



**Mortgage Rates Drop**

Fed Decision: **July 31, 2024**

In support of its goals, the Committee decided to **maintain** the target range for the federal funds rate at 5-1/4 to 5-1/2 percent.



The Federal Reserve stuck to script, holding monetary policy unchanged, **but strongly suggesting a rate cut is likely in September.** The inflation data must cooperate for the Fed to follow through, but all indications are that it will. Global investors are cheered by this - stocks are up a lot and bond yields are down. As they should be. The economy is set to soft land.

**Mark Zandi**  
Chief Economist, Moody's Analytics



Mortgage rates declined to their lowest level since early February. Expectations of a Fed rate cut coupled with signs of cooling inflation bode well for the market, but apprehension in consumer confidence may prevent an immediate uptick as affordability challenges remain top of mind. Despite this, a recent moderation in home price growth and increases in housing inventory are a welcoming sign for potential homebuyers.

**Sam Khater**  
Chief Economist, Freddie Mac

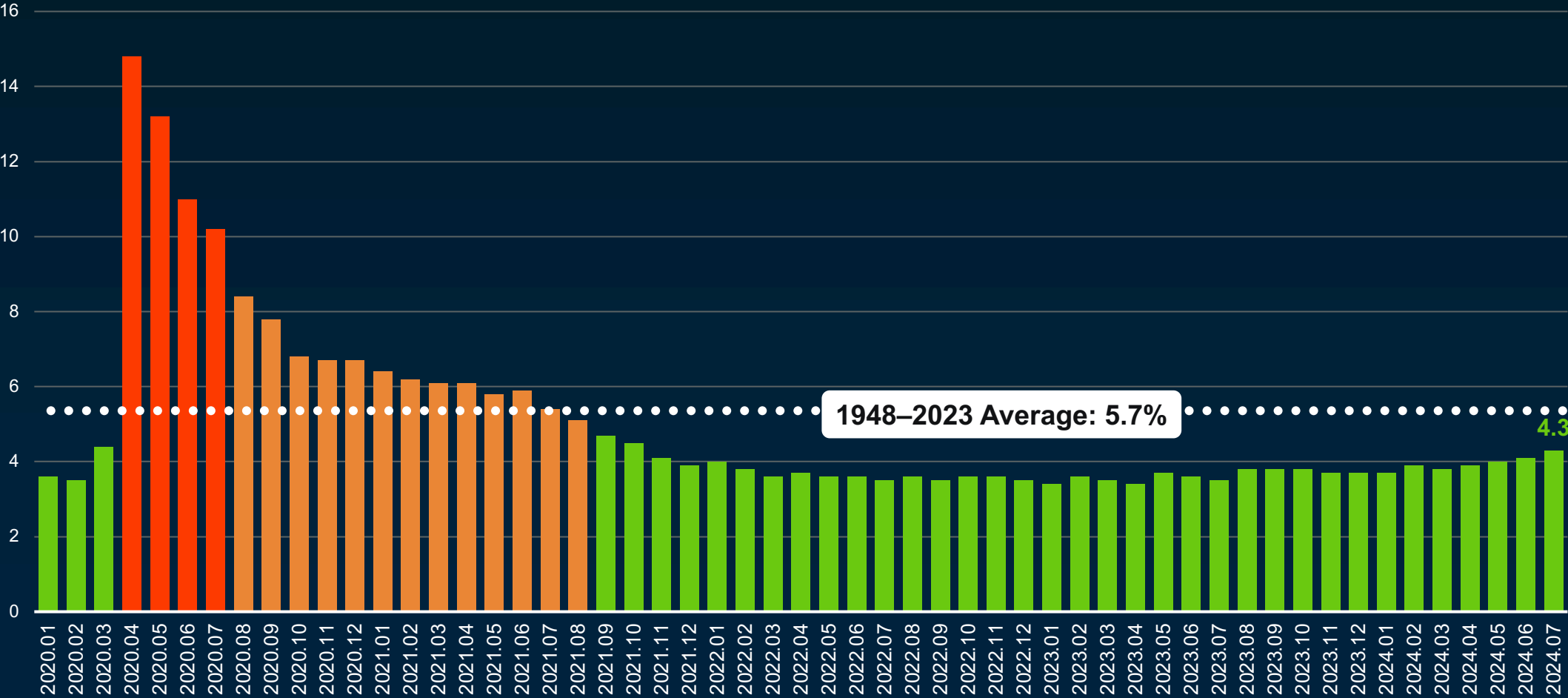


The unemployment rate rose by 0.2 percentage point to 4.3 percent in July, and the number of unemployed people increased by 352,000 to 7.2 million. These measures are higher than a year earlier, when the jobless rate was 3.5 percent, and the number of unemployed people was 5.9 million.

