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**Mortgage rates drop for the ninth
week in a row**

Source: CNN

U.S. mortgage rates continued to drop this week for the ninth week in a row, extending the good news for home buyers who have been facing the least affordable housing market since the 1980s. The 30-year fixed-rate mortgage rate fell to an average of 6.61 percent during the week ending December 28, down from 6.67 percent the previous week, according to data from Freddie Mac released Thursday. One year ago, the average 30-year fixed rate was 6.42 percent.

Economists are expecting further declines in mortgage rates in 2024, because officials from the U.S. Federal Reserve forecast a median of three rate cuts next year. While the fed does not set the interest rates that borrowers pay on mortgages, its actions influence them.

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16 percent of home listings were affordable in 2023, likely the bottom for affordability

Source: Redfin

Across the U.S., just 15.5 percent of homes for sale in 2023 were

affordable for the typical U.S. household, which was the lowest share on record, according to a Redfin analysis of new listings in 97 of the most populous U.S. metropolitan areas. In 2022, 20.7 percent homes were affordable, and more than 40 percent before the pandemic homebuying boom. A listing is considered affordable if the estimated monthly mortgage payment is no more than 30 percent of the local county's median household income.

The good news is that housing affordability has already started to improve and it is expected to continue improving in 2024. "Many of the factors that made 2023 the least affordable year for homebuying on record are easing," said Redfin Senior Economist Elijah de la Campa. "Mortgage rates are under 7 percent for the first time in months, home price growth is slowing as lower rates prompt more people to list their homes, and overall inflation continues to cool. We'll likely see a jump in home purchases in the new year as buyers take advantage of lower mortgage rates and more listings after the holidays."

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New home sales fell in November

Source: CNN

Sales of newly built homes dropped 12.2 percent in November to a seasonally adjusted annual rate of 590,000 from 672,000 in October, according to a joint report from the U.S. Department of Housing and Urban Development and the Census Bureau. Sales were up 1.4

percent from a year prior.

This was lower than the 685,000 annualized sales that analysts had expected. Affordable challenges, particularly with high mortgage rates, probably contributed to buyers remaining on the sidelines. Mortgage rates reached 7.79 percent for a 30-year, fixed-rate loan, though they have been coming down ever since. Newly constructed homes have attracted buyers struggling with a dearth of existing homes available for sale, even though new homes tend to be priced higher than existing homes. In response to demand, there is some evidence that builders are building smaller and slightly more affordable homes in some markets.

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Home price growth slowed for the third straight month in November

Source: Redfin

U.S. home prices rose 0.6 percent from a month earlier, which was the smallest increase since June, as a jump in homes for sale gave buyers more options. The Redfin Home Price Index tracks the sales prices of single-family homes and showed that home prices were also 6.4 percent higher in November than a year earlier.

Redfin Senior Economist Sheharyar Bokhari said, “It’s a better time to be a homebuyer than it was two months ago. Buyers today have more options to choose from, which is taking pressure off of home prices.

Mortgage rates dropped below 7 percent last week for the first time since August, shaving hundreds of dollars off monthly payments. That news seems to have lured more sellers to the market, which should further improve homebuying conditions in the new year.”

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Southern California home prices shot up 7 percent in November

Source: The Real Deal

As 2023 comes to an end, housing prices are high and sales volume low in November across Southern California. Home prices reached all-time highs in four of Southern California’s six counties, according to CoreLogic data released Dec. 21. The number of home sales declined 4 percent in November, with a total of 12,416 transactions – the lowest since February 2023.

The four counties with record prices were Orange, San Bernardino, San Diego and Ventura. Orange County’s median home price jumped 15 percent in the past year to \$1.1 million. San Bernardino County’s median rose 12.9 percent to a record high of \$519,500. San Diego County’s median gained 10.9 percent to \$850,000, and Ventura County’s median increased 7.7 percent to \$828,500. Los Angeles County’s median rose 7.1 percent to \$840,550.

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