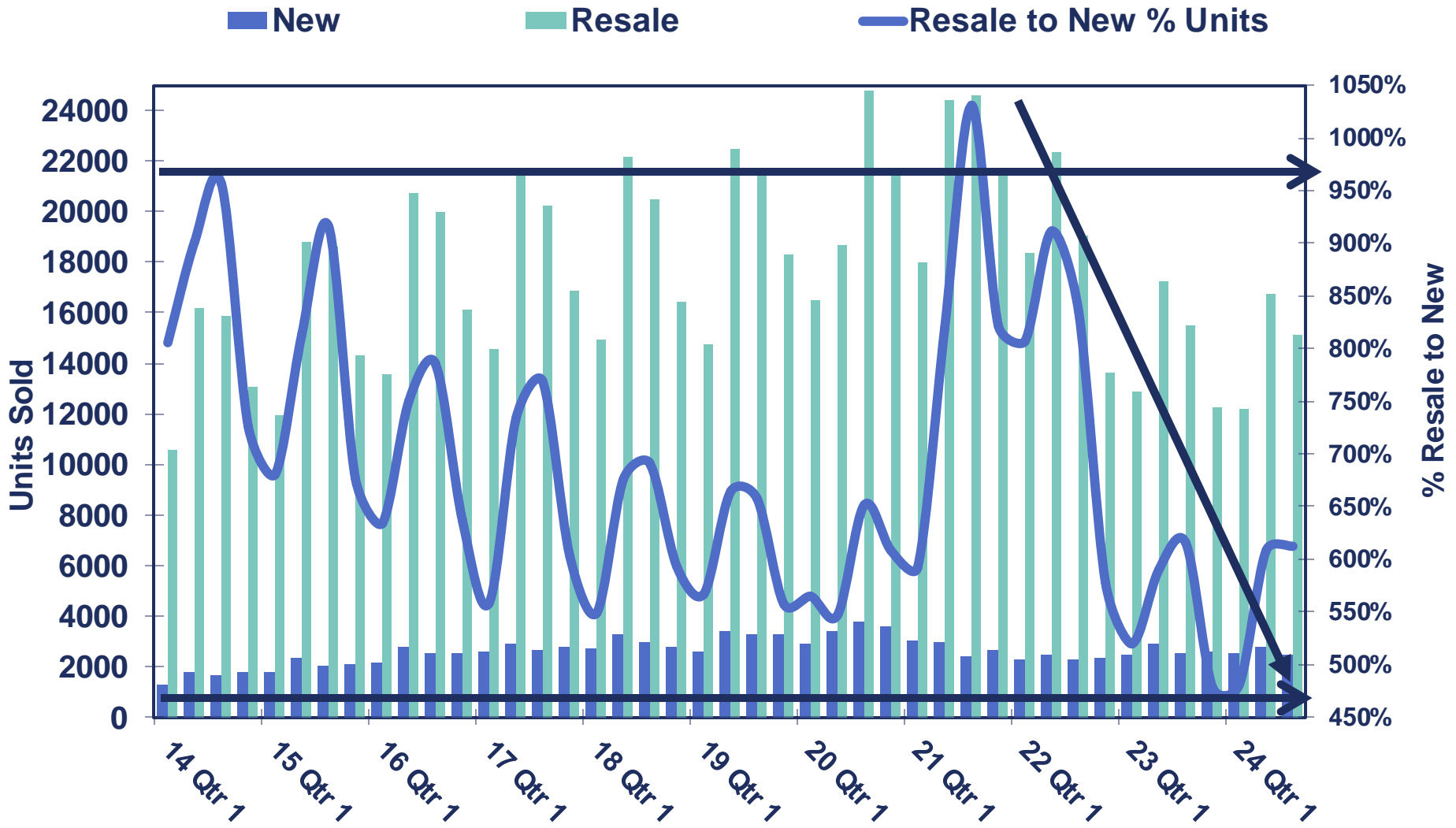


New Versus Resale

Average Price



Units Closed Total



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

Drive till You Qualify!!