**U.S. Bureau of Labor Statistics**

# Unemployment Rate Rises Again

Unemployment Rate Rose 0.2 Percentage Points to 4.3% in July  
(Seasonally Adjusted)



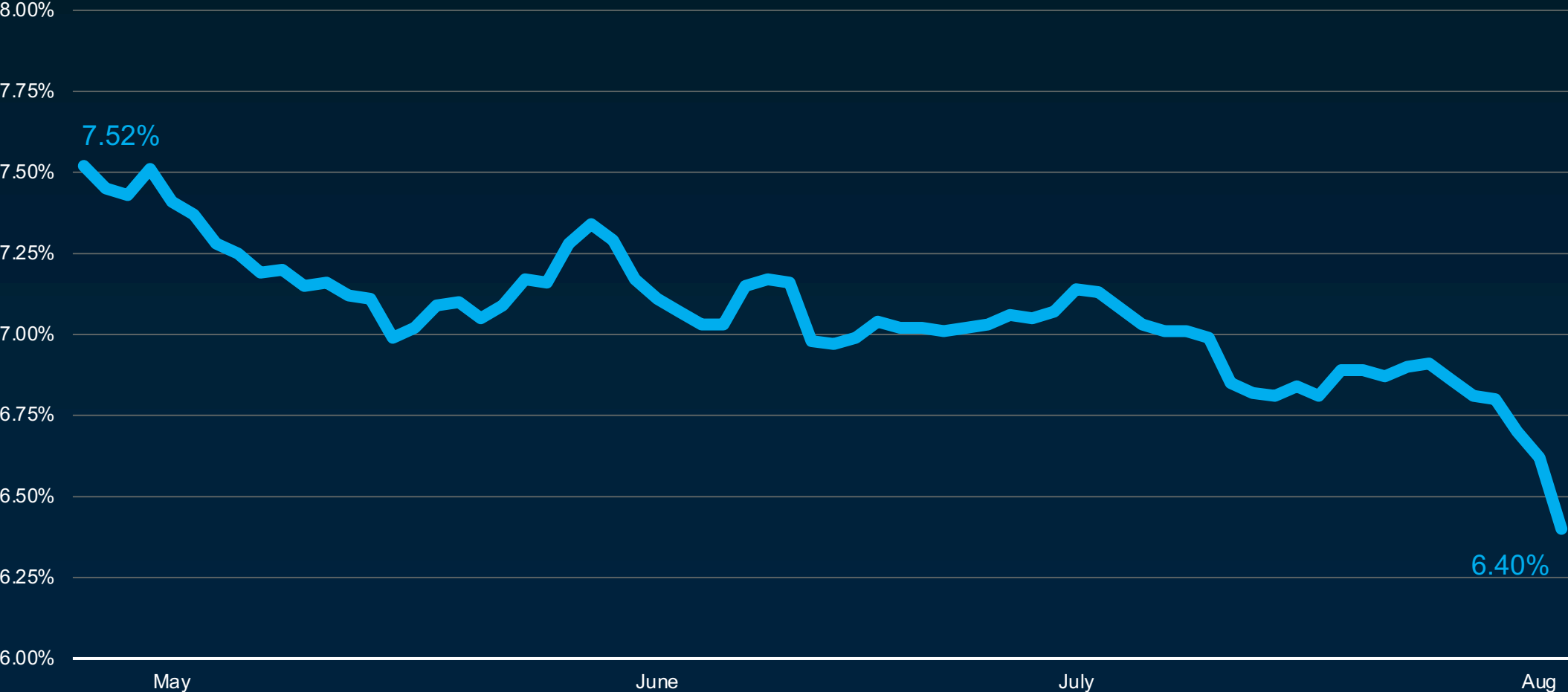


Mortgage rates are plunging on the news of weak job growth and rising unemployment.

