

SPRING 2025 EDITION

THINGS TO CONSIDER WHEN **Buying a Home**



The 2 Mortgage Guys

Luminate Bank - NMLS# 1281698
Steve DeLon - NMLS# 202876
Ryan Minick - NMLS# 203249
Questions@The2MG.com
The2MG.com
(765) 450-8933



Luminate Bank®



Table of Contents

- 3 Top Reasons To Own Your Home**
- 4 Two Bright Spots for Today's Homebuyers**
- 6 Expert Forecasts for the 2025 Housing**
- 8 Market How Changing Mortgage Rates Affect Your Monthly Payment**
- 9 The Real Benefits of Buying a Home This Year**
- 12 Time in The Market Beats Timing the Market**
- 14 The Biggest Mistakes Buyers Are Making Today**
- 16 Things To Avoid After Applying for a Mortgage**
- 17 The Top 5 Reasons You Need an Agent When Buying a Home**

Top Reasons To Own Your Home

Accomplishment



Feeling proud of your achievement

Stability



Locking in a large portion of your monthly housing payment with a fixed-rate mortgage

Appreciation



Home values usually rise, and that makes owning a home a good investment

Privacy



Having the key to a place that's truly your own

Wealth Building



Growing your net worth as your home value climbs and you pay down your mortgage

Tax Benefits



Getting a tax break, if your situation applies. Talk to your accountant or financial advisor to learn more.

Personal Expression



Customizing your home to your unique style

Community



Putting down roots creates a greater sense of belonging and connection

What's the top reason you'd love to own a home?

Two Bright Spots for Today's Homebuyers

There's no arguing the past few years have been challenging for homebuyers, especially on the affordability front. And if you're trying to buy a home, it's easy to worry you won't be able to find one in your budget. But here's what you need to know. The number of homes for sale has grown a whole lot lately and that's true for both existing (previously lived in) and newly built homes.



Here's a look at those two bright spots for buyers right now and why they may make it a bit easier to find the home you've been looking for.

1. There Are More Existing Homes for Sale

Data from Realtor.com says the number of existing homes for sale improved by an impressive 22% in 2024. And experts say your pool of options is expected to get even better this year. Forecasts show inventory is projected to grow another 11-15% by the end of 2025 (see graph below):



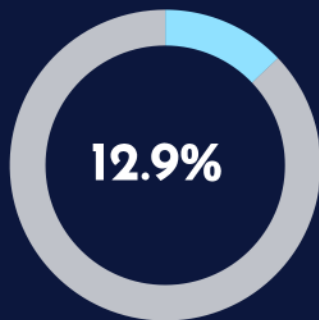
This is good news for your search. If you haven't seen a house with all the features you need, just know that, as the number of homes for sale grows, you'll have more options to choose from. That means a better chance of finding a home that checks all your boxes.

As Ralph McLaughlin, Senior Economist at Realtor.com, says: "It could be a particularly good time to get out into the market . . . you're going **to have more choice. And that's not something that buyers have really had much over the past several years.**"

2. There Are More Newly Built Homes on the Market

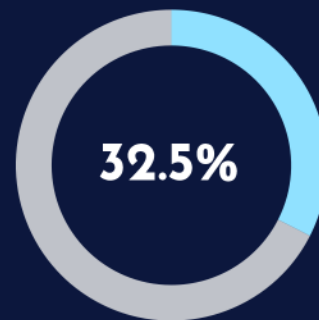
According to data from the **Census** and the **National Association of Realtors** (NAR), 32.5%, or roughly 1 in 3, homes on the market right now are newly built homes. That's more than the norm (**see charts below**). But don't worry, that's not because builders are overdoing it - it's just that they're trying to catch up after years of under building.

Newly Built Homes as a Percent of All Homes for Sale



Historical Data

From 1983-2019, an average of only **13%** of homes for sale were newly built



Latest Data

As of January 2025, over **30%** of all homes for sale were newly built

Source: NAR

And the best part is, since builders have been focusing on smaller homes with lower price points, you may actually find out new builds are less expensive than you'd expect. So, while a lot of people write off new construction because it's easy to assume the costs are way higher, lately, that price gap isn't as big as you'd think. As CNET says: "If you live in an area where there's a lot of new construction happening . . . **you might be able to purchase a new house for a price similar to or even less than a pre-owned one.**"

If you haven't been able to find a home that's in your budget, it's time to ask your agent about new builds. If you don't, you may be cutting your pool of options by about a third.

