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FEATURED

Regional housing experts offer tips for navigating unaffordable market

By HAYDEN SUMLIN
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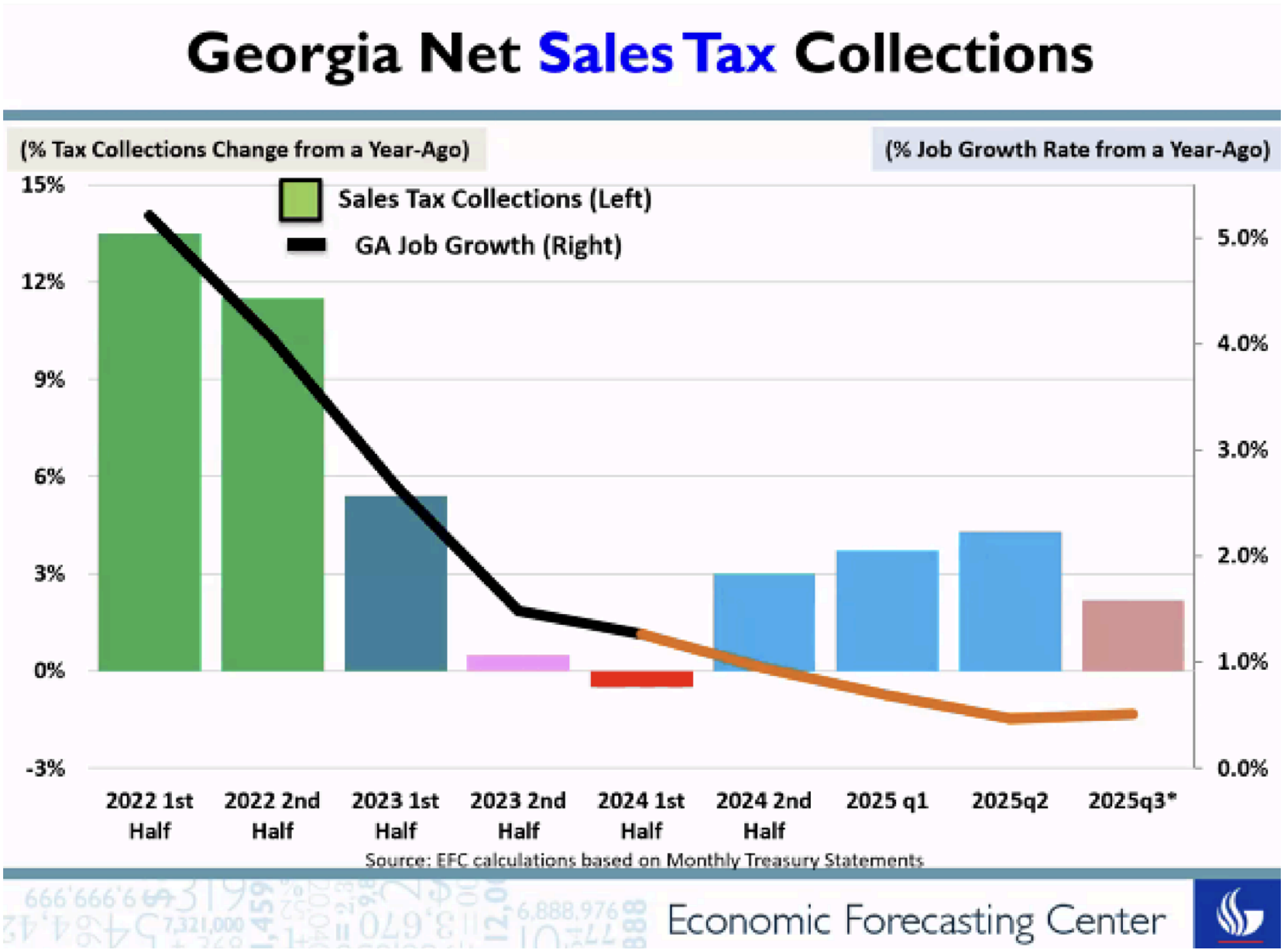

Graph from the Georgia State University Economic Forecasting Center shows the relationship between job growth and tax collections. Economist Rajeev Dhawan, Ph.D., said the data shows spending power in the economy is much weaker than official numbers imply, leading him to forecast more Federal Reserve interest rate cuts.