**Lawrence Yun**  
Chief Economist, NAR

# Mortgage Rates Dip to Lowest Level Since February

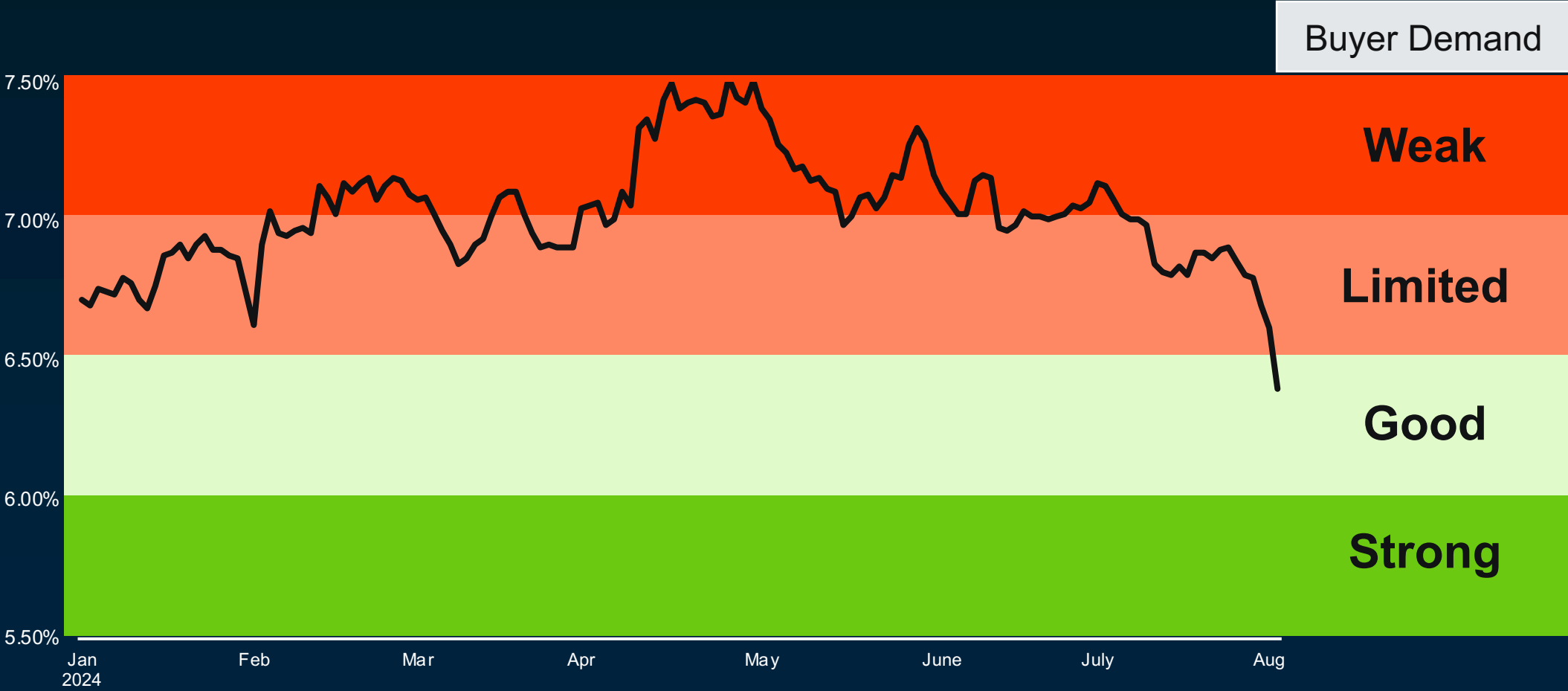
April 2024–Today, U.S. *Daily* 30-Year Fixed Mortgage Rate





# Demand Based on Rate Environment

Mortgage News Daily Rate: 30-Year Fixed Rate in 2024



# The Drop in Mortgage Rates

April 2024		Now	
Loan Amount:	\$500,000	Loan Amount:	\$500,000
Mortgage Rate	7.52% (04/25/2024)	Mortgage Rate	6.40% (08/02/2024)
<b>Monthly Payment</b>	<b>\$3,502.92*</b>	<b>Monthly Payment</b>	<b>\$3,127.53*</b>
<b>Difference in Monthly Payment:</b>		<b>\$375.39</b>	
<b>Difference over the Life of the Loan (30 Years):</b>		<b>\$135,140.40</b>	

*\*Principal and Interest Payment.*

*Total Monthly payment may vary based on loan specifications such as property taxes, insurance, HOA dues, and other fees. Interest rates used here are for marketing purposes only. Consult your licensed Mortgage Advisor for current rates.*



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**There is a large pent-up, stored demand that could be released into the marketplace when conditions improve—lower mortgage rates and more inventory.**

Inventory is finally turning up—up about 15%—and that likely is an early leading indicator that we may finally see more home sales as conditions improve.

**Lawrence Yun**  
Chief Economist, NAR



Listings have trended generally upward of late, suggesting to us that a rising number of current homeowners can no longer put off moving.

**Doug Duncan**  
Senior VP and Chief Economist, Fannie Mae



The hopes for lower interest rates need the reality check that 'lower' doesn't mean we're going back to 3% mortgage rates. Mortgage rates are 7% now and the best we may be able to hope for over the next year is 5.5 to 6%.

**Greg McBride**  
Chief Financial Analyst, Bankrate



Goldman: “we now expect consecutive 25bp rate cuts in Sept, Nov, and Dec ... the slowdown in job growth in the July report likely overstates the decline in the underlying trend, but if the August employment report is also weak ... then a 50bp cut would become likely”

**Bill McBride**

Author, Calculated Risk

# Home Prices





**Expert forecasts lean towards a moderation in home price growth over the next five years.**

This translates to a slower and more sustainable pace of appreciation compared to the breakneck speed witnessed in recent years, rather than a freefall in prices.

