



Consumer-Oriented Information & Advice to Save Money and Time
• Mortgage • Real Estate • Personal Credit & Finance • Home Improvement

“From My Home To Yours”

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HAPPY NEW YEAR!

2024 MORTGAGE RATE RECAP

I hope you've enjoyed the holiday season and that this newsletter finds you and your family healthy, happy, and prosperous.

I hope you find my articles to be “News That You Can Use,” or at least find interesting. I also include your 2025 magnetic calendar and kitchen conversion chart (last page). I use that chart plenty each year!

Instead of the usual real estate tips, I chose a recipe theme calendar this year. I'm especially excited to try the recipe in May – Butterscotch Brickle Cookies. Yummy! Please let me know how it turns out if you try this one.

For me, 2024 was once again a challenging year, navigating the same, intransigent, and difficult macro-economic and housing trends since 2020, which has resulted in fewer sales and even fewer refinancing opportunities.

Mortgage companies have continued to close or consolidate and mortgage originators are exiting the profession or are becoming self-employed Brokers.

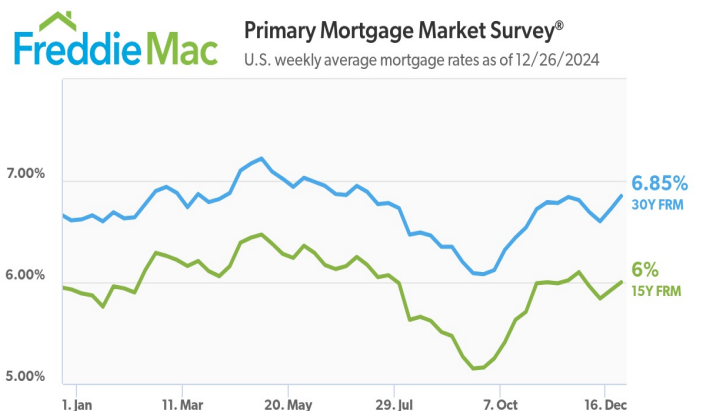
Because of these trends, 2024 was once again a survival year for me, completing my 34th year in business on my own. I'm proud to report that my 100% referral rate and 100% mortgage approval rate are still intact and all real estate transactions resulted in a no surprise, happy client outcome!

As always, feel free to call me with any questions – there is never a charge nor obligation. And I hope that if you were satisfied with my service and pricing, you will present me with the best compliment I could receive: a referral to assist a family member, friend, or co-worker.

Best wishes and enjoyment of winter's remainder!

Thank You! Laurence

The high point May 2nd was 7.22% (30-yr) and 6.47% (15-yr). The low point September 26th was 6.08% (30-yr) and 5.16% (15-yr). The ending levels in the year (shown below in chart) reflect a slight increase in the levels, ending in 2023 (6.61% - 30 yr & 5.93% (15-yr). For those of you with 2nd mortgages that are lines of credit, aka “HELOCs,” prime rate is now at 7.50% (1.0% lower than 2023, but 4.25% higher than 2020).



The rates noted take into consideration the points an applicant paid. So, in other words, the chart should be illustrating ~ 0.375% higher for a rate costing 0 points.

The movements in the chart relate to market expectations of the Federal Reserve's (“Fed”) policy moves in reaction to economic data releases. The data was confirming that inflation was indeed coming down and thus the Fed would cut rates throughout the year (2, quarter point and 1, half point = 1%), thus the decline from the high point to the low point.

Low point to current point: The Fed did not anticipate the market's reaction to their mid-September cut, as the data was suggesting a resilient economy, employment still strong with significant wage gains, housing prices still increasing, and inflation remaining stubbornly above the Fed's target of 2.0%.

