

Real Estate & Economic Report



January 11, 2024

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The latest real estate & economic headlines!

- After hitting a high for the year of 8%, mortgage interest rates did a u-turn in the last 60 days of 2023 . . . falling to 6.50% . . . (see graph below).
- Lower rates are bringing homebuyers in off the sidelines . . . mortgage applications surged by 9.9% in the first week of the year.
- December's jobs report showed employers added 216,000 jobs . . . beating the estimates of 170,000 (see chart below).
- The unemployment rate held steady at 3.7% . . . economists were expecting a slight uptick to 3.8%.
- Average hourly earnings rose 0.4% on the month and were up 4.1% from a year ago . . . both higher than expected.
- With higher earnings and lower interest rates we can expect to see more real estate transactions in the new year.
- The consumer price index (CPI) released on Thursday, increased 0.3% in December and 3.4% from a year ago . . . compared with respective estimates of 0.2% and 3.2% (see chart below).
- Much of the increase came from higher shelter costs . . . rising 0.5% for the month . . . accounting for more than half the core CPI increase.
- Euro-Zone unemployment hits a record low of 6.5% . . . the equivalent of 11 million people out of work in the region of more than 300 million.
- As office building vacancies rise, Calgary, Canada is leading in the conversion to residential living units . . . 17 office buildings are in the pipeline as 2.3 million square feet of office space are being converted.
- In another office building story . . . the 62-story Aon Center in Los Angeles . . . has been sold for \$147.8 million . . . 45% less than the price paid for in 2014.
- About 40 million acres of American agricultural land was owned by non-U.S. interests as of 2021, according to the Department of Agriculture.
- A Chinese national owns 198,000 acres of Oregon timberland.
- As we move into the new year, banking seems to be in much better shape than last year . . . that's when we saw the biggest bank failures since the 2008 financial crisis.
- JP Morgan Chase is outperforming the other big 3 banks (see graph below).
- U.S. ports are getting a \$21 billion upgrade from the Infrastructure Bill passed last year.
- Much of the money is going to ports to the East and Southeast states as more goods are being shipped to those areas.
- Meanwhile shipping rates hit \$10,000 per container as 158 ships are diverted from the Red Sea because of Houthi attacks.

- Just when Covid supply chain inflation seemed gone, ocean freight rates have increased 40 percent on some trade routes . . . adding to inflation worries.

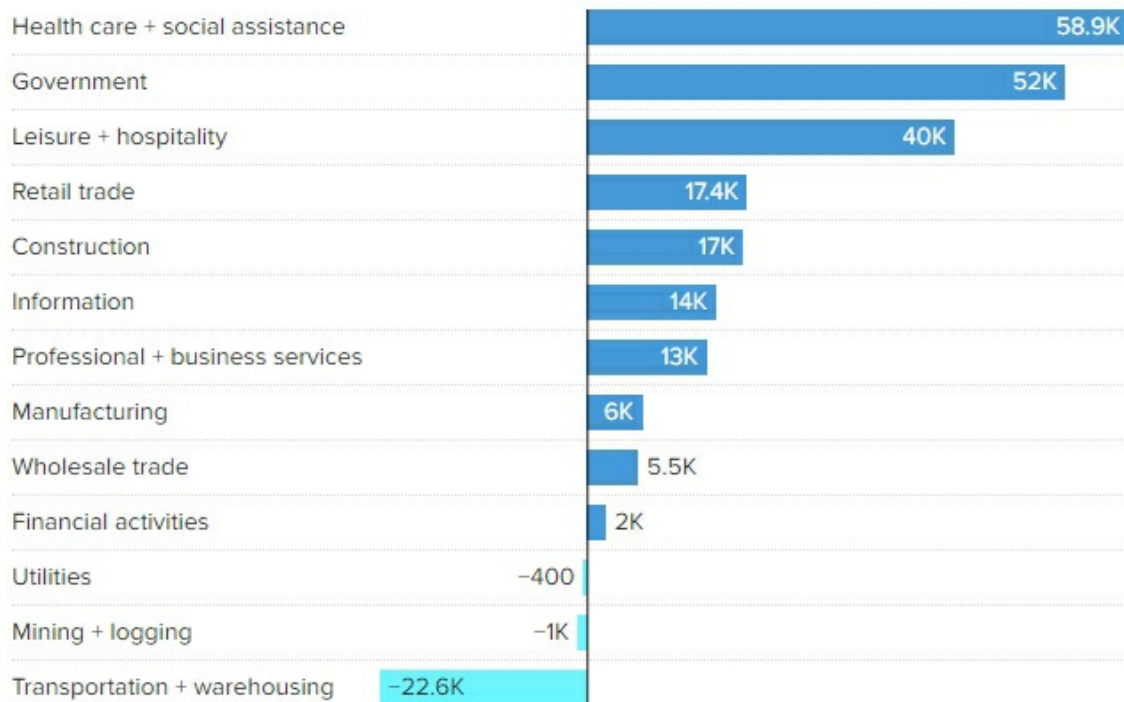
It's been a volatile year for mortgage interest rates