Bottom Line

More choices could be the key to unlocking your homebuying goals in 2025. Reach out if you want to see what's available in and around our area.

Expert Forecasts for the 2025 Housing Market

Wondering what's in store for the housing market this year? And more specifically, what it all means for you if you plan to buy a home? Here's what the experts say lies ahead.

Will Mortgage Rates Come Down?

Everyone's keeping an eye on mortgage rates and waiting for them to come down. So, the question is really: how far and how fast? The good news is they're projected to ease a bit in 2025. But not by much. That means you shouldn't expect to see a return of 3-4% mortgage rates.

Experts are forecasting rates could settle in the mid-6% range by the end of the year (**see chart below**):

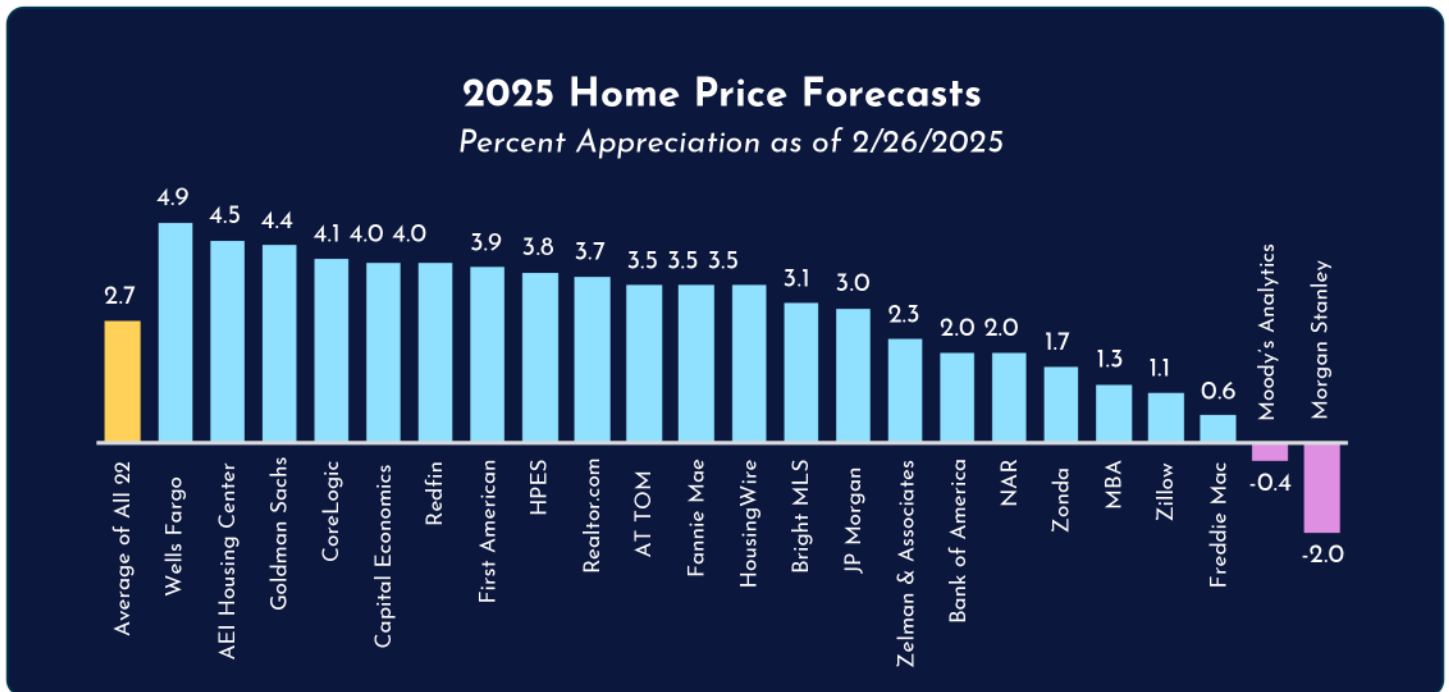
Mortgage Rate Projections
30-Year Fixed Rate as of 2/20/2025