2024 HOUSING MARKET RECAP - National

Previously, I described 2022 as the “Tipping Point,” with regard to the appreciation rate of home prices, and indeed it was. While residential real estate has continued to appreciate, it has been at a slower rate, even mildly slower than in 2023. I think this slower appreciation trend will continue through 2025. {See “Outlook” article on p.6 for more.}

Median Price of Existing Home Sales:

- 11/2024, \$406k -11/2023, \$406k -11/2022, \$373k
11/2020, \$311K {up 31% in past 4 years}

Existing Home Sales:

-11/2024, 4.15M - 10/2023, 3.85M -11/2020, 6.60M
{So in November, we’re 8% above the low point, but 37% from the high point.}

*Interesting Factoid: The Northeast region of the country only accounts for 12% of all existing home sales.
– West, 19% – Midwest, 24% – South, 45%*

Why the continued Seller’s Market, albeit more “normalized?” The answer always is rooted in the fundamental components of supply and demand.
1) Supply (existing & new construction inventory): Sellers are living in their homes longer: Living longer, ability to “live in place,” ability to finance home repairs and large improvements to better enjoy “living in place,” enjoying an extremely low mortgage interest rate, thus making it possibly more expensive to move, and greater ability to work from home.

Builders continue to rationalize the same problems that minimize their production volume – higher costs for land acquisition, regulatory compliance, labor, wood/materials, etc.

2) Demand: It continues to be huge, mainly stemming from the Millennial generation, the largest generation, and now the “Gen Z” generation which has come into home buying age. Also, immigration continues to outpace the part of the existing population that died.

Buyers adjusted to new, norm levels of elevated mortgage interest rates, property taxes, homeowner’s insurance, and HOA fees, as they always have, just a matter of time.

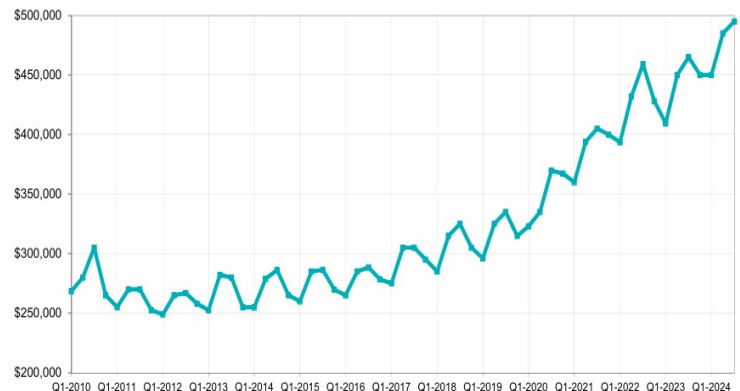
National Re-Cap of 2024: Despite the extra Buyer challenges, there was still more demand than supply.

2024 HOUSING MARKET RECAP - Local

Bucks County

3rd Qtr (Y-o-Y): 1.7 months supply of inventory* (up 6%), the median sales price \$495k (up 6.5%), 100.2% of original price received (down 0.7%), homes for sale 856 (up 9.5%). *Local example – zip code 18960 (West Rockhill Twsp): The median sales price decreased 1% to \$410k and 100.9% of original sales price received.*

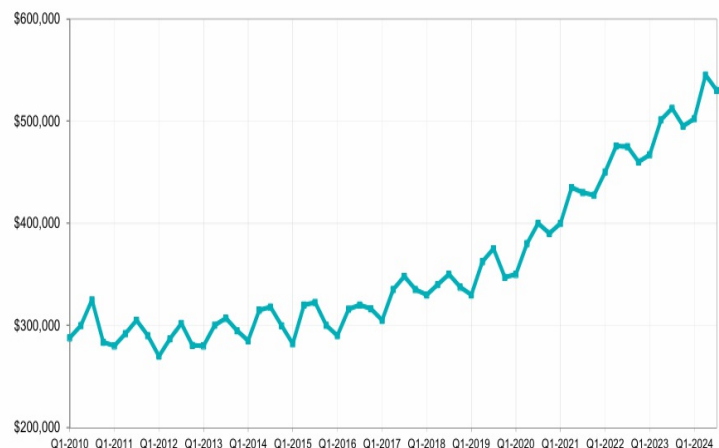
Historical Median Sales Price for Bucks County, PA



