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MORTGAGE MINUTE

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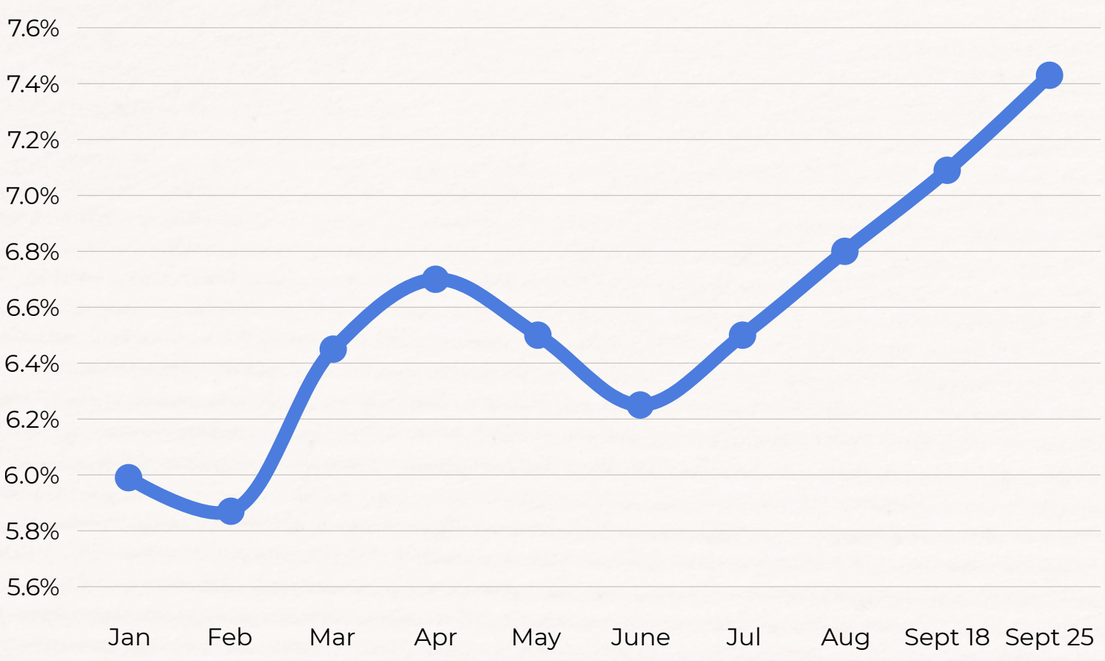
Rate Shock



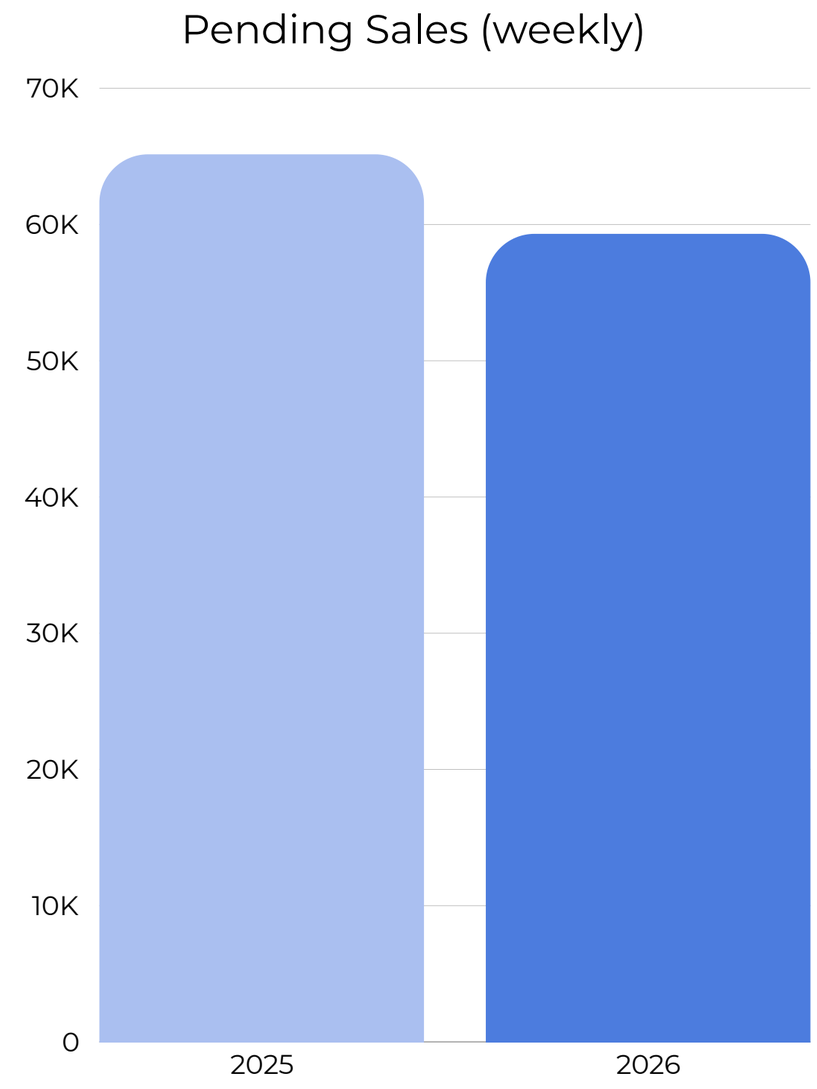
This past week was one of the most volatile weeks the bond market has seen in years. Rates climbed as high as **7.49% before settling back to 7.43%** by the end of the week, marking the **highest level we've seen since 2006.**

So what happened? When bonds sell off, yields rise — and mortgage rates follow. Here's something most people don't know: if mortgage spreads were as bad as they were during the worst moments of 2023, rates would be sitting at 8.58% right now instead of 7.43%. For buyers and homeowners in Pasadena and the greater LA area, the message is simple — **rates are being driven by events nobody can predict, and waiting for the perfect moment is not a strategy**.

Demand Softening... Your Opportunity?

With **rates pushed past 7%** and the **volatility we saw this week**, it's a **double hit**. Pending home sales nationally dropped to **59,316 this week compared to 65,152** at this same time last year. **Purchase applications were down 11%** year over year — the first real demand pullback we've seen all year that isn't tied to a holiday.

On the surface that sounds like bad news. But for buyers in the Pasadena and greater LA market, it's actually one of the better setups we've seen in a while. **When demand softens nationally, competition eases locally.** Sellers who were fielding multiple offers in the spring are now sitting with their homes on the market longer. Listing agents are returning calls. Buyers have time to think, time to negotiate, and time to structure a deal that actually works for them. **The buyers who come in pre-approved and ready to move while everyone else is sitting on the sidelines are the ones who are going to look back at this moment and feel very good about their timing.**



Price Cuts on the Rise

Nationally, 42.50% of listings have now taken a price cut, just barely above last year's 41.5%. What that tells us is that the **market is rebalancing.** Sellers who priced aggressively are now making adjustments, and buyers who felt like they had 0 negotiating room a few months ago are finding some. New listings came in slightly above last year which **means inventory is growing right as demand softens**, giving buyers more choices than they've had all year.

Our suggestion? **Buy the home at a negotiated price, lock in your rate, and refinance when rates come back down.** With our 5 Year Rate Protection Guarantee, that refinance comes with zero lender fees — so every dollar of savings goes directly back into your pocket from day one of the new loan. The rate is temporary. The home is yours.

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