Build Smaller Homes

Summary

It Is An Indisputable Fact That We Have A Housing Shortage Of Epic Proportions In This Country.

Attainable Housing is THE Defining Issue of Our Time

Summary

**Artificially Restricting Supply Through
Exclusionary Zoning Is Driving Prices
Beyond People's Budgets –
For Rent or For Sale.**

**This Will Greatly Impact Our Ability to
Attract New Industry and Investment.**

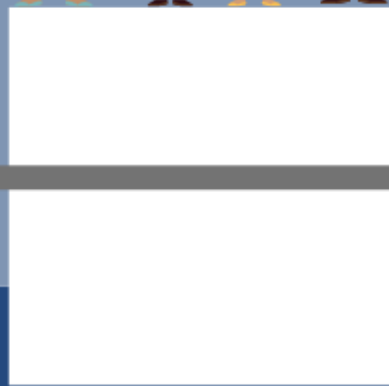
**Did You Think I Wouldn't Do The
Joke???**

Updated!!

HOUSING DEMAND 2024



First-Time Buyers
(Millennials)



Move-Up Buyers
(Gen x)



Retiree Buyers
(Boomers)



- Disposable Income
- No Kids!!!
- Entertainment Oriented

The Location is
the Amenity!!



Age 55 Isn't What It Used To Be

2018



Tom Cruise in MI: Fallout – Age 55

Age 60 Isn't What It Used To Be

2022



Tom Cruise in *Top Gun: Maverick* – Age 60

**Are You Kidding
Me??????**

But Now.....

Tom Cruise.....

Is Old News!!!

72 Is The New 55!!!!

2023



But Now.....

**The Golden Bachelor
Is Old News.....**

**Someone Else Just
Turned 72!!**

72 Is The New 55!!!!

2024



Liam Neeson – Age 72

He Has A Very
Particular Set Of
Skills!!