Quarter	Fannie Mae	MBA	Wells Fargo	Average of All Three
2025 Q1	6.90%	6.90%	7.10%	6.96%
2025 Q2	6.80%	6.90%	6.90%	6.86%
2025 Q3	6.70%	6.70%	6.65%	6.68%
2025 Q4	6.60%	6.50%	6.50%	6.53%

But you should remember, this will continue to change as new information becomes available. Expert forecasts are based on what they know right now. And since everything from inflation to economic drivers have an impact on where rates go from here, brace for some rate volatility. Don't get caught up in the exact numbers here and try to time the market. Instead, focus on the overall trend and that even a small decline can help bring down your future mortgage payment.

Will Home Prices Fall?

The short answer? Not likely. While mortgage rates are expected to ease a bit, home prices are projected to keep climbing in most areas—just at a more normal, sustainable pace. If you average the expert forecasts together, you'll see prices are expected to go up about 3% in 2025, with most of them hitting somewhere in the 3 to 4% range (*see graph below*):



So don't expect a sudden drop that'll score you a big deal if you're thinking of buying this year. While that may sound disappointing if you're hoping prices will come down, refocus on this. It means you won't have to deal with the steep increases we saw in recent years, and you'll also likely see any home you do buy go up in value after you get the keys in hand. And that's actually a good thing.

Keep in mind, though, the housing market is hyper-local. So, this will vary by area. Some markets will see even higher prices. And some may see prices level off or even dip a little if inventory is up in that location. In most places though, prices will continue to rise (as they usually do).

Bottom Line

Let's connect so you can get the scoop on what's happening in our area and advice on how to make your next move a smart one.

How Changing Mortgage Rates Affect Your Monthly Payment

Experts say rates will come down slightly in the year ahead -but some volatility is expected.



Average mortgage rates will decline modestly but remain above 6 percent, with likely bouts of volatility.

Fannie Mae

So, you shouldn't try to time the market. Instead, it's better to focus on how even a small change impacts your future mortgage payment.

Home Loan Amount	Fixed Mortgage Interest Rate	Monthly Mortgage P&I*	Monthly Savings Compared to 7.5%
\$250,000	7.5%	\$1,748	-
	7.0%	\$1,663	\$85
	6.5%	\$1,580	\$168
	6.0%	\$1,499	\$249
\$450,000	7.5%	\$3,146	-
	7.0%	\$2,994	\$152
	6.5%	\$2,844	\$302
	6.0%	\$2,698	\$448
\$650,000	7.5%	\$4,545	-
	7.0%	\$4,324	\$221
	6.5%	\$4,108	\$437
	6.0%	\$3,897	\$648

*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.

Source: [Mortgagecalculator.net](https://mortgagecalculator.net)

The Real Benefits of Buying a Home This Year

A recent report highlights from **Bank of America** that **70% of prospective buyers fear the long-term consequences of renting**, including not building equity and dealing with rising rents. If you're on the fence of whether to rent or buy, here's what you should know. If you're able to make the numbers work, buying a home has powerful long-term financial benefits.



Buying Builds Wealth Over Time

Buying a home allows you to turn your monthly housing costs into a long-term investment. That's because, as shown in data from the **Census** and the **Department of Housing and Urban Development (HUD)**, home prices tend to increase over time (see graph below):