Chester County

3rd Qtr (Y-o-Y): 1.7 months supply of inventory* (down 6%), median sales price \$530k (up 3%), 101.3% of original price received (down 1.5%, homes for sale 785 (down 4%). *Local example – zip code 19320 (greater Coatesville area): The median sales price increased by 5% to \$350k and 101.4% of original sales price received (down 1.7%).*

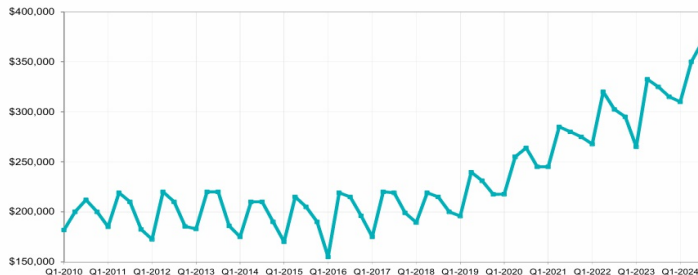
Historical Median Sales Price for Chester County, PA



Delaware County

3rd Qtr (Y-o-Y): 1.6 months supply of inventory* (down 16%), median sales price \$370k (up 14%), 100% of original price received (down 0.7%), homes for sale 768 (down 11%). *Local example, zip code 19064 (Marple area): Median sales price \$454k (up 4%) and 102.6% of original price received (down 0.6%).*

Historical Median Sales Price for Delaware County, PA



Lancaster County

3rd Qtr (Y-o-Y): 1.6 months supply of inventory* (up 7%), median sales price \$340k (up 5%), 103% of original price received (down 0.6%), homes for sale 619 (up 2%). *Local example, zip code 17601 (Manheim Twp. area): Median sales price increased 4% to \$398.5k and 104% of original sales price received (up 0.2%).*

Historical Median Sales Price for Lancaster County, PA



Montgomery County

3rd Qtr (Y-o-Y): 1.4 months supply of inventory* (down 18%), median sales price \$440k (up 7%), 102% of original price received, homes for sale 933 (down 42%). *Local example, zip code 19446 (Lansdale area): Median sales price \$450k (down 3%) and 104% of original sales price received.*

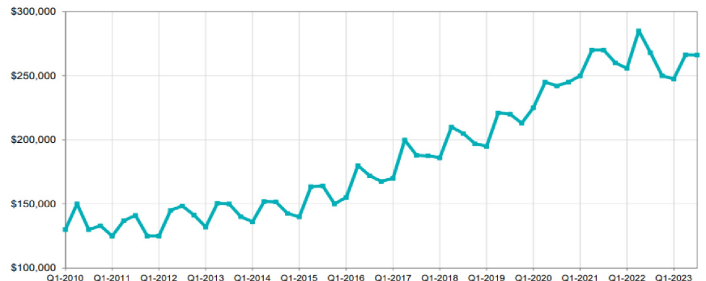
Historical Median Sales Price for Philadelphia County, PA



Philadelphia County:

3rd Qtr (Y-o-Y): 3.9 months supply of inventory* (down 13%), median sales price \$270k (up 2%), 96% of original price received (up 0.4%), homes for sale 4,585 (down 13%). *Local example, zip code 19125 (Fishtown area): Median sales price \$416k (up 9%) & 95% of original sales price received (down 1.3%).*

Historical Median Sales Price for Philadelphia County, PA



* A "balanced market" is considered a 4-6 months supply.

LOCAL MARKET RECAP - SUMMARY

In 2024, our local market performance was better than the national and our MLS regional figures – better for sellers, that is. Southeastern PA had higher appreciation rates and lower inventory compared with the regional and national figures. Call me biased, but I guess our area is a good place to live and work – see PA and Municipal Kudos articles below.