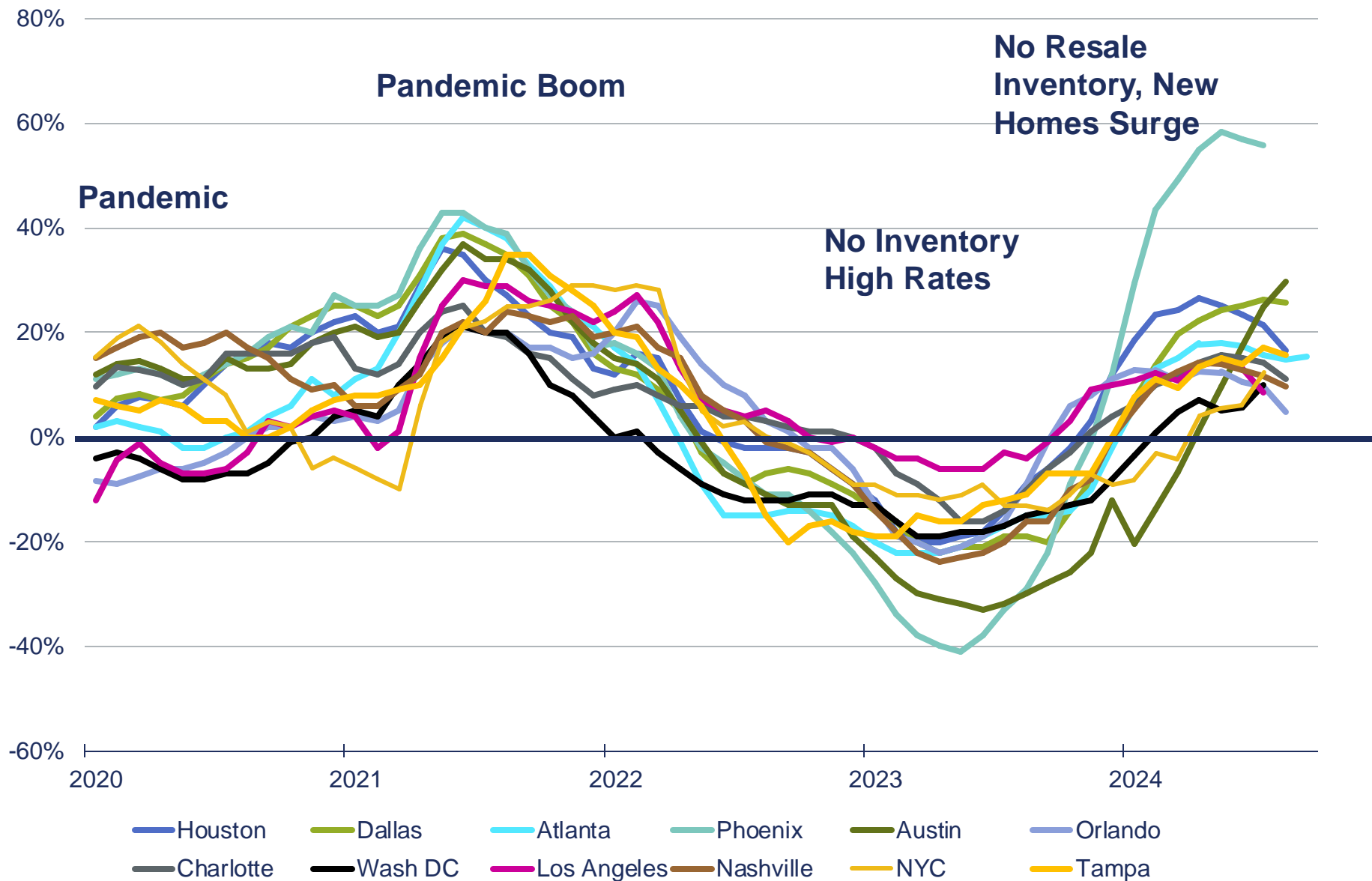
1985



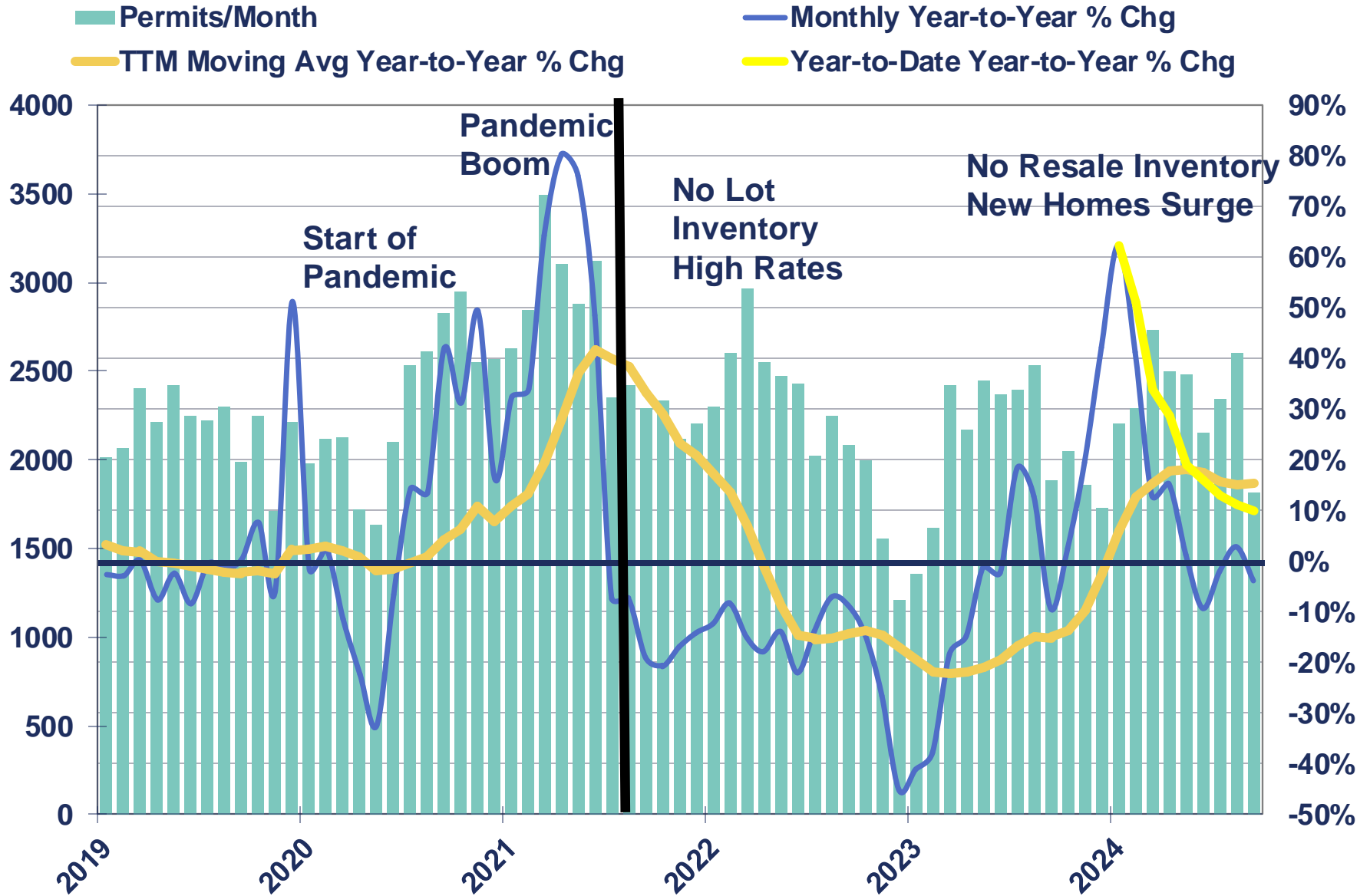