GSU ECONOMIC FORECASTING CENTER/PROVIDED

METRO ATLANTA — MarketNsight's latest peek into the housing industry Dec. 11 indicates troubled times for some areas of the country as home prices continue to outpace purchasing power.

The update, delivered twice annually, is geared to help clients navigate a shifting market, discussing the relationship between declining interest rates and affordability.

The business is centered around providing real-time data, expert forecasts and strategic insights to homebuilders, developers and other real estate professionals. The firm is unique in the industry for tracking pending sales and inventory trends every week across several U.S. markets.

To open the program, the company paid tribute to its former CEO and co-founder John Hunt, who passed away in late July.

Michelle Hunt, John's wife, company co-founder and former chief operating officer, transitioned to CEO of MarketNsight.

"Since the beginning of the MarketNsight, John noticed this trend in affordability, and he predicted the current housing affordability crisis," she said. "He could see this coming way down the road. This is how he said it during our last MarketWatch and it's even more true today … it's an indisputable fact that we have a housing shortage of epic proportions in this country."

Michelle shared some of John's routine advice for prospective homebuyers: drive until you qualify. For homebuilders looking to create an attainable product: consider reducing square footage.

In its September update to clients, MarketNsight reported that some of its metro-based markets increased their housing supply to six months, a metric indicating how long it would take to sell all homes on the market at their current listing price.

Increased supply puts downward pressure on prices.

"Younger buyers continue to depend on their savings, or inherit, for their down payment, while older buyers use proceeds from the sale of their previous residence," Hunt said. "Median age is 40 for first-time homebuyers. Also, the median age for all buyers is 59 years. That changes our perspective on who the first-time home buyer is."

Economist forecasts Fed moves

Rajeev Dhawan, Ph.D., director at the J. Mack Robinson College of Business at Georgia State University, provided his insights.

“The forecast is for aggressive rate cuts,” Dhawan said, predicting cuts totaling 150 basis points in the first half of 2026. “They need to get done now.”

The day before, the Federal Reserve cut its benchmark interest rate by a quarter-point or 25 basis points to 3.50 percent to 3.75 percent, marking a third consecutive cut to combat a weakening job market.

Dhawan said he expected the move while other economists expected a more hawkish decision to tighten monetary policy and control inflation, which is hovering around 3 percent.

“The economy is much weaker than what you think in terms of spending power,” Dhawan said. “The first six to nine months of next year will be very crucial in how the Fed moves. My forecast is they will be aggressive because they are going to get … a dump of data between now and the end of the year.”

Dhawan titled his MarketWatch presentation, “Outlook in an Era of Shutdown-Induced Lack of Official Data.”

Because the federal government’s record 43-day shutdown in the fall, Dhawan said he is using “soft data,” like state tax collections. He also mentioned several news headlines over the past few months, announcing thousands of corporate layoffs.

Because of the white-collar layoffs and tightening job market, there are fewer potential homebuyers out there.

Dhawan said the data shows Social Security collections have grown weaker since the start of 2025.

“In the third quarter, the collections were negative,” he said. “So even though the jobs data will be delayed, this thing was clearly telling me, just like 20 years ago, that the economy is much weaker than what the official numbers imply.”

The Fed’s recent rate cut, Dhawan said, will do little to improve housing affordability for the middle class, later offering a way to help.

“Can the housing market be helped?” he said. “Cutting the interest rates will not bring down the mortgage rates forever. They will start going back up. At 6 percent, very few people can re-finance.”

A path to affordability

Freddie Mac, which issues and guarantees mortgage-backed securities in support of the U.S. housing market, reported the 30-year fixed-rate mortgage rate averaged 6.22 percent Dec. 11.

That's up from the first week of December when it averaged 6.19 percent. A year ago, the 30-year rate averaged 6.60 percent.

"So, what can help them?" Dhawan said. "[Mortgage rates were super high last year and are beginning to come down, but it's not as low as the boom we saw after COVID, when the Federal Reserve was buying the mortgage-backed securities with both hands."

When first-time homebuyers are looking to purchase a family home, they often don't have enough cash and borrow money from a bank, called a mortgage.

If there aren't enough people buying homes, the Federal Reserve can purchase mortgage-backed securities from banks to give the financial institutions more cash to lend homebuyers. That eventually lowers mortgage rates.

"[The Fed] should buy mortgage-backed securities," Dhawan said. "That will bring that mortgage premium number that is running about 200 basis point down to 50, and there you have your mortgage rates below 5.5 or 5 percent, easily."

Housing, economic experts chart market trends
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