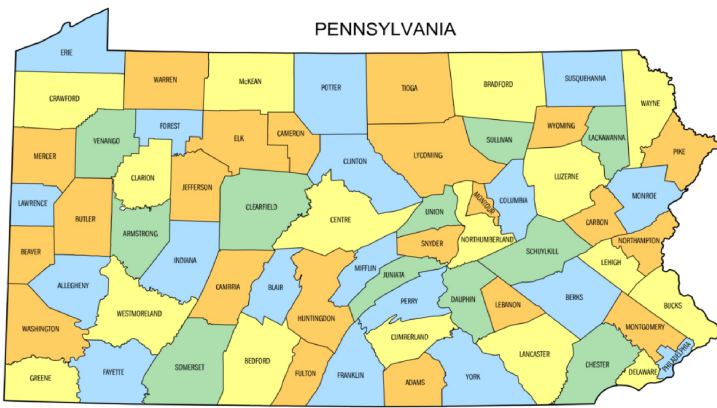
Want to know the statistics in your particular municipality or zip code? Feel free to shoot me an email or call. The county stats are updated monthly or quarterly within my **PRC** website for your ready reference.



2024 HOME IMPROVEMENT COST vs. VALUE

Here are the top 7 home improvement projects, in the Philadelphia region, with respect to the cost recouped in appreciation.

- 1) 190% return – Garage Door Replacement
 - 2) 181% return – Manufactured Stone Veneer
 - 3) 137% return – Entry Door Replacement (steel)
 - 4) 110% return – Grand Entrance (fiberglass)
 - 5) 89% return – Siding Replacement (vinyl)
 - 6) 84% – Minor Kitchen Remodel (mid-range)
 - 7) 81% return – Deck Addition (wood)
- {a composite addition only garnered a 64% return}



STATE KUDOS

- 7th Best State to live in 2024, according to WalletHub, in an analysis of 51 factors, grouped into the 6 following categories: affordability, economy, education, quality of life, health, and safety.
- 13th Most Fun State in 2024, according to WalletHub
- 5th Most Affordable State for Homebuyer, according to an analysis by BestBrokers.

MUNICIPAL KUDOS

- Camp Hill: Nationwide, scored as the best place to retire, according to GoBankingRates.
- Bucks County: Nationwide, scored as the number 1 destination for fall foliage, according to Priceline.
- Upper Merion: Nationwide, 2nd best place to live for families, according to Fortune.
- City of Lancaster: Nationwide, ranked 8th best small city, according to WalletHub.
- Scranton: Nationwide, ranked 5th for city with the lowest cost of living, according to Realtor.com.

STATE TAXES

- Income Tax: 0 increase in 2025 – same at 3.07%.
- Gasoline Tax: 0 increase in 2025 for – same at 57.6 cents/gallon. PA is the 3rd most expensive state to buy gasoline, according to the Tax Foundation.
- Turnpike: Tolls will increase 5% in 2025.

*•You must look at facts because they look at you.
•We make a living by what we get, but we make
a life by what we give.*

– Winston Churchill

2025 BENEFIT INCREASES

- Social Security benefits will increase 2.5% in 2025 (up 3.2% in '24 and up 8.7% in 2023, the largest increase since 1981).
- 401(k) & 403(b) Plans → max contribution increase of \$500 in 2025 to \$23,500 and “catch-up amount” increased by \$3,750 to \$11,250 for those aged 60-63 in 2025.

2025 COUNTY PROPERTY TAX CHANGES

- Berks: 8% increase
- Bucks: 0 increase
- Chester: 13.4% increase
- Delaware: 23.0% increase
- Lancaster: 0 increase (12th year consecutively)
- Montgomery: 9.0% increase
- Philadelphia: tax rate the same, however 580,000 properties were reassessed in 2024 with the result that the average tax increase will be \$330/year.

NEWER HOME GIZMOS

Re-Thinking Home Wi-Fi Network: Wi-Fi 7: Besides being nearly 3x faster than Wi-Fi 6, it has Multi-Link Operation (MLO), which can send data across multiple frequency bands simultaneously, reducing latency and improving efficiency.