Home Price Appreciation Since 1988

Average Sales Price of Houses Sold in the United States, Quarterly

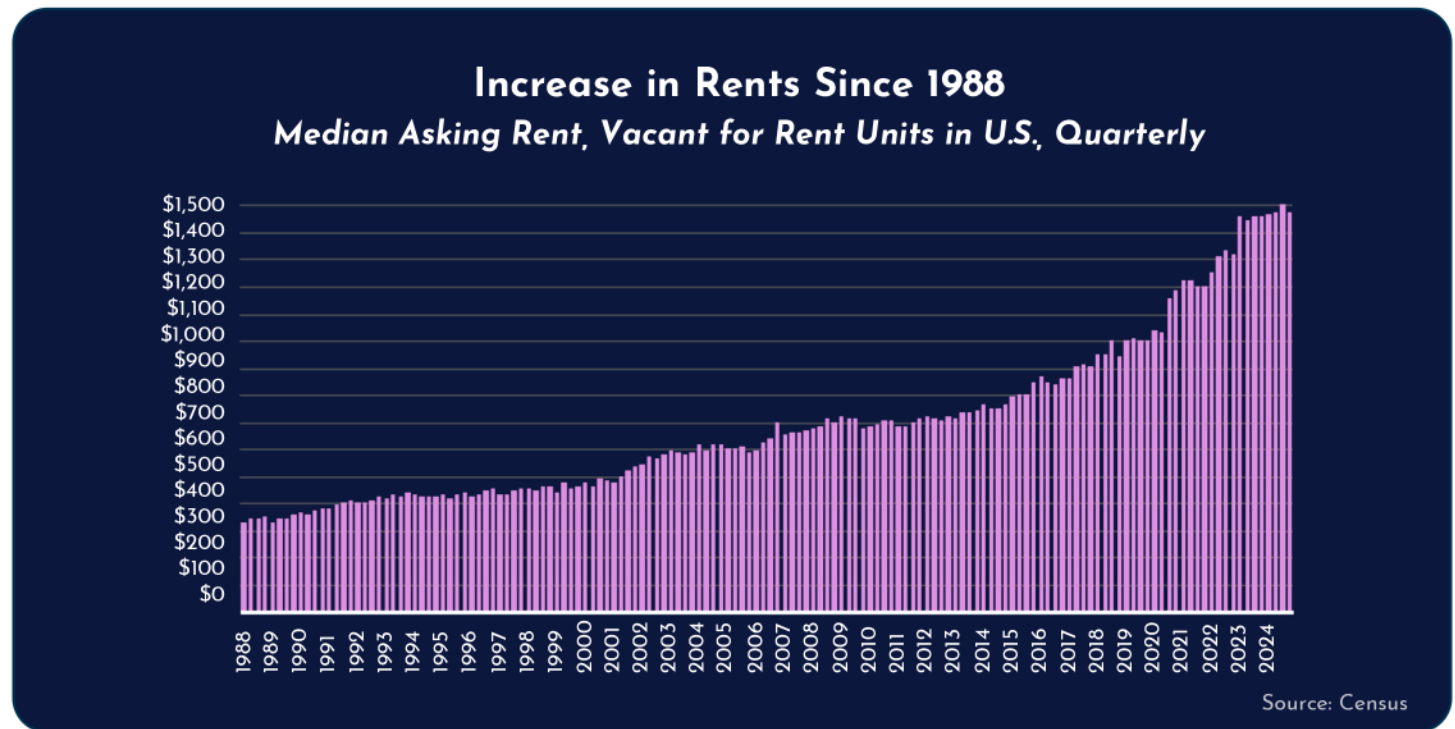


Sources: Census, HUD

Rising home prices directly benefit homeowners. That's because when you own a home, you build equity – meaning your ownership stake in your home grows as you pay down your mortgage and your home's value appreciates. And that, in turn, makes your net worth grow, too.

Renting Comes with Rising Costs

Renting may feel more affordable in the short term, especially right now with today's home prices and mortgage rates. But the reality is, over time, rent almost always goes up. Take a look at the data and you can see that play out. According to **Census** data, rents have significantly increased over the decades (*see graph below*):



This means if you decide to rent, you'll likely face growing expenses each time you renew or sign a new lease - and that'll happen without building any wealth in return. Plus, those rising costs may make it harder to save up to buy a home down the road.

Renting vs. Buying: The Long-Term Impact

When you own a home, your payments are an investment in your future. Renting, on the other hand, means your money is gone for good - it helps your landlord build equity, not you. Renting is a good option for those not ready (or able) to buy today. But if you are able to buy at today's rates and prices, it helps you build equity and sets you up for long-term financial success. So, even though renting may seem easier now, it can't match the benefits of homeownership.