**Norada Real Estate Investments**



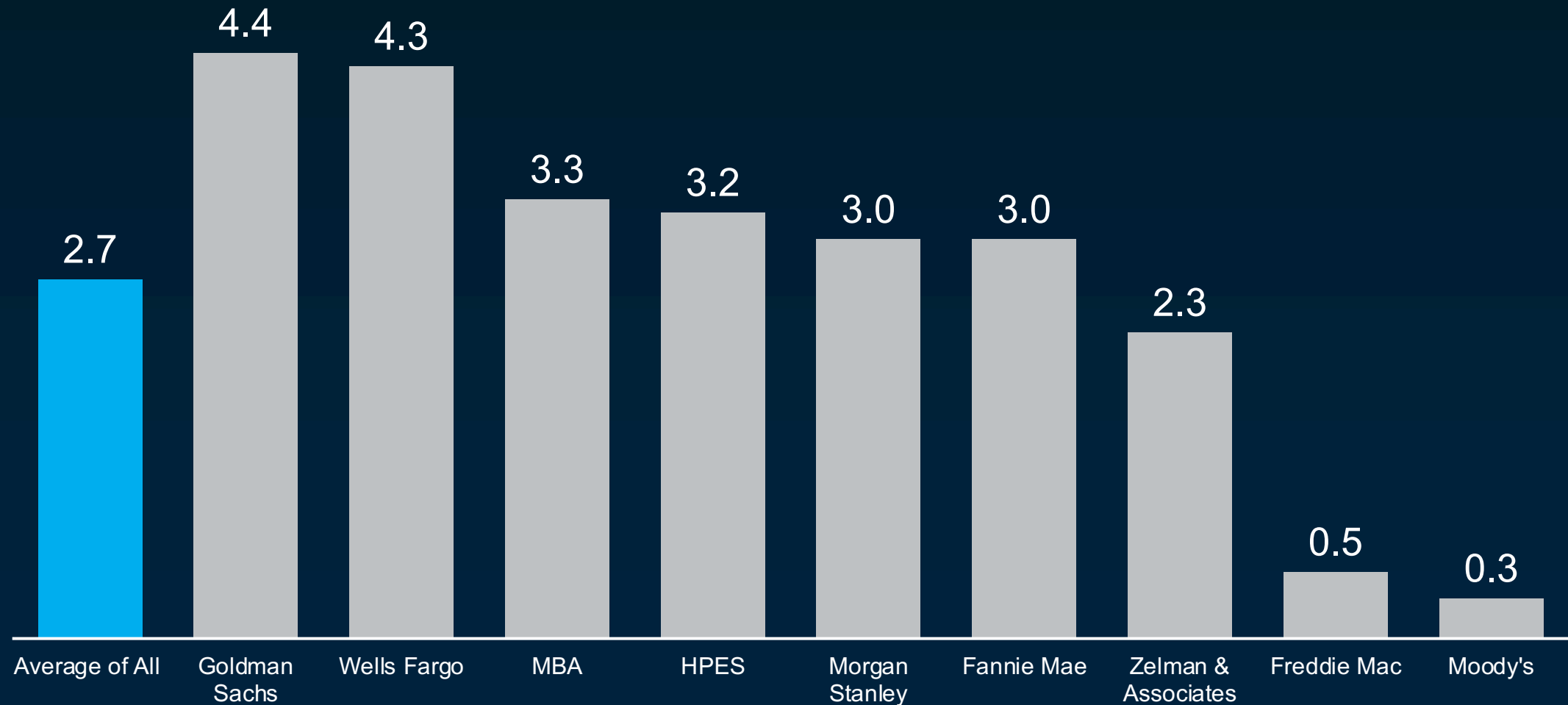
# 2024 Home Price Forecasts

Percent Appreciation/Depreciation as of 8/5/2024



# 2025 Home Price Forecasts

Percent Appreciation/Depreciation as of 8/5/2024





Even if the average national home price forecast for 2025 is correct, it's possible that some regional housing markets could see mild home price declines, while some markets could still see elevated appreciation. That has been, after all, the case this year.

**Lance Lambert**  
Co-Founder, ResiClub



While housing affordability is low for potential first-time home buyers, **slowing price appreciation and lower mortgage rates could help** — so the dream of homeownership isn't boarded up just yet.