Wilford Brimley in
Cocoon – Age 50



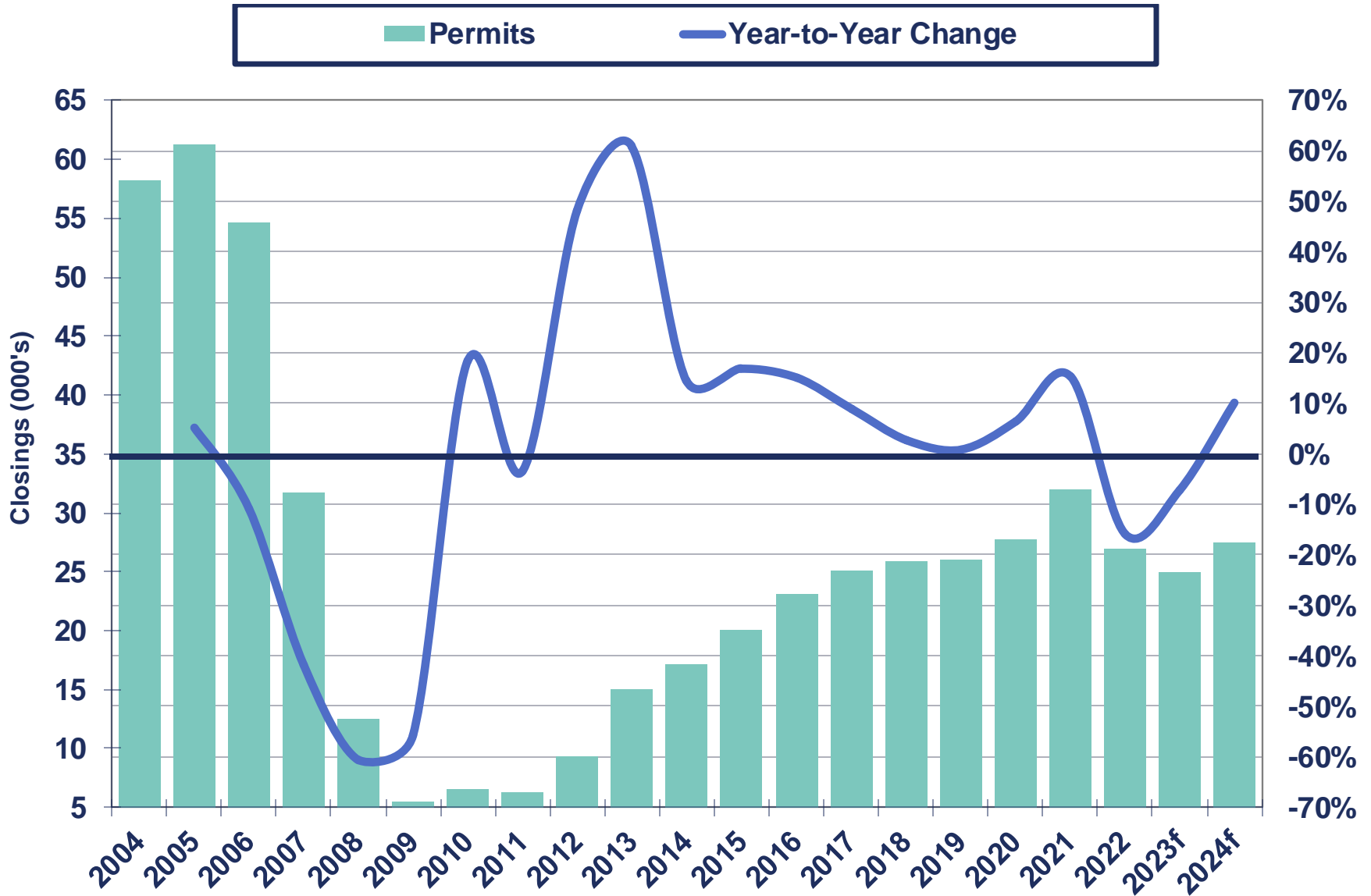
Top 10 Cities Permits 12 Month Moving Avg 2020 – 8/2024



