



MORTGAGE RATES DECLINED WITH BANK FAILURES. WHAT'S NEXT?

FIRST, WHAT HAPPENED?

“The shutdown of Silicon Valley Bank became the second largest bank failure in U.S. history and the largest since the 2008 financial crisis. The bank was known as a large supporter of tech startups. About 15% of the loans in Silicon Valley Bank’s portfolio were residential and commercial mortgages, The Real Deal reported. Signature Bank and Silvergate Capital, both big lenders in the cryptocurrency space, also shuttered their doors,” writes Melissa Dittmann Tracey of The National Association of Realtors Magazine.

She continues, “To help avoid mass panic, the Federal Reserve, Federal Deposit Insurance Corp. and Treasury Department created an emergency program to backstop all deposits using the Fed’s emergency lending authority. That granted depositors full access to their funds as of Monday, and the agencies vowed to make all depositors whole. Usually, banks only insure up to \$250,000 per account ownership category through the FDIC, an agency that was created in 1933 after thousands of bank failures. In this case, the federal government’s move to backstop uninsured money has been viewed as an unusual step.”

“There could be some job losses ahead as a result, especially among some California tech companies, says Lawrence Yun, chief economist

of the National Association of REALTORS®. “Local housing markets may be hampered by those job losses. But broadly across the country, more home buyers will enter the market [because of] lower mortgage rates,” Tracey writes.

SO WHAT IS THERE TO EXPECT FROM THE HOUSING MARKET?

“Industry observers said that, at least in the short term, mortgage rate declines will support home prices but lead to a better outlook for the spring season,” writes Flávia Furlan Nunes of Housingwire.com.

“Mortgage rates are down following an increase of more than half a percentage point over five consecutive weeks,” Sam Khater, Freddie Mac’s chief economist, said in a statement. “Turbulence in the financial markets is putting significant downward pressure on rates, which should benefit borrowers in the short term,” continues Nunes.

“And borrowers are taking advantage of lower rates and applying for home loans. The Mortgage Bankers Association (MBA) reported the mortgage composite index, a loan application volume measure, increased 6.5% for the week ending March 10 compared to the prior week.

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“Anticipated further rate declines may spur additional application gains as the spring home-buying season begins,” Bob Broeksmit, MBA’s president and CEO, said in a statement. Nik Shah, CEO at Home.LLC., explains that mortgage rates are tailing the treasury yields in the short term. Investors flock to safer assets amid fears brought by bank collapses, and the 10-year Treasury note fell from nearly 4% at the start of last week to 3.4% by mid-week. With mortgage rates dropping, “housing affordability is improving and supporting home prices,” Shah said.

Meanwhile, when rate hikes cease in the long term, demand will rapidly increase, but the housing supply is still near an all-time low. Then, “home prices will skyrocket,” finishes Nunes.

When we asked Ben Riekhof, the Director of Training of Bolst, for his opinion, he stated that many media outlets are quick to parallel this to the 2008 housing crisis.

“So basically what happened in 2008; we had a financial crisis that was literally caused by the Housing and Mortgage Markets - there was a direct connection. What’s happening right now,” he continues, “has zero to do with the Housing Market. We’re not issuing bad mortgages, the lending standards are tight and anyone who owns a house currently has a ton of equity in it, employment is up...

There’s nothing in the economy to suggest that people are suddenly going to have to liquidate their houses. In fact, people are staying in their houses. While there is uncertainty with banks, don’t let your recency bias think that it has anything to do with the housing market - it doesn’t.”

“We would have to have SO many more houses come onto the market to even be close to the kind of supply that would cause prices to decrease. We are in such a low inventory market, it would take a massive economic catastrophe to cause enough people to want to sell their houses to the point that supply would exceed our current demand. It goes back to the basics of economics; as long as supply is less than demand, prices are going to continue to rise.” Ben finishes.

When we asked CEO of Bolst, Justin Landis, for his thoughts on it, he shrugged and said, “I think this is more headlines than an actual problem. Supply is still too low.”

[Full article from Housing Wire](#)

[Full Article from National Association of Realtors](#)

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NON PROFIT SPOTLIGHT

THE STEWART CENTER

Andrew P.
STEWART CENTER



Vision: The Stewart Center exists to see our neighbors living purposeful lives in pursuit of their full potential.

Mission: The Stewart Center promotes strong communities through educational initiatives, wellness resources, and housing solutions.

We seek to identify and engage resources within our community to address present challenges.

Strategic Commitment: The Stewart Center directs all of its resources in partnership with Pittsburgh residents in order to bring about community transformation. The Center is committed to helping our neighbors create a place of hope and opportunity for all people.

Dr. Martin Luther King Jr. envisioned a global “Beloved Community” characterized by nonviolence, reconciliation, and justice for all people – a place where love and truth triumph over fear and hatred. Dr. King believed that the highest form of love, agape, seeks “to preserve and create community.” The Stewart Center is a community development organization, working with our neighbors to create the “Beloved Community” in our neighborhood.

The “Beloved Community” is not utopian, and it is not achieved overnight. It requires the commitment of neighbors, one to another, and a willingness to endure through the seasons of life. At the Stewart Center, community development is not a program model, rather it is a way of being – a way of pursuing our collective full potential.

The Stewart Center believes in: Educational Enrichment, Wellness and Affordable Housing.

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LEIGH@THEHOMEGROWNFOKLS.COM