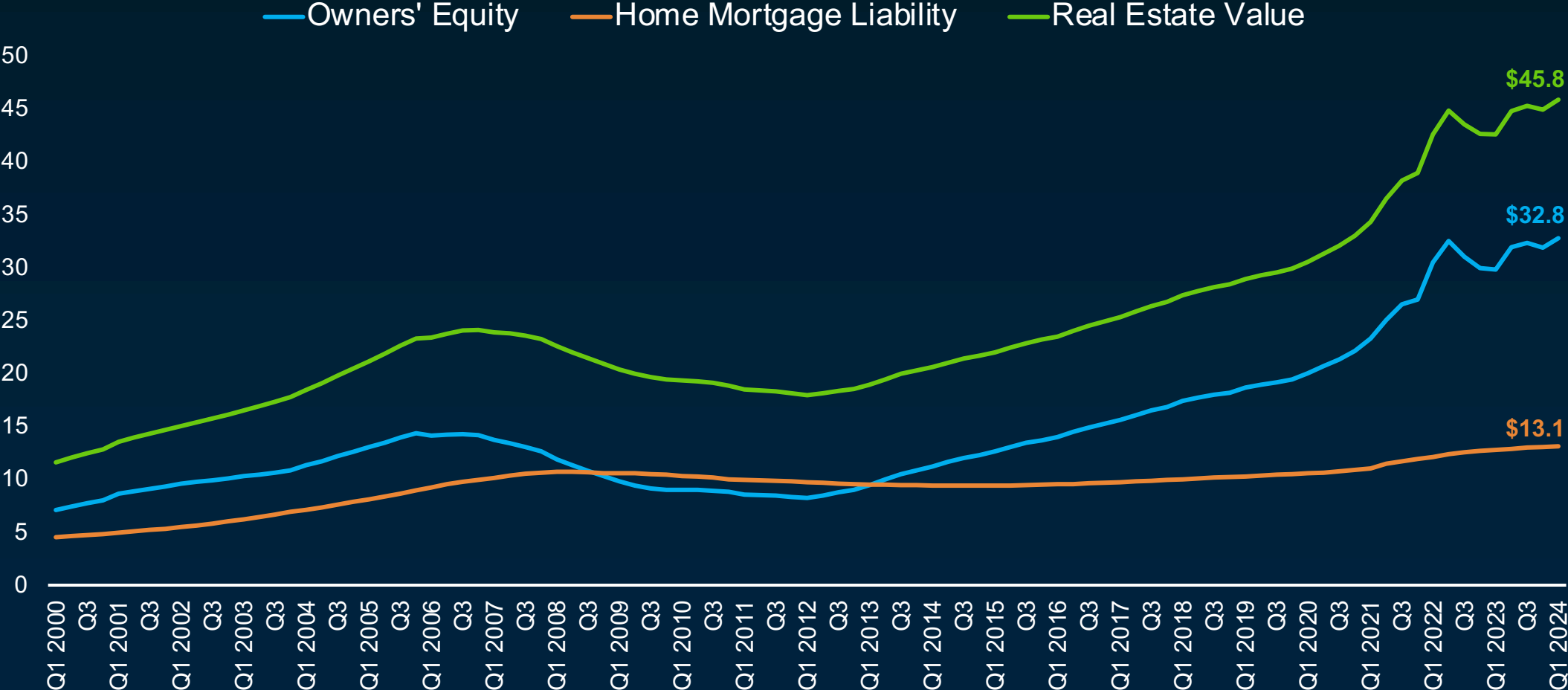
**Odetta Kushi**  
Deputy Chief Economist, First American