Permit Trend 1/2019 – 9/2024



Atlanta Annual Permits Forecast 2024

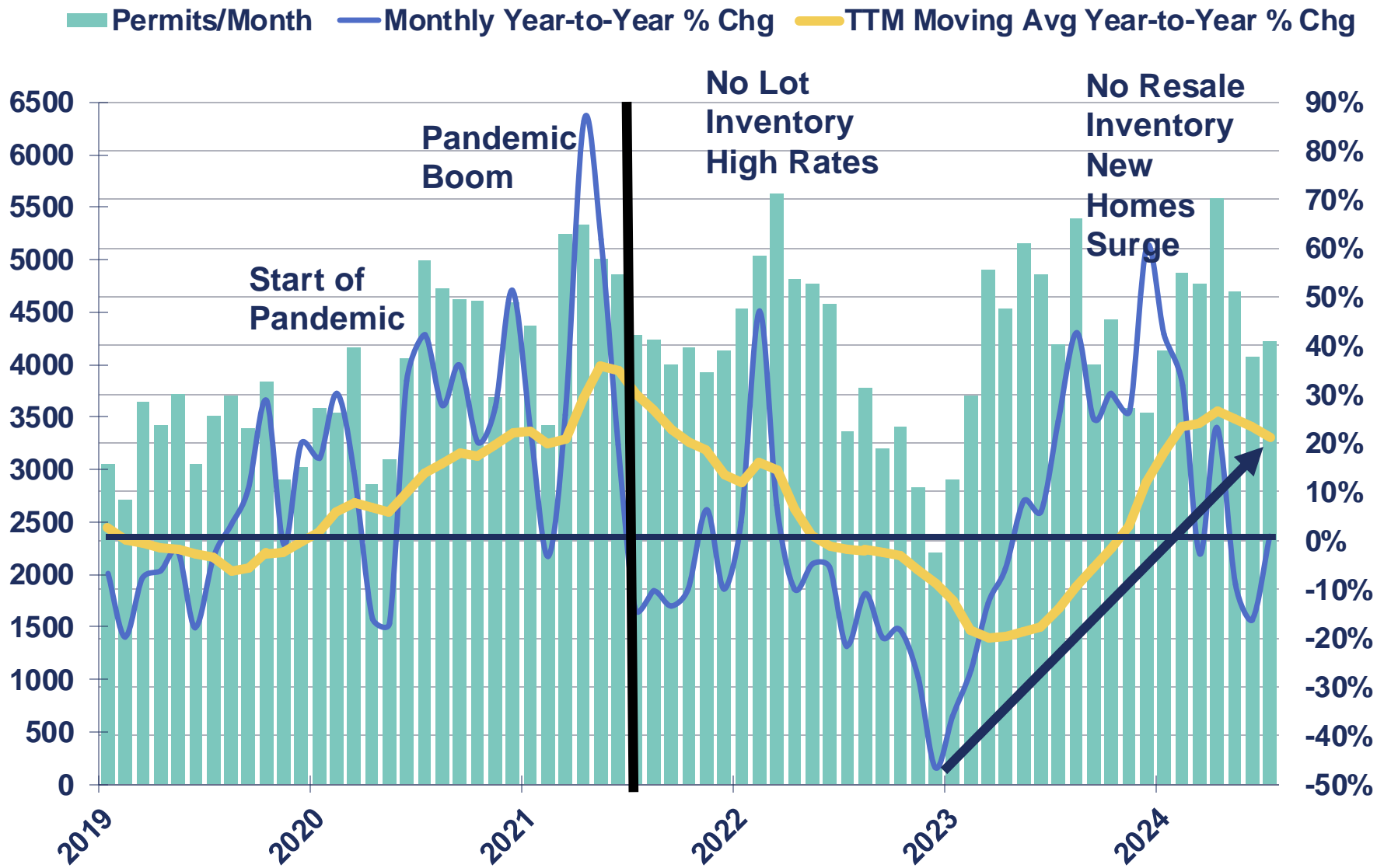


**Now, For Some
Unsolicited**

Free

Consulting!

Houston Permit Trend 1/2019 – 7/2024



Housing's 80/20 Rule

Avoiding the Fatal Mistake of Ignoring Resale Competition



Sales Central

Housings 80/20 Rule

Only rarely will new homes find meaningful absorption when they are priced higher than a 20% spread above resale.

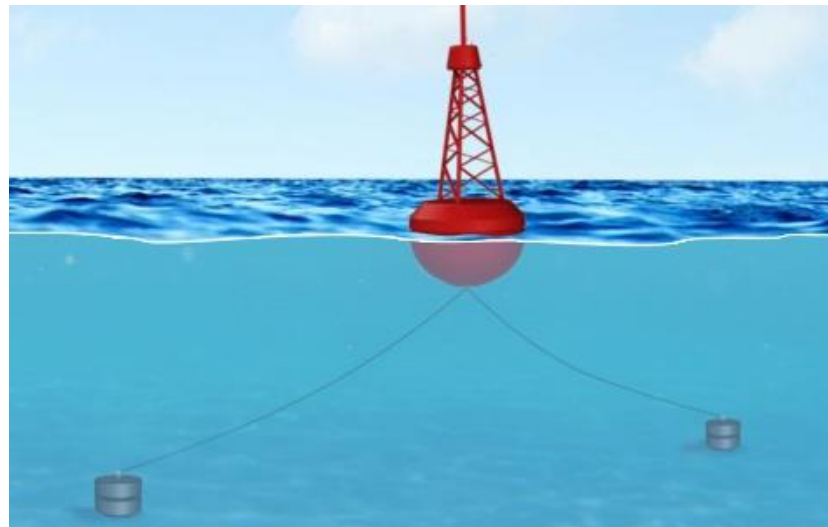
**Same House,
Same Competitive Market Area**

Resale is the dominant component of housing demand. New construction is just along for the ride.

**New homes are anchored to Resale like
a buoy to the sea floor.**

The 80/20 Rule

**If we float too high above Resale,
home buyers WILL cut us off**



In Our Experience, You Cannot Break This Rule.

It Will Break You.

Here is One Recent Example.