Click the chart to enlarge it

Here's where the new U.S. jobs were in December

December jobs one-month net change



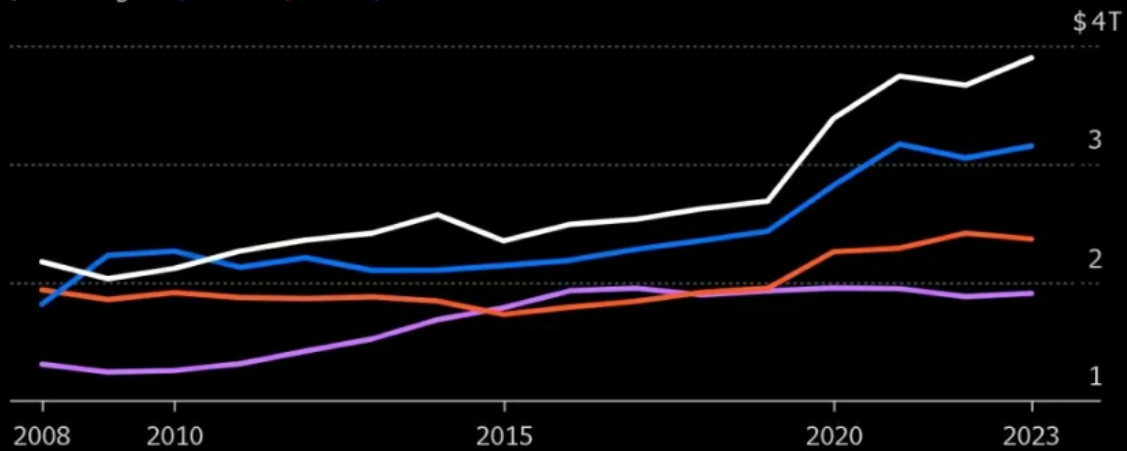
Click the chart to enlarge it

The big banks balance sheets are surging.

JPMorgan's \$4 Trillion Balance Sheet Widens Lead Over Rivals

Firm has added the equivalent of one Wells Fargo since financial crisis

JP Morgan BofA Citi Wells



Source: Company filings
Note: 2023 figures as of Sept. 30

Bloomberg

[Click the graph to enlarge it](#)

Where Americans are moving to.

U-Haul recently released its Growth Index . . . highlighting the U.S. states with the largest number of move-ins in 2023 with one-way U-Haul equipment. Texas marked the third consecutive year it finished at the top of the Index.

- | | |
|-------------------|---------------|
| 1. Texas | 6. Idaho |
| 2. Florida | 7. Washington |
| 3. North Carolina | 8. Arizona |
| 4. South Carolina | 9. Colorado |
| 5. Tennessee | 10. Virginia |

Where Americans are moving from.