Bottom Line

If you can afford it, take control of your financial future by making homeownership part of your plan. It's an investment you won't regret.



There's never a one-size-fits-all answer to whether now is the right time to buy a home . . . There's also no way to predict precisely what the market will do in the near future . . . Perfectly timing the market shouldn't be the goal. This decision should be determined by your personal needs, financial means and the time you have to find the right home.

U.S. News Real Estate



Timing the Market Time in the Market Beats

Trying to decide whether it makes more sense to buy a home now or wait? There's a lot to consider, from what's happening in the market to your changing needs. But generally speaking, aiming to time the market isn't a good strategy –there are too many factors at play for that to even be possible. That's why experts usually say time in the market is better than timing the market.

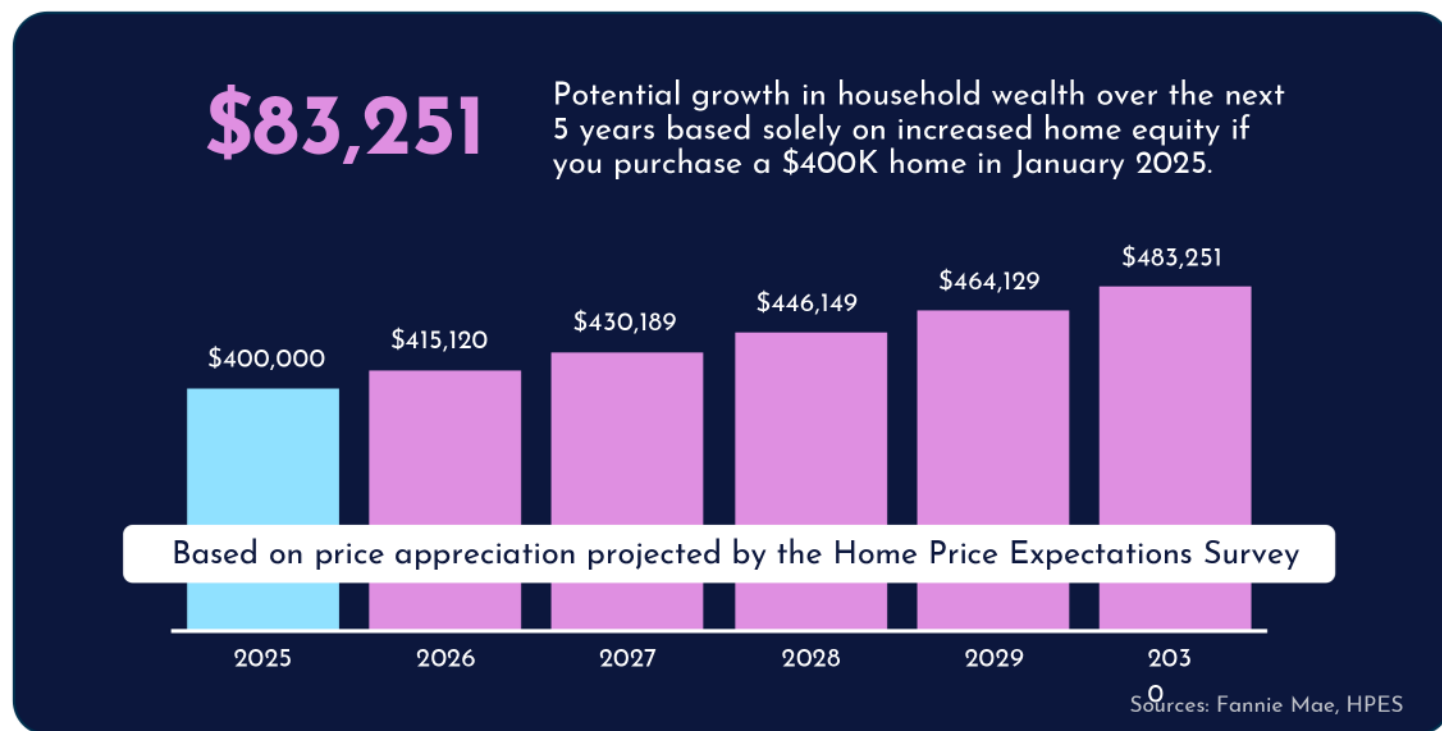


In other words, if you want to buy a home and you're able to make the numbers work, doing it sooner rather than later is usually worth it. **Bankrate** explains why: ***"No matter which way the real estate market is leaning, though, buying now means you can start building equity immediately."***

