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Calm Week to End Not-So-Calm Year

While this week was uneventful and while 2022 was more volatile in terms of movement in the housing/mortgage market, we can still reflect on 2023 as a year of extremes.

Incidentally, that thesis is supported by some of the only economic data released this week. Pending Home Sales came out perfectly unchanged from last month, but still at the lowest levels in a long time (not counting the 2020 lockdowns). Note that most of the move down to these lows occurred in 2022, before extending just a bit more in 2023.

Pending Home Sales Index



It's a similar story for interest rates. 2022 was marked by the largest change in mortgage rates in a single year since 1981, but 2023 took the outright levels just a bit higher.

National Average Mortgage Rates



	Rate	Change	Points
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Mortgage News Daily

30 Yr. Fixed	6.44%	-0.04	0.00
15 Yr. Fixed	5.97%	-0.03	0.00
30 Yr. FHA	5.90%	-0.04	0.00
30 Yr. Jumbo	6.66%	-0.02	0.00
5/1 ARM	6.32%	-0.06	0.00

Freddie Mac

30 Yr. Fixed	6.46%	-0.40	0.00
15 Yr. Fixed	5.62%	-0.54	0.00

Rates as of: 8/23

Market Data

	Price / Yield	Change
MBS UMBS 5.5	100.93	+0.26
MBS GNMA 5.5	100.83	+0.22
10 YR Treasury	3.7999	-0.0531
30 YR Treasury	4.0908	-0.0309

Pricing as of: 8/23 5:59PM EST

Recent Housing Data

		Value	Change
Mortgage Apps	Aug 14	251.3	+16.83%
Building Permits	Mar	1.46M	-3.95%
Housing Starts	Mar	1.32M	-13.15%
New Home Sales	Mar	693K	+4.68%
Pending Home Sales	Feb	75.6	+1.75%
Existing Home Sales	Feb	3.97M	-0.75%
Builder Confidence	Mar	51	+6.25%

30yr Fixed Mortgage Rate Index



On a more hopeful note, 2023 may end up being remembered not only for the extremes, but also by the start of the potential shift in rates and housing metrics. Strikingly, by the end of the year, mortgage rates nearly made it back to levels seen at the end of 2022.

30yr Fixed Mortgage Rate Indices

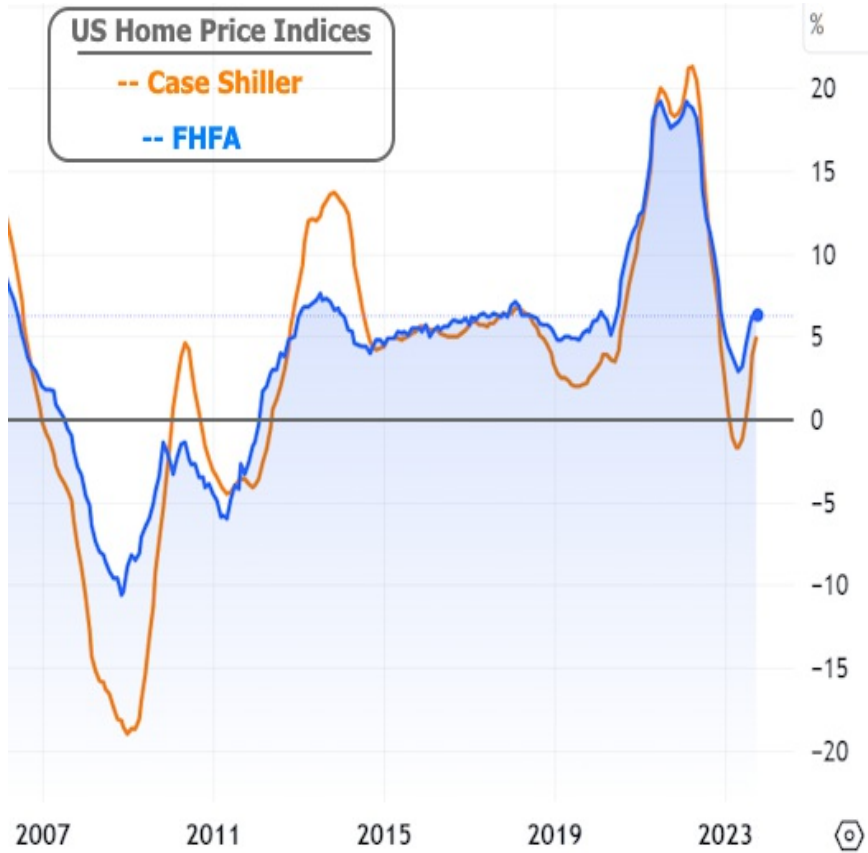
-MND -Freddie Mac -MBA



It was a similar story for the broader bond market, as seen in 10yr Treasury yields below. Stocks, meanwhile, mostly moved higher.