# Equity and Capital Gains

# Home Value, Equity, and Debt

In Trillions



Source: St. Louis Fed

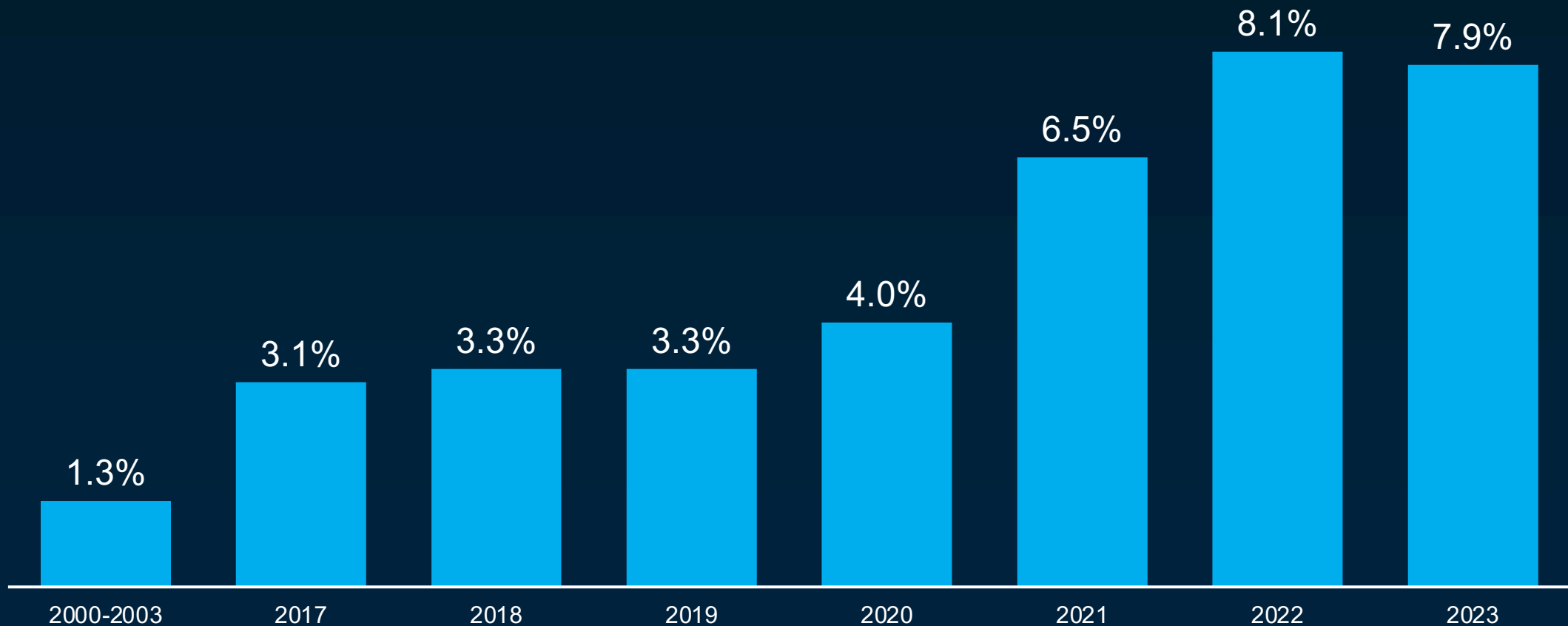


For decades, few homes appreciated enough in value between purchase and sale to exceed the half-million-dollar exemption cap. But a recent report from CoreLogic found that last year, 229,600 homes sold in the U.S., or 7.9% of all transactions, had gross capital gains above \$500,000, potentially triggering tax liability. That's up from an annual share of 1.3% 20 years ago.

Realtor.com

# More Homeowners Paying Capital Gains Taxes Due To Strong Price Growth

Annual Percent of Home Sales with Gross Capital Gains Above \$500,000







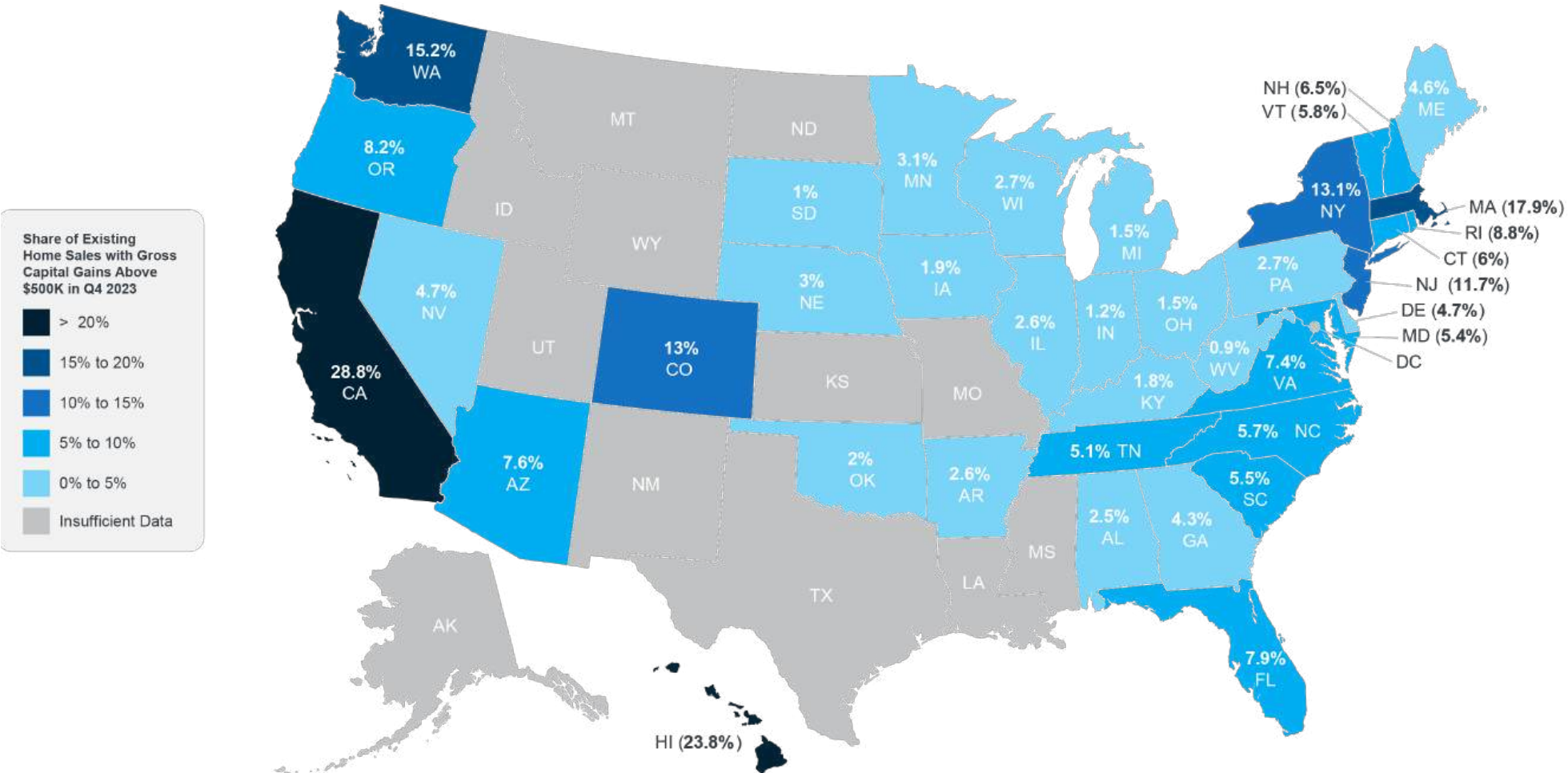
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For most homeowners, the capital gains exclusion, which allows you to pocket the first \$250,000 — \$500,000 if you're married — in gains on the sale of your home, without having to pay taxes on them, means that you're not likely to pay taxes on the proceeds from your home sale. **But homeowners who have lived in their home for a long time or have seen substantial home gains should be aware of the potential tax impact.**