Router system that provides for a “mesh network.” This will eliminate dead zones and provide stable connectivity throughout your home – especially important, the more “smart” you want to make it.

Re-Thinking Door Bells: Door bells that connect to your phone, have cameras, etc. – getting better & cheaper.

Re-Thinking Glass Doors: Yes, there are “smart glass doors” now. Directly, remotely, or pre-programmed, you can change the glass from clear to opaque.

Re-Thinking Door Locks: Various “smart” options, with the latest being a fingerprint based unlocking system.

Re-Thinking Lighting: Integrating within home “smart” systems, allowing customizable color and brightness.



MORTGAGE PROGRAMS & PROCESS UPDATE



Appraisals:

1) In 2025, there will be a drastic change in the appraisal reports themselves, mainly for the benefit of lenders as the reports will become even more digitized, more interactive, and cloud-based. Expect higher costs and longer turn-around times, as the industry adjusts to the new standard.

2) Reconsideration of Value (“ROV”): Lenders are now required to have uniform mandated policies in effect if the borrower (the payer of the cost) disagrees with the appraisal facts or selection (or lack thereof) of the comparative sales used by the appraiser. The lender now must provide the borrower with a, yet another, disclosure specifying their process to dispute, aka ask for a “reconsideration of value.” The lender is mandated to analyze the dispute. Furthermore, if there’s a material deficiency found in the appraisal by the lender that remains uncorrected by the appraiser, that lender is now required to report the appraiser to the state licensing authority.

3) Appraisal Waivers: More & more common now, with the possibility increased for at least a 10% down payment on purchase loans (previously 20%).

Technology: The mortgage lending process continues to evolve and get smarter. The pro is that customers need to produce less documentation and transaction times have decreased. Hard to believe, but if there are no surprises, and all 3rd-parties involved in a transaction are on top of their game, a mortgage can really close in 30 days.

Conforming loan limits: Increased to \$806,500 for 2025, up 5.2% from 2024, up 5.6% from 2023. Thus, more buyers will be able to secure better rates and terms versus a “Jumbo” loan (over that limit).

1st-Time Homebuyers – The area median income (AMI) limits will increase in 2025. Certain perks (pricing and qualification criteria) exist for those whose qualifying income is less than 80% of AMI. For most in our geographic area, this translates to an income limit of \$91,760. Also, there is a greater abundance of potential grants and permitted loans available and all more easily accessible: See

[Downpayment Assistance Lookup.](#)

2024 HOME BUYERS & SELLERS PROFILE*

Characteristics of Home Buyers

- 24% (lowest ever) were first-time buyers (32% in ‘23, 26% in ‘22, 34% in ‘21, 50% in ‘10). *40% was the historic norm, prior to 2008.*
- 38 (highest ever) was median first-time buyer age (35 in ‘23, 36 in ‘22, 33 in ‘21, 29 in ‘81).
- 56 (highest ever) was the median age of all buyers (49 in ‘23) • 62% were married couples.
- 17% purchased a multi-generational home (highest ever).
- 73% did not have a child under the age of 18 in their home (highest ever; in ‘85, it was 42%).

Characteristics of Homes Purchased

- “Typical Home:” 1,900 square feet, built in ‘94, w/3 bedrooms & 2 baths
- 15% new construction (29% in ‘86)
- 75% a detached single family home
- 20 miles – median distance between sold, then purchased residences (50 miles in ‘22 – COVID effect, 15 miles between ‘18-‘21
- 19% senior-related housing for buyers over age 60 (7% in ‘22)
- 54% purchased in a suburb/subdivision, 23% in a small town, 16% in an urban area (highest since ‘14), 14% in a rural area, and 3% in a resort or recreation area.
- 34% purchased in location due to convenience to job (38% in ‘23, 52% in ‘14).