In terms of home prices, 2023 was notable in that Case Shiller's price index hit negative territory in year-over-year terms, but more notable because forecasts called for deeper, longer-lasting losses in late 2022. In other words, there's been an impressive ability to hold ground, even if a lot of the credit goes to a lack of inventory and a low transaction count.



It will be interesting to see how the inventory situation is impacted by lower interest rates (IF rates are able to continue moving lower). That's a big and important "IF." It will be resolved by economic data in the first quarter of 2023. The first batch of important data arrives next week with several key reports starting Wednesday. Friday's jobs report is the most important report.

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Recent Economic Data

Date	Event	Actual	Forecast	Prior
Tuesday, Dec 26				
9:00AM	Oct FHFA Home Price Index m/m (%)	0.3%		0.6%
9:00AM	Oct FHFA Home Prices y/y (%)	6.3%		6.1%
9:00AM	Oct CaseShiller 20 mm nsa (%)	0.1%		0.2%
9:00AM	Oct Case Shiller Home Prices-20 y/y (%)	4.9%	4.9%	3.9%
Thursday, Dec 28				
8:30AM	Dec/23 Jobless Claims (k)	218K	210K	205K
8:30AM	Nov Wholesale inventories mm (%)	-0.2%		-0.4%
10:00AM	Nov Pending Home Sales (%)	0%	1%	-1.5%
Friday, Dec 29				
9:45AM	Dec Chicago PMI	46.9	51	55.8
Tuesday, Jan 02				

Event Importance:

- No Stars = Insignificant
- ☆ Low
- ★ Moderate
- ★★ Important
- ★★★ Very Important

Date	Event	Actual	Forecast	Prior
9:45AM	Dec S&P Global Manuf. PMI	47.9	48.2	49.4
Wednesday, Jan 03				
7:00AM	Dec/29 MBA Purchase Index	140.7		148.7
7:00AM	Dec/29 MBA Refi Index	358.2		437.6
10:00AM	Dec ISM Manufacturing PMI	47.4	47.1	46.7
10:00AM	Nov USA JOLTS Job Openings	8.79M	8.85M	8.733M
2:00PM	FOMC Minutes			
Thursday, Jan 04				
7:30AM	Dec Challenger layoffs (k)	34.817K		45.51K
8:15AM	Dec ADP jobs (k)	164K	115K	103K
8:30AM	Dec/30 Jobless Claims (k)	202K	216K	218K
Friday, Jan 05				
8:30AM	Dec Non Farm Payrolls	216K	170K	199K
8:30AM	Dec Unemployment rate mm (%)	3.7%	3.8%	3.7%
10:00AM	Dec ISM N-Mfg PMI	50.6	52.6	52.7

National Association of Realtors - New Rules & Open Houses

New rules stemming from the National Association of Realtors' commission lawsuit settlement went into effect Saturday following years of litigation, potentially upending the industry, including how agents get paid.

This week, I have been hearing from agents, brokers, MLS executives, portals and other insiders as the rules roll out.

COMMISSION QUESTIONS: In the wake of NAR's new settlement rules, many buyer's agents are suddenly confronting a new question: What commission should they ask for in their buyers' broker representation agreements?

Here are a few responses found in a real estate master-mind group:

"I'm asking the buyer to pay my rate but advising them the seller may be offering something towards that," one agent responded. "If that's the case they only have to pay what's left."

"Sit down with your buyer and a trusted loan officer" another suggested. "Have the loan officer complete the various costs including your compensation and without any compensation (seller contributes). Once the buyer sees how much they have to come up with, they can make a decision. Then you make yours."

Some commenters also said that their brokers are making recommendations.

"This thread is illegal," one commenter argued, echoing a number of other remarks. "It is price fixing and the whole reason the U.S. Department of Justice got involved. Commission/Concessions should only be discussed between the agent and his/her client, never among agents."

The debate highlights the fact that many practical issues stemming from the settlement are yet to be worked out – and that additional litigation is top of mind for many real estate professionals,

OPEN HOUSE, OPEN QUESTION: Among the real estate professionals watching how the settlement changes unfolded this weekend was Randy Bell of Life Realty – The District in Henderson, NV who told me that "Buyers appear to be leery about signing short-term agreements and may favor open houses over individual tours until they're at ease with the rule." He went on to state "It'll be very interesting to see whether open house traffic increases, which I expect it will once buyers understand they don't have the same friction with agreements by going directly to open houses,"

One stat I'm going to be looking at is the number of open houses relative to active listings. I'll have numbers for you in the weeks to come. ...More to follow in future Newsletters.

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