**Danielle Hale**  
Chief Economist, Realtor.com

# Share of Home Sales Facing Capital Gains Taxes

Gross Capital Gains Above \$500K in Q4 2023





Navigating the tax rules of selling a real estate or an investment property can be complex. Long- or short-term capital gains tax will apply upon sale, depending on how long you owned the house. But there are also ways to minimize or defer taxes on these types of properties. Consider speaking with a tax advisor or financial advisor to learn more.



Don't wish it were easier, wish you were better. Don't wish for fewer problems, wish for more skills. Don't wish for less change, wish for more wisdom.

Jim Rohn



# Resources

Slide(s)	Description	Link(s)
4	Fed Decision	<a href="https://www.federalreserve.gov/monetarypolicy/files/monetary20240131a1.pdf">https://www.federalreserve.gov/monetarypolicy/files/monetary20240131a1.pdf</a>
5	Zandi Quote	<a href="https://x.com/Markzandi/status/1818727797894136041">https://x.com/Markzandi/status/1818727797894136041</a>
6	Khater Quote	<a href="https://freddiemac.gcs-web.com/node/29141/pdf">https://freddiemac.gcs-web.com/node/29141/pdf</a>
7	BLS Quote	<a href="https://www.bls.gov/news.release/empsit.nr0.htm">https://www.bls.gov/news.release/empsit.nr0.htm</a>
8	Unemployment Rate Graph	<a href="https://www.bls.gov/news.release/empsit.nr0.htm">https://www.bls.gov/news.release/empsit.nr0.htm</a> <a href="https://www.bls.gov/news.release/empsit.a.htm">https://www.bls.gov/news.release/empsit.a.htm</a>
9	Yun Quote – Rates	<a href="https://www.nar.realtor/blogs/economists-outlook/instant-reaction-jobs-august-2-2024">https://www.nar.realtor/blogs/economists-outlook/instant-reaction-jobs-august-2-2024</a>
10	Mortgage Rates Graph	<a href="https://freddiemac.gcs-web.com/node/29141/pdf">https://freddiemac.gcs-web.com/node/29141/pdf</a> <a href="https://www.freddiemac.com/pmms">https://www.freddiemac.com/pmms</a>
11	Demand & Rates Graph	<a href="https://www.mortgagenewsdaily.com/mortgage-rates">https://www.mortgagenewsdaily.com/mortgage-rates</a>

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12	Mortgage Payment Table	<a href="https://www.freddiemac.com/pmms">https://www.freddiemac.com/pmms</a> <a href="https://www.mortgagenewsdaily.com/mortgage-rates">https://www.mortgagenewsdaily.com/mortgage-rates</a> <a href="https://www.mortgagecalculator.net/">https://www.mortgagecalculator.net/</a>
13	Yun Quote – Demand	<a href="https://www.nar.realtor/magazine/real-estate-news/5-market-opportunities-as-home-sales-eye-turnaround">https://www.nar.realtor/magazine/real-estate-news/5-market-opportunities-as-home-sales-eye-turnaround</a>
14	Duncan Quote	<a href="https://www.cnbc.com/2024/06/10/heres-what-to-expect-from-the-housing-market-in-the-second-half-of-2024.html">https://www.cnbc.com/2024/06/10/heres-what-to-expect-from-the-housing-market-in-the-second-half-of-2024.html</a>
15	McBride Quote – Rates	<a href="https://www.bankrate.com/mortgages/mortgage-rates-sentiment-survey/">https://www.bankrate.com/mortgages/mortgage-rates-sentiment-survey/</a>
16	McBride Quote – Goldman	<a href="https://x.com/calculatedrisk/status/1819385780923781268">https://x.com/calculatedrisk/status/1819385780923781268</a>
18	Norada Quote	<a href="https://www.noradarealestate.com/blog/real-estate-forecast-next-5-years/">https://www.noradarealestate.com/blog/real-estate-forecast-next-5-years/</a>