The Home Search Process

- 43% – first step was looking online at properties, with 88% utilizing real estate agents for the purchase.
- 10 weeks searched and viewed a median of 7 homes, with 2 being online only. (12 weeks and 12 homes in 2009 through 2013)

Financing the Home Purchase

- 74% of all buyers used financing (80% in 2023, 87% in 2021, 93% in ‘03) • 91% for 1st-time buyers
- 9% median down payment for first-time buyers (highest since 1997) • 23% for repeat buyers (19% in 2023 & highest since 2003)
- 26% of all buyers paid cash (highest ever).
- Source of down payment (overall): 49% savings (54% in ‘23, 47% in ‘22, 61% in ‘21).
- Source of down payment (first-time buyers): 25% from gift or loan from family and/or friends.

Characteristics of Home Sellers

- Typical seller lived in home 10 years (10 in 2024, 8 in 2021, 6 between 2000 - 2008)
- 90% were assisted by a real estate agent
- Typical seller was 63 years old (highest ever – 60 in 2023, 56 in 2021)
- 50% did minor renovations before selling, 39% sold as is, and 11% carried out major renovations
- 3 weeks – median marketing time (2 weeks in 2023), getting 100% of original ask price (highest since 2002)
- 10% not satisfied with their recent selling experience
- 36% traded up to larger homes, 30% same, 32% less
- 35 miles moved (90 miles in 2022, COVID anomaly)
- Why Selling? 22% to move closer to family & friends, 12% home is too small, 11% home is too large, 10% neighborhood has become less desirable, 8% change in family situation (marriage, birth, divorce), 7% retirement, 7% job relocation, 5% upkeep of home too difficult, 3% move closer to job

* data source: National Association of Realtors®



HOME & AUTO INSURANCE - TIME TO SHOP AROUND?

We've all endured massive increases in our homeowners insurance and auto insurance over the past few years. I lump the 2 together here, as if you didn't know, oftentimes insurers will offer a discount if you select both with the same provider. What can we do to reduce these expenses?

Auto: Does your provider know of your excellent driving record, i.e. no accidents in the last 3 years? The fact that you might have anti-lock brakes, day-time running lights, air bags, etc. extra safety features? Maybe you've moved and are in a qualified postal code or neighborhood with minimal thefts?

Homeowners: Does your provider know of your safety and energy efficiency improvements? Maybe you've made your home "smart," maybe more insulated, maybe more secure, maybe you've added a generator and/or surge protection system, etc.

These and maybe many other attributes of your home improvement process may qualify for discounts.

It pays to shop around every few years, and not be content with your status quo. *{Keep in mind that insurance agents usually receive a commission from your annual premium. Thus, it may not be in their interest to notify you of potential discounts to your premium.}*

2025 HOUSING & MORTGAGE MARKET OUTLOOK

Mortgage: It's fun to look at my prognostication from last year, when writing this year's – humbling. I was right in the net result (rates higher), but didn't foresee the Spring through Summer reduction in rates – note the rate chart on p. 1. Since the chart ended to the present writing, rates have increased another ~ 0.25%.

I predict that mortgage rates will continue to increase, albeit not drastically. I say that because 1) recent economic data suggests that inflation has become stubbornly resistant to getting down to the Fed's target rate of 2.0%, 2) employment and consumer spending continue to be "resilient" (no recession in sight), 3) the further elevation of government debt is reminding us and the "bond vigilantes" that a reckoning maybe sooner rather than later, and 4) the proposition that Trump tariffs and related future policies may be inflationary.

The good news, even if I'm right, is from experience – buyers will acclimate to whatever the new norm is. I've lived through rates at 15% and rates at 2%. It's the rate of change which freezes or accelerates the housing market.

Rate Tip: Like last year, it's a better "deal" to pay points now and get a better rate vs. not paying points and getting a higher rate. The "sweet spot" regarding the math is a rate costing in the 1.5 - 2.25 point range.

Strategy Tip: The bond yield curve finally re-inverted towards the end of 2024 and thus the good ol' 15-year fixed, for those who can qualify, is a good "deal" again.

