



Weekly Bread and Hot Issues



11/19/2024

The big news isn't the election but why mortgage rates have skyrocketed since September as the Fed lowers its rates – twice now. In September, the Fed came down a half point to great applause. The bond market said, Not so fast there. . . both candidates are promising bigger federal deficits meaning more inflation.

Mortgages are bonds, and they trade in markets that mirror Treasury sales (which are bonds), especially the yield on 10-year Treasury notes. Bond investors are demanding higher yields (think rate-of-return) to offset their belief that inflation will erode their earnings (if not principal) with huge future federal spending and debt.

The 10-year Treasury note (bond) is the bellwether financial instrument that drives mortgage rates. If its yield goes up, then its bond price goes down. In comparison, the Fed rate has little influence on mortgages but does direct bank loans, credit cards, savings – all short-term money. Remember, like Las Vegas, what happens in the Fed stays in the Fed. Bonds are long-term money and treated differently.

All this is now affecting home sales in Heather Ridge and across the nation.

Home sales Today. . . And Tomorrow

Since early September, the number of Heather Ridge homes for sale has risen to levels not seen since 2007-2009 – the Great Recession. But we don't have a recession! The economy is good, jobs are strong, and incomes are up compared to inflation. However, there's a bad vibe out there called bond yields, and its raising Caine now.

What we have is a short-term mortgage rate problem as buyers wait on the sidelines watching for mortgage rates to fall (think below 6%). This all goes toward home affordability issues.

Selling Now – What To Do In This Market?

You start with the right agent, which means us. We have seen markets like this before and sold homes when others wondered what to do next. We are dedicated to Heather Ridge, so we created a website <https://www.heatherridgerealestate.com/> for residents to learn about other HOA fees, insurance and property taxes, and sales reports and commentary like this article.

No other agent(s) can say they know or care more about Heather Ridge than us. We publish monthly articles in Metro Matters and provide daily info through <https://www.heatherridgerealestate.com/>.

Power is knowledge, so we share with sellers the market we are in and what to do about it. We use three simple words to make sales happen: Value, Price, and Market.

Value is what you get when you buy something. Price is what you paid for it; and Market controls the conditions of buying and selling. Look at post-Covid sales where values exceeded prices pulling up home prices to record heights. Examples include multiple offers and over-bidding asking prices because value exceeded the price.

In the Great Recession, the opposite occurred. Prices mattered more than values in a market drowning in too much inventory and too little demand. There was little value until prices fell to record lows.

Pete and I understand markets. We also know owners have choices in selecting agents. An old saying goes as follows: No one cares how much you know until they know how much you care. We have been caring about Heather Ridge since 1985 when we each raised our families here and participated in our communities. We also helped create the metro district here, so who better to market its benefits when selling your home? We care. . . and we have knowledge.

PLEASE, NEVER LEAVE HOME WITHOUT US!