Here's some data to break this down so you can really see the benefit of buying now versus later –if you're able to. Each quarter, **Fannie Mae** releases the **Home Price Expectations Survey**. It asks over one hundred economists, real estate experts, and investment and market strategists what they forecast for home prices over the next five years. In the latest release, experts are projecting home prices will continue to rise through at least 2029 – just at a slower, more normal pace than they did over the past few years (see the graph):



But what does that really mean for you? To give these numbers context, the graph below uses a typical home value to show how it could appreciate over the next few years using those HPES projections (**see graph below**). This is what you could start to earn in equity if you buy a home in early 2025.



In this example, let's say you bought \$400,000 home this January. Based on the expert forecasts from the HPES, you could gain more than \$83,000 in household wealth over the next five years. That's not a small number. If you keep on renting, you're losing out on this equity gain. And while today's market has its fair share of challenges, this is why buying is worth it in the long run. If you want to buy a home, don't give up. There are creative ways we can make your purchase possible. From looking at more affordable areas, to considering condos or townhomes, or even checking out down payment assistance programs, there are options to help you make it happen.

So sure, you could wait. But if you're just waiting it out to perfectly time the market, this is what you're missing out on. And that decision is up to you.

Bottom Line

If you're torn between buying now or waiting, don't forget that it's time in the market, not timing the market that truly matters. Let's talk through it if you have questions.

The Biggest Mistakes Buyers Are Making Today

No one likes making mistakes, especially when they happen in what's likely the biggest transaction of your life—buying a home. That's why partnering with a trusted agent is so important. An expert's insights will help you avoid the top mistakes homebuyers are making today.



1. Trying To Time the Market

Many buyers are trying to time the market by waiting for home prices or mortgage rates to drop. This can be a really risky strategy because there's so much at play that can have an impact on those things. As Rick Sharga, CEO, **CJ Patrick Company**, says:

"Don't try to time the market – it rarely works with stocks, and almost never works when it comes to buying a house. Only buy what you can reasonably afford given whatever the current market conditions are."



2. Buying More House Than You Can Afford

If you're tempted to stretch your budget a bit further than you should, you're not alone. A number of buyers are making this mistake right now.

But the truth is, it's actually really important to avoid overextending your budget, especially when other housing expenses like home insurance and taxes are on the rise. You want to talk to the pros to make sure you understand what'll really work for you.

Bankrate offers this advice:

"Focus on what monthly payment you can afford rather than fixating on the maximum loan amount you qualify for. Just because you can qualify for a \$300,000 loan doesn't mean you can comfortably handle the monthly payments that come with it along with your other financial obligations."

3. Missing Out on Assistance Programs

Saving up for the upfront costs of homeownership takes some careful planning. You have to think about your closing costs, down payment, and more. And if you don't work with a team of experienced professionals, you could miss out on programs out there that can make a big difference for you. This is happening more than you realize.

According to **Realtor.com**, almost 80% of first-time buyers qualify for down payment assistance –but only 13% actually take advantage of those programs. So, talk to a lender about your options. Whether you're buying your first house or your fifth, there may be a program that can help.

4. Not Leaning on the Expertise of the Pros

This last one may be the most important of all. **The very best way to avoid making a costly mistake is to lean** on a pro. With the right team of experts, you can easily dodge any missteps.

Bottom Line

The good news is you don't have to deal with any of these headaches. Let's connect so you have a pro on your side who can help you avoid these costly mistakes.



Things To Avoid After Applying for a Mortgage

Consistency is the name of the game after applying for a mortgage. Be sure to discuss any changes in income, assets, or credit with your lender, so you don't jeopardize your application.