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19	2024 Price Forecasts	<a href="https://www.fanniemae.com/media/52501/display">https://www.fanniemae.com/media/52501/display</a> <a href="https://img03.en25.com/Web/MortgageBankersAssociation/%7B60d4f010-5e1c-4c57-8ad5-4c884308c32c%7D%20Mortgage%20Finance%20Forecast%20Jul%202024.pdf">https://img03.en25.com/Web/MortgageBankersAssociation/%7B60d4f010-5e1c-4c57-8ad5-4c884308c32c%7D Mortgage Finance Forecast Jul 2024.pdf</a> <a href="https://pulsenomics.com/surveys/">https://pulsenomics.com/surveys/</a> <a href="https://x.com/NewsLambert/status/1797659853403672983/photo/1">https://x.com/NewsLambert/status/1797659853403672983/photo/1</a> <a href="https://cdn.nar.realtor/sites/default/files/documents/forecast-q2-2024-us-economic-outlook-06-27-2024.pdf">https://cdn.nar.realtor/sites/default/files/documents/forecast-q2-2024-us-economic-outlook-06-27-2024.pdf</a> <a href="https://www.zillow.com/research/home-value-sales-forecast-33822/">https://www.zillow.com/research/home-value-sales-forecast-33822/</a> <a href="https://www.freddiemac.com/research/forecast/20240418-economic-growth-moderated-labor-market-robust">https://www.freddiemac.com/research/forecast/20240418-economic-growth-moderated-labor-market-robust</a>

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20	2025 Price Forecasts	<a href="https://www.fastcompany.com/91152396/housing-market-outlook-for-2025-early-home-price-predictions">https://www.fastcompany.com/91152396/housing-market-outlook-for-2025-early-home-price-predictions</a> <a href="https://img03.en25.com/Web/MortgageBankersAssociation/%7B60d4f010-5e1c-4c57-8ad5-4c884308c32c%7D_Mortgage_Finance_Forecast_Jul_2024.pdf">https://img03.en25.com/Web/MortgageBankersAssociation/%7B60d4f010-5e1c-4c57-8ad5-4c884308c32c%7D_Mortgage_Finance_Forecast_Jul_2024.pdf</a> <a href="https://www.fanniemae.com/media/52501/display">https://www.fanniemae.com/media/52501/display</a> <a href="https://pulsenomics.com/surveys/">https://pulsenomics.com/surveys/</a>
21	Lambert Quote	<a href="https://www.resiclubanalytics.com/p/early-predictions-national-home-prices-2025-according-8-major-research-groups">https://www.resiclubanalytics.com/p/early-predictions-national-home-prices-2025-according-8-major-research-groups</a>
22	Kushi Quote	<a href="https://x.com/NatMortgageNews/status/1810856489231217052">https://x.com/NatMortgageNews/status/1810856489231217052</a>
24	Value, Equity, Debt Graph	<a href="https://fred.stlouisfed.org/tags/series?t=real+estate">https://fred.stlouisfed.org/tags/series?t=real+estate</a>



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25	Realtor.com Quote	<a href="https://www.realtor.com/news/trends/capital-gains-taxes-real-estate-home-selling/">https://www.realtor.com/news/trends/capital-gains-taxes-real-estate-home-selling/</a>
26	Capital Gains Graph	<a href="https://www.corelogic.com/intelligence/unexpected-surprise-more-homeowners-paying-capital-gains-taxes-strong-price-growth/">https://www.corelogic.com/intelligence/unexpected-surprise-more-homeowners-paying-capital-gains-taxes-strong-price-growth/</a>
27	Hale Quote	<a href="https://www.msn.com/en-us/money/realestate/housing-market-2024-6-factors-to-consider-before-selling-your-home/ar-AA1nS8B8">https://www.msn.com/en-us/money/realestate/housing-market-2024-6-factors-to-consider-before-selling-your-home/ar-AA1nS8B8</a>
28	Capital Gains Map	<a href="https://www.realtor.com/news/trends/capital-gains-taxes-real-estate-home-selling/">https://www.realtor.com/news/trends/capital-gains-taxes-real-estate-home-selling/</a>
29	NerdWallet Quote	<a href="https://www.nerdwallet.com/article/taxes/selling-home-capital-gains-tax">https://www.nerdwallet.com/article/taxes/selling-home-capital-gains-tax</a>
30	Rohn Quote	<a href="https://x.com/OfficialJimRohn/status/1055610033784999936?!lang=en">https://x.com/OfficialJimRohn/status/1055610033784999936?!lang=en</a>