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Freddie Mac, Fannie Mae backing bigger home loans in 2025

Source: Fox Business

The U.S. Federal Housing Finance Agency (FHFA) announced on Tuesday that it is raising the loan amount limits for mortgages purchased by Freddie Mac and Fannie Mae by 5.2 percent in 2025, as home prices continue to soar in the U.S. The new conforming loan limit value for a one-unit home will be \$806,500 next year, an increase of nearly \$40,000 from the 2024 baseline cap. However, in high-cost areas of the country where 115 percent of the local median home value exceeds the baseline loan limit, the loan ceiling is 150 percent higher. So, the loan cap for a single-unit home in those areas will be \$1,209,750, which is 150 percent of \$806,500, said FHFA.

The FHFA adjusts loan limits for government-sponsored enterprise Freddie and Fannie on an annual basis to reflect changes in the average home price, which climbed 5.21 percent from the third quarter of 2023 to the same quarter this year. Also on Tuesday, the S&P CoreLogic Case-Shiller U.S. National Home Price NSA Index reported home prices hit their 16th consecutive all-time high in September and now sit 51 percent higher than at the start of the pandemic.

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Judge approves U.S. REALTOR® group's \$418m sales commission settlement

Source: Reuters

A U.S. judge on Tuesday said he will give final approval to a \$418 million nationwide settlement to resolve claims that the National Association of REALTORS® (NAR) conspired with brokerages to inflate commissions that home sellers pay for residential real estate sales. U.S. District Judge Stephen Bough in Kansas City approved the accord at a hearing and said he will later issue a written order.

A lawyer for NAR, Ethan Glass, called the settlement a “path forward” for the industry at Tuesday’s hearing. NAR President Kevin Sears welcomed the court’s order in a statement after the hearing and said “principles of transparency, competition and choice are core to the settlement agreement.” The deal resolves claims that NAR violated antitrust law by requiring home sellers to agree to pay commissions to buyers’ agents in order to list their homes for sale. While commissions have long been negotiable in the state of California, NAR clarified its rules to remove that requirement for MLSs nationwide.

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U.S. home-price growth cooled in September

Source: HousingWire

U.S. home-price growth continued to cool in September. The S&P CoreLogic Case-Shiller national home-price index (HPI) rose 3.9 percent

annually to a reading of 324.80 in September, according to data released Tuesday. This increase is down from a 4.3 percent annual gain in August and a 5 percent jump in July, and it marks the lowest year-over-year increase since August 2023. Through the first nine months of 2024, annual home-price growth has averaged about 6 percent. Month over month, home prices were down 0.1 percent.

“Traditionally, the HPI has shown an increase in home price growth between August and September,” said Bright MLS Chief Economist Lisa Sturvesant. “This year, the September data could be indicative of a slowdown in home price appreciation in the months ahead.” Looking ahead, Sturvesant expects home-price growth to continue slowing as housing inventory continues to rise.

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Californians who left for remote work show signs of returning

Source: Newsweek

While reports have circulated that Americans are fleeing California to lower cost of living areas, the National Association of REALTORS has revealed that the state saw a surge in in-bound migration in recent years. California was the second most popular state for Americans to move to in 2022, according to NAR data. The report found California moves made up 9.4 percent of interstate moves nationally that year. Jessica Lautz, NAR deputy chief economist and vice president of research, said “Californians who flocked to other states with remote work flexibility are showing some signs of returning.”

In the 2024 report, California did not see high net migration numbers. Affordability was cited as a possible issue, especially as remote work continues to be available in many job sectors. However, the job market and the weather in the state has continued to draw people. Many are moving into or back to California to be closer to friends and family, Lautz said.

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Low-risk homes appreciate as climate concerns shift market

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Source: Inman

A recent Redfin analysis reveals that Americans are increasingly factoring natural disaster risk into their homebuying decisions, with homes in low-risk areas appreciating in value more quickly during the past year than those in high-risk areas. This marks the first time in over a decade that such a shift has occurred.

Redfin's analysis, based on climate-risk data from First Street and Redfin Estimates for nearly 93 million U.S. residential properties as of June 2024, compares home values from June 2023 against pre-pandemic levels in June 2019. The analysis examines the impact of three major climate risks – heat, flood and fire – on home values. Home values in both high- and low-risk areas have appreciated substantially from pre-pandemic levels. For example, properties in high-risk areas for fire have risen by 67.8 percent compared to a 57.2 percent increase for low-risk homes. However, a notable shift has emerged over the past year. Low-risk homes across all three climate risk categories have started gaining value faster than high-risk homes, a trend last observed in 2010. Homes with low risk of fire have

seen a 6.6 percent increase in value year over year, totally \$39 trillion, while those facing high fire risk have risen 6.4 percent to \$8.4 trillion.

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Homebuyer mortgage demand jumps 12% after first interest rate drop in over 2 months

Source: CNBC

Mortgage rates dropped last week, and homebuyers jumped off the fence. They drove total mortgage demand up 6.3 percent compared with the previous week, according to the Mortgage Bankers Association's seasonally adjusted index. Applications for a mortgage to purchase a home increased 12 percent for the week and were 52 percent lower than the same week one year ago.

The average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances of \$766,650 or less decreased to 6.86 percent from 6.90 percent, with points remaining unchanged at 0.70 (including the origination fee) for loans with a 20 percent down payment. Refinance demand dropped 3 percent for the week but were 119 percent higher than the same week one year ago.

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