Housing: Supply vs. Demand – the rest is noise.

– Supply: There's ~ 1.5M shortage of houses for sale. There's the "lock in effect" of millions of home owners carrying less than a 4% interest rate; and surprise, they don't want to move and lose that.

Nonetheless, the Baby Boomer generation is getting to the stage whereby MORE homes will be coming on the market. Supply will improve, moving forward.

– Demand: Yes, higher mortgage rates, higher property taxes, higher homeowner's insurance, and higher association fees will tamper demand though demand is still extremely strong due to demographics.

A "Seller's Market" and appreciation will persist in 2025, albeit it won't be as strong as it has been in the past several years. As correctly prognosticated, 2022 was the tipping point.

CREDIT CORNER

Due to consumer complaints, greater scrutiny, and successful lawsuits, there are more positive, consumer-friendly changes coming in 2025.

Last year, credit bureaus were required to remove collection accounts with balances less than \$500 AND paid medical collection accounts. In 2025, no medical debt information of any kind can appear. The CFPB estimates that \$49B of debt will be wiped off of 15M American's credit reports. The effect will be to raise affected applicant's credit scores by 20 points, enabling 22,000 more mortgage approvals each year.

Consumers can submit complaints about credit reporting companies and debt collectors by calling (855)411-CFPB or by visiting:

<https://www.consumerfinance.gov/complaint/>

Credit Standards Tightening: According to a recent study by the Federal Reserve Bank of New York, in 2024, mortgage refinancing and auto loan applications were rejected at the highest rates since 2013. For mortgages overall, the rejection rate was 20.7%, which is more that double the pre-pandemic, 2019 rate.

Credit Report Costs Increasing: Effective 2025, FICO (Fair Isaac Corp.) will be raising the cost of their score by 41%. Their royalty fee represents about 15% of the total cost of a mortgage credit report. Now, for a married couple, the cost will be ~ \$175. *{Reminder, I don't charges customers for the credit report.}*



BROKERS ARE BETTER

Collectively, we small shop independent Brokers, originated 27.4% of all mortgage originations in 2024, Q3. This is the highest market share since 2009.

Why? – Superior transactional service and advice.

Why? – Superior pricing as proven by government HMDA data. On average, the use of a Broker saved the average borrower \$10k over the life of the loan. This data doesn't reveal the bigger savings: Taking the time, upfront, to structure the loan to the advantage of the customer, not the lender.

2025 INTERIOR DESIGN TRENDS

I tend to read these “trends,” with a bit of skepticism, as I’ve provided tours in many different type properties, built from the 18th through 21st centuries, with improvements and re-models performed over time. Thus, my observation is that “what comes around, goes around.”

That disclaimer being said, here’s what Martha Stewart says are the trends for the coming year.

- 1) Earth Tones: Moving away from all-white/neutral to earthy, natural palettes that include colors like sage and terra cotta.
- 2) Cozy Rooms: Smaller, warmer spaces, like reading nooks and plump sofas and lounge chairs.
- 3) Dining Rooms: Focus on gathering & entertaining, with multiple tables, allowing for separate activities and socializing.
- 4) Art Beyond the Walls: Sculptural light fixtures and furniture pieces and a continuance of “gallery walls.”

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Mortgage: www.pmc-pa.com

Under “Helpful Resources,” in the right-hand column, you’ll find

- Mortgage Rate Outlook
- Business News
- Mortgage Market Outlook
- Credit Report and Credit Scoring Information
- Home Buying Financial Literacy Information

Real Estate: www.prc-pa.net

Under “Helpful Resources,” in the right-hand column, you’ll find

- National, PA, and Southeastern PA Housing Market latest statistics and outlooks
- Housing Market Research Reports
- Buying & Selling Resources and Tips
- Investor Resources
- Home, Radon, Wood Destroying Insects, Mold, Stucco, Well, Septic and more inspection information

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& TRUST FOR 34 YEARS !**