Don't change bank accounts.



Don't apply for new credit or close any credit accounts.

Don't deposit cash into your accounts before speaking with your bank or lender.



Don't co-sign other loans for anyone.

Don't make any large purchases.



The best plan is to fully disclose and discuss your intentions with your lender before you do anything financial in nature.

The Top 5 Reasons You Need an Agent When Buying a Home

When it comes to buying a home, expert advice from a trusted real estate agent is priceless, now more than ever. And here's why. A real estate agent does a lot more than you may realize.



Your agent is the person who will guide you through every step when buying a home and look out for your best interests along the way. They smooth out a complex process and take away the bulk of the stress of what's likely your largest purchase ever. And that's exactly what you want and deserve.

This is at least part of the reason why a survey from **Bright MLS** found an overwhelming majority of people agree an agent is a key part of the homebuying process (see visual below):



Of respondents agree "It would be **very stressful** to navigate the home buying process without a real estate agent or broker."



Of respondents believe "A real estate agent or broker is **an essential, trusted advisor** for a homebuyer."

Source: Bright MLS

To get a better idea of just a few of the top ways agents add value, check out this list.

1. **Deliver Industry Expertise:** The right agent -the professional- will coach you through everything from start to finish. With professional training and expertise, agents know the ins and outs of the buying process. And in today's complex market, the way real estate transactions are executed is constantly changing, so having expert advice on your side is essential.
2. **Provide Expert Local Knowledge:** In a world that's powered by data, a great agent can clarify what it all means, separate fact from fiction, and help you understand how current market trends apply to your unique search. From how quickly homes are selling to the latest listings you don't want to miss, they can explain what's happening in your specific local market so you can make a confident decision.
3. **Explain Pricing and Market Value:** Agents help you understand the latest pricing trends in your area. What's a home valued at in your market? What should you think about when you're making an offer? Is this a house that might have issues you can't see on the surface? No one wants to overpay, so having an expert who really gets true market value for individual neighborhoods is priceless. An offer that's both fair and competitive in today's housing market is essential, and a local expert knows how to help you hit the mark.
4. **Review Contracts and Fine Print:** In a fast-moving and heavily regulated process, agents help you make sense of the necessary disclosures and documents, so you know what you're signing. Having a professional that's trained to explain the details could make or break your transaction and is certainly something you don't want to try to figure out on your own.
5. **Bring Negotiation Expertise:** From offer to counteroffer and inspection to closing, there are a lot of stakeholders involved in a real estate transaction. Having someone on your side who knows you and the process makes a world of difference. An agent will advocate for you as they work with each party. It's a big deal, and you need a partner at every turn to land the best possible outcome.

Bottom Line

Real estate agents are specialists, educators, and negotiators. They adjust to market changes and keep you informed. And keep in mind, every time you make a big decision in your life, especially a financial one, you need an expert on your side. Expert advice from a trusted professional is priceless.



The complexities of the current conditions mean that, now more than ever, it's smart to lean on the guidance of an experienced local real estate agent. If you want to enter the housing market in 2025, whether as a buyer or a seller, let a pro lead the way for you.

Bankrate





Let's Chat.



Do you have questions about something you read here or about buying a home in general? Don't hesitate to reach out.

Whether it's housing market related, or something about your specific situation, We've helped other buyers find success - and we can help you too.

The 2 Mortgage Guys

Luminate Bank - NMLS# 1281698
Steve DeLon - NMLS# 202876
Ryan Minick - NMLS# 203249
Questions@The2MG.com
The2MG.com
(765) 450-8933



Luminate Bank[®]

Luminate Bank NMLS 1281698 Bank Headquarters 2523 S. Wayzata Blvd., Suite 100 Minneapolis, MN 55405 (952) 939-7200. This is not an offer to enter into an agreement. Information provided is outlining the minimum down payment requirements as allowed by specific loan program and product guidelines and any information, rates and programs are subject to change without prior notice and may not be available in all states. All loans are subject to credit and property approval. Luminate Bank is not affiliated with any government agency. All rights reserved.