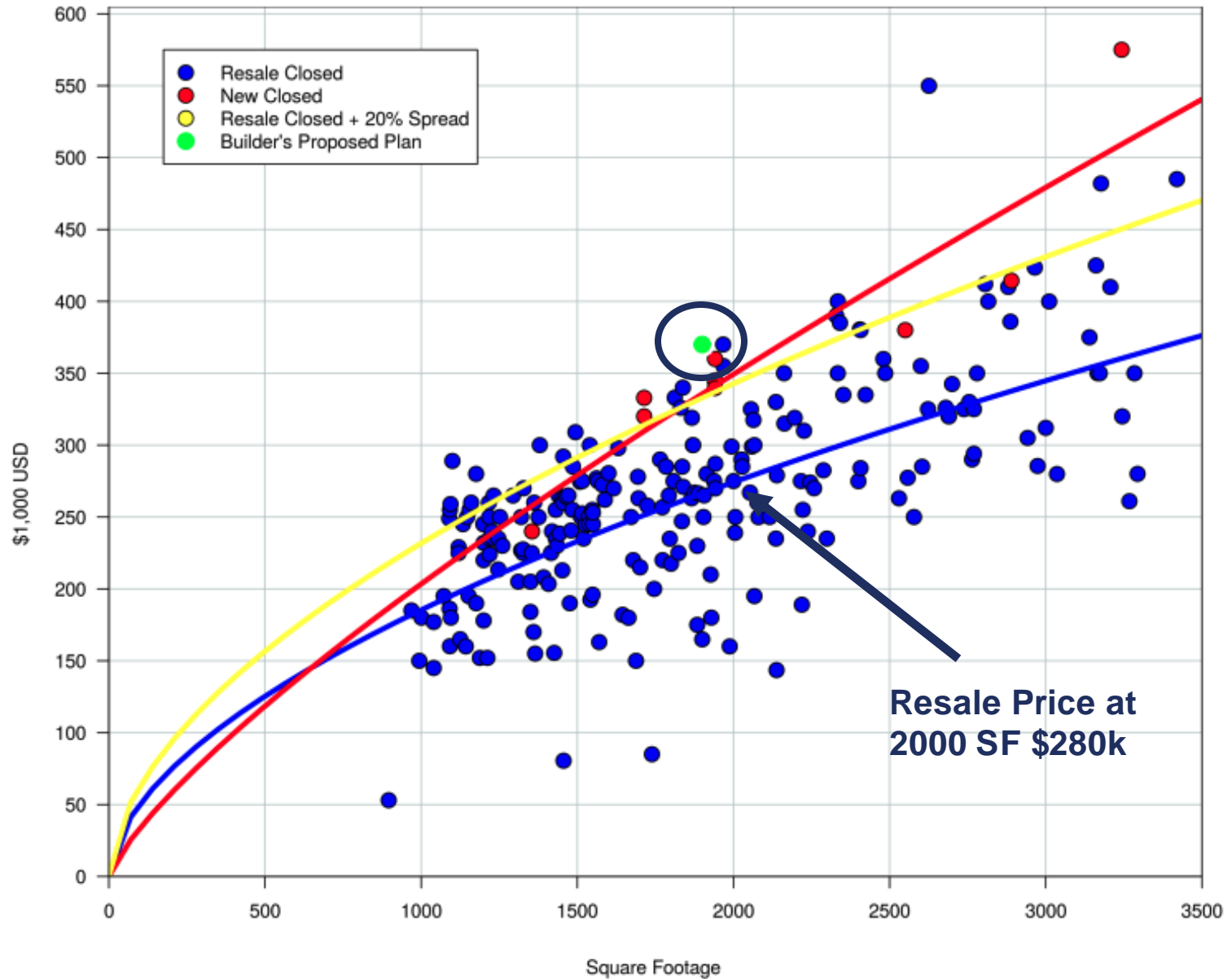
A Customer Reached Out:

One Deal with Slow Sales In a Metro Atlanta County.

