



SIRVA MORTGAGE: INDUSTRY SNAPSHOT

May 2024

A Quick Update on the Latest Market Trends

The following update was curated by industry experts at Sirva Mortgage specifically for you and other global mobility professionals. Visit our [industry snapshot web page](#) to view additional updates.

INTEREST RATES



Uncertainty around the Federal Reserve rate cuts this year are keeping mortgage interest rates closer to 7%. The U.S. economy remains strong, and inflation rose to 2.3% in February which is above the central bank's 2% target. Forecasts on interest rates have many expecting the first rate cut won't be until the fourth quarter of 2024, or possibly not until 2025.

RENTAL MARKET

The median asking rent in March was just \$67 below the record high in August 2022. The number of new apartment constructions remains high, which will help prevent rents from increasing dramatically in the near future. Rents are holding in the Midwest and Northeast because those regions have not been building as much as in the South and West.



NEW CONSTRUCTION



Would-be homebuyers are focusing on new construction. New homes have more incentives and higher availability than existing homes. Homebuilders are increasingly building smaller and more affordable homes to attract buyers, resulting in a decrease in the median sales price from a year ago. Builders continue to offer incentives such as price reductions, interest rate buy-downs, and closing cost credits.

AGENT COMPENSATION

Fannie Mae and Freddie Mac each confirmed that if a seller or seller's agent continues to pay the buyer agent's commission, the amount is not required to be counted towards interest party contributions (IPC) limits. Additional clarification is still needed from the Department of Veterans Affairs (VA), which currently prohibits Veterans and active-duty service members from paying any portion of brokerage commission when purchasing a home with a VA mortgage.



SAM SIMMERMAN

Manager, Loan Production, Sirva Mortgage

"In today's interest rate environment, potential homebuyers face the choice of purchasing now at current rates against the cost of waiting for rates to drop. While waiting may seem like the safer decision it can mean potentially missing out on thousands of dollars in lost equity as well as increased competition when other potential buyers flood the market."

US HOUSING IMPACT ON TRANSFERRING EMPLOYEES

A continued shortage of available properties is expected to continue as we enter the spring housing market. Sellers should expect their homes to sell quickly, however, with

interest hovering around 7% and home prices continuing to increase, affordability remains a challenge for potential buyers.

INSIDER TIPS



Many relocating employees prefer to purchase and close on their new home prior to starting their new position, and therefore prior to receiving any of their new, potentially higher income. Lenders typically require a paystub to support the income used to qualify for the loan. In lieu of a paystub, the lender can accept the employee's offer or contract for future employment, provided certain conditions are met. For example:

- ✓ The offer or contract must be signed and accepted by both the employer and the employee, must be non-contingent, and should clearly identify the terms of employment, such as position, type and rate of pay, and start date
- ✓ The employee's start date must be no later than 90 days after closing on the new home

Additional assets are also required to support the new monthly payment and/or other monthly liabilities. For more information on this topic, please reach out to your Sirva Mortgage representative.

Questions? Contact a Sirva Mortgage Director of Client Services.

Contact Me

Sources:

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