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to be the best place to invest. The average net worth of a homeowner in 2019 was \$295,500 compared to this year at \$415,000. When compared to the average net worth of a renter, the average homeowner is on another planet. The average renter’s net worth in 2019 was \$7300 and in 2024 it is \$10,000. This wealth gap has mostly to do with home appreciation.

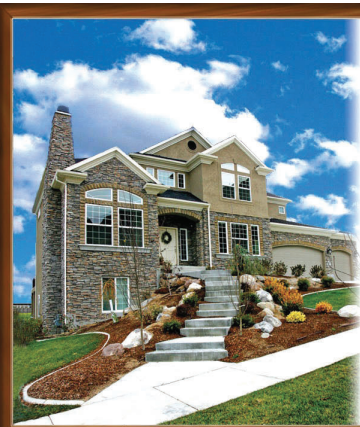
With more buyers being priced out of the market, due to the combination of higher interest rates and stable home prices, this remains a good time to get into a property where there is less competition. Rates will eventually come back down, and refinancing over the next few years will help mitigate the current higher rates. The cost of waiting to purchase a home is clear when we see how home prices have continued to trend upwards due to an overall lack of housing inventory to meet the current demand and this equation doesn’t look like it will be easing up anytime soon. There are some tools still available to us to help mitigate mortgage rates and payments while we wait on mortgage rates to come back to earth. If you know anyone who needs help figuring out how to get in now please send them my way for a free mortgage consultation and Mortgage 101.

I would like to wish you and your loved ones a very happy holiday season. Looking forward to more market volatility in 2025. I am always here to give you free mortgage advice and to help navigate this less than perfect process of home buying and mortgage refinancing.

If you are curious to see how you can use the current market conditions to your benefit, please reach out for a free consultation. Stay tuned here for future updates and feel free to reach out for a free consultation if you want to understand more about interest rates and mortgage products.

As always, your mortgage guy,
Viral (Vic) Joshi
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Vic’s Mortgage Report

“Home of REAL Mortgage Advice®”



Vic Joshi
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My mission is to help buyers qualify for the best loan available for their circumstance. I spend a generous amount of time with each client to educate them about how the mortgage industry works, through free “Mortgage 101” consultations, so they can make good decisions and get the best loan possible. I’ve revamped my website to give clients the best resources to supplement my consultations.

When I’m not doing loans, I’m an avid scuba diver and certified Rescue Diver. Eventually, I’d like to become a dive instructor, so I can share the joys of this ocean sport with others.

I give back to the Monterey Bay Aquarium, Divers Alert Network (DAN), and the National Outdoor Leadership School (NOLS).

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Market Uncertainty Is Here To Stay

Hi Friends,

Mortgage rates have flatlined in the month of November. Mortgage rates are .75% lower than the same time in 2023, but they remained stubbornly around 1% higher than they were from late August

to October 4th of this year. Despite the Fed cutting their target interest rate, the Fed Funds, another .25% on November 7th of this year, we have yet to feel any positive effects reflected in mortgage rates. Attached is a graphic from the NAMB (National Association of Mortgage Brokers) convention that I recently attended. Of note is how mortgage rates will rise soon after the first Fed rate cut at the beginning of a sustained path of Fed rate cuts. The bond yield sets the basis for mortgage rates. If you have been following my newsletter, you know that the current delta between the 10-year bond yield and the average 30 year fixed rate is currently around 2.5% and can be slightly less than 2%. Mortgage rates eventually do come down to meet the Fed. I am still optimistic that we can get back below 5% APR on 30 Year Fixed mortgage rates towards the end of 2025.

The presidential election result certainly helped the stock market at the expense of the bond market, and this helped to keep mortgage rates from falling in November. Now with

Fed Rate Cut History & 10-Year Yield

1 st Cut	Cut Amount	10-year Yield	Spike	Post-Cut High	Cycle Low	Drop from 1 st Cut	Relative % Decline
Sep 20, 1984	0.25%	12.25%	0.31%	12.56%	6.95%	5.30%	43%
Nov 4, 1987	0.50%	8.91%	0.37%	9.28%	8.11%	0.80%	9%
Jun 5, 1989	0.25%	8.36%	0.37%	8.73%	5.19%	3.17%	38%
Jul 6, 1995	0.25%	6.19%	0.41%	6.60%	4.16%	2.03%	33%
Jan 3, 2001	0.50%	4.92%	0.40%	5.32%	3.13%	1.79%	36%
Sep 18, 2007	0.50%	4.48%	0.27%	4.70%	2.08%	2.40%	54%
Jul 31, 2019	0.25%	2.08%	-0.16%	2.06%	1.43%	0.63%	31%
Mar 3, 2020	0.50%	1.02%	0.16%	1.18%	0.52%	0.50%	49%
Sep 18, 2024	0.50%	3.70%	0.36%	4.06%	2.35%	1.35%	37%

Average percent decline from 1st cut: 37%
A .57% drop from 3.7% = 2.35%

the election past us, we will see how the economy responds to Republican control of all three branches of government. If deregulation of the government happens across the board, expect more investment in stocks that could negatively impact the bond market and keep mortgage rates elevated. Any additional geopolitical strife could pull money out of the stock market and increase demand in US treasury bonds, which would help lower mortgage rates. A recession would do the same thing. At this point, it’s hard to predict which direction mortgage rates will go in but the Fed continuing to cut the Fed Funds rate will eventually help to reduce mortgage rates.

With 30 Year Fixed mortgage rates continuing to hover around 7% APR, the median age of a first-time home buyer has increased from 33 years old in 2021 to 38 years old in 2024. Adding to the affordability crisis is the continued pace of home price appreciation. If one can afford to buy real estate in the current environment, real estate continues

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