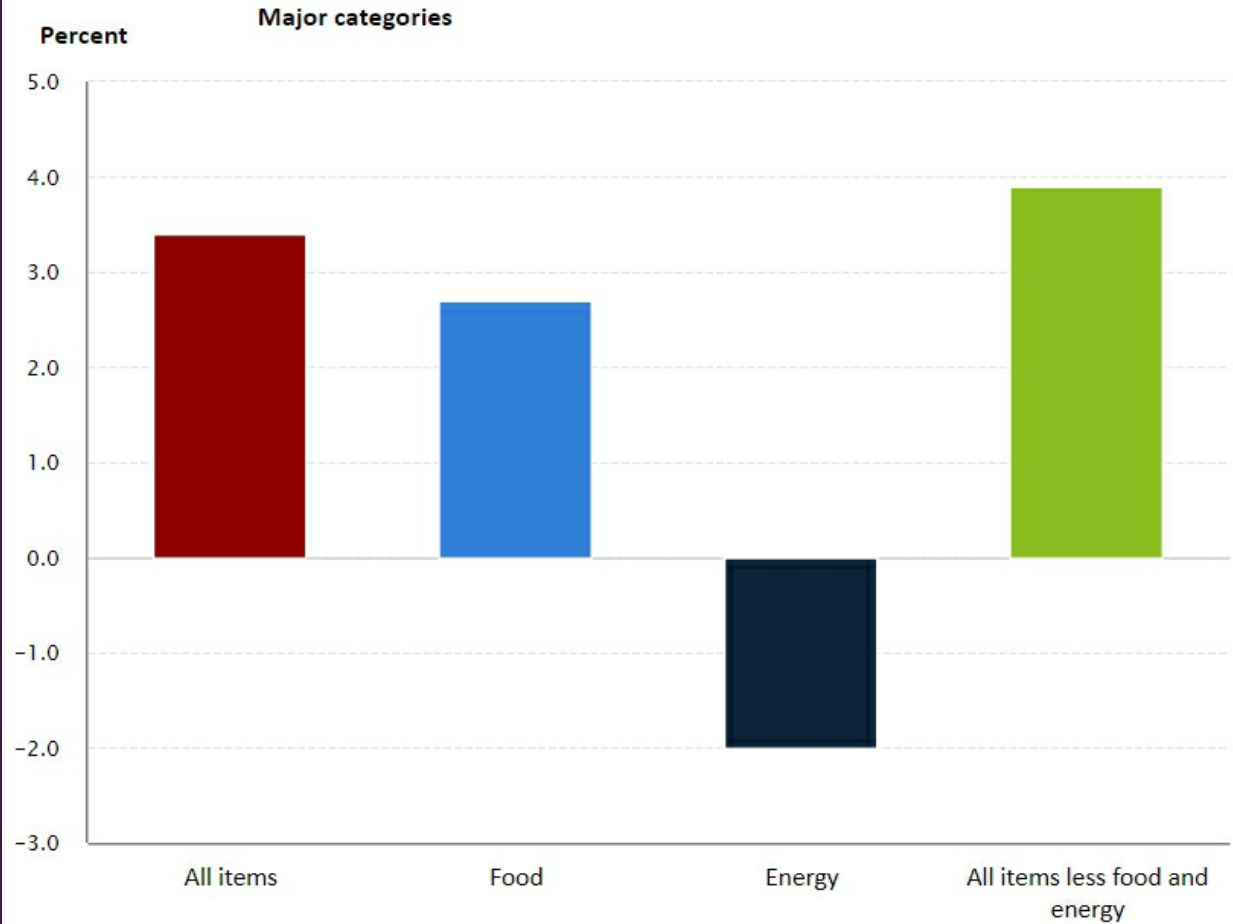
Here's U-Haul's list of the largest number of move-outs with one-way U-Haul equipment in 2023. For the fourth year in a row, California reflected the state with the largest number leaving.

- | | |
|-----------------|-------------------|
| 41. Oklahoma | 46. Michigan |
| 42. Connecticut | 47. New Jersey |
| 43. New York | 48. Illinois |
| 44. Maryland | 49. Massachusetts |
| 45. Louisiana | 50. California |

The latest CPI numbers.

12-month percentage change, Consumer Price Index, selected categories, December 2023, not seasonally adjusted

Click on columns to drill down



Click the chart to enlarge it.

How much is your home is worth in today's market?

[Click Here](#) to get a detailed market report including photos of the comparable properties sent to your e-mail within 24 hours.



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*Happy
New year*

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