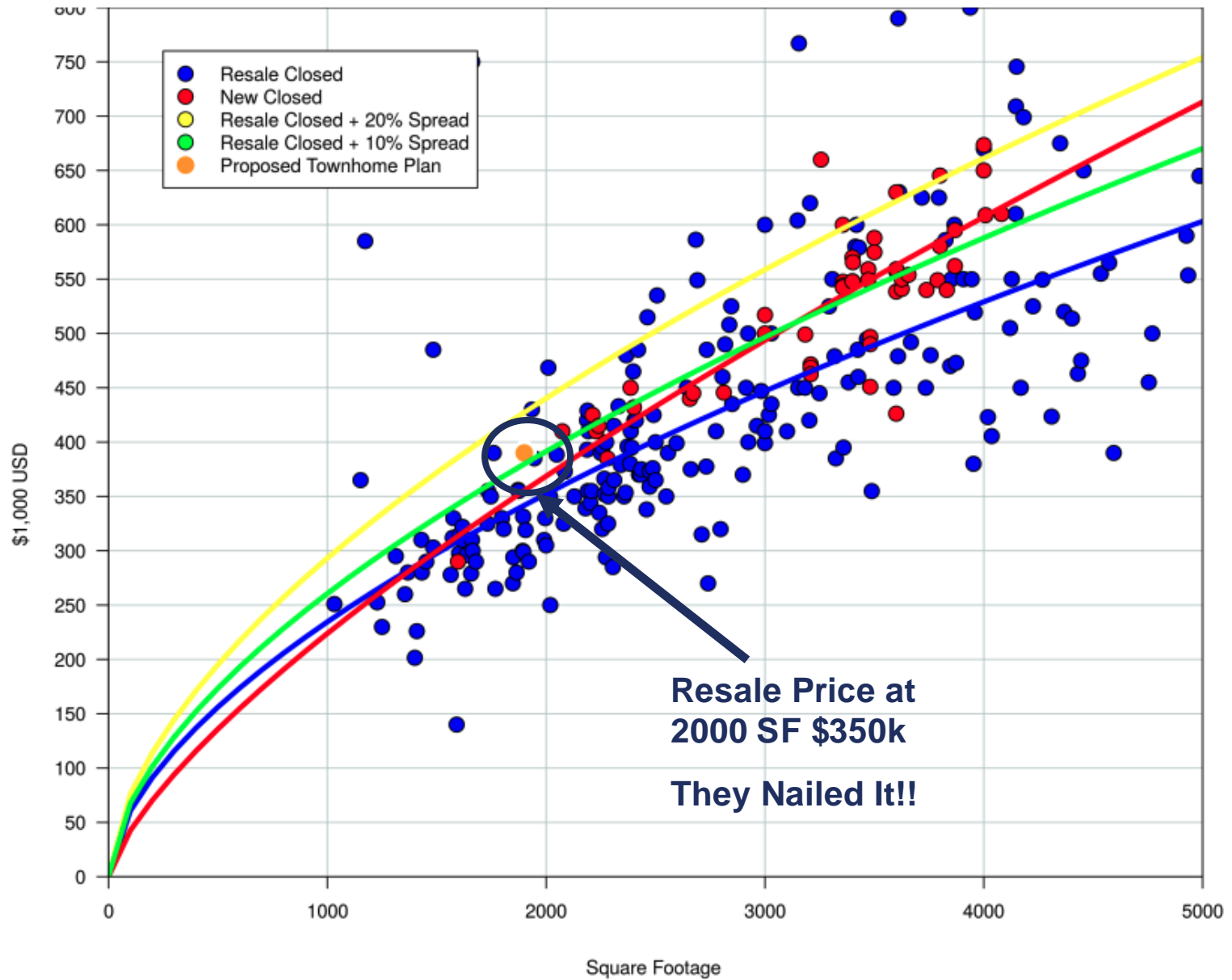
**Also Considering Another Deal Nearby, But are
Getting Cold Feet.**

**The Key Was Understanding (1) Location
And (2) The 80/20 Rule!!**

Deal #1: "Anemic" Sales



Deal #2: Adjacent HSD





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