



# HUGH CORNISH & ASSOCIATES

## HUGH CORNISH

Over \$3.5 Billion in Sales

#1 Coldwell Banker Agent, San Francisco Peninsula

#11 Coldwell Banker Agent, United States

#98 Agent in the United States, *RealTrends* 2024

## MARKET UPDATE FEBRUARY 2025



[Click here](#) for an early preview of my **2024 Real Estate Review**

### MONTHLY SALES DATA for January 2025

#### ATHERTON

Number of Homes Sold: 3  
Average Sale Price: \$9,576,667  
Average Days on Market: 113

#### MENLO PARK

Number of Homes Sold: 5  
Average Sale Price: \$3,492,000  
Average Days on Market: 26

#### PORTOLA VALLEY

Number of Homes Sold: 6  
Average Sale Price: \$4,722,500  
Average Days on Market: 43

#### WOODSIDE

Number of Homes Sold: 6  
Average Sale Price: \$3,673,000  
Average Days on Market: 78

### MORTGAGE RATES as of 2/5/2025\*

#### CONFORMING LOANS

15-year fixed rate: **5.625** (APR 5.792%)  
30-year fixed rate: **6.125%** (APR 6.299%)  
Conforming rates with loan up to \$766,550

#### JUMBO LOANS

15-year fixed rate: **6.000%** (APR 6.162%)  
30-year fixed rate: **6.250** (APR 6.344%)  
Jumbo rates above \$1,149,825

\*The above rates are with points as indicated and certain loan to value, credit score and loan amount premiums apply. Contact: Peter Keller, Reliance Financial, Senior Mortgage Advisor (NMLS# 281019) at PeterK@relfin.com or 650.248.4190  
Please Note: We care about your security and privacy. Please don't include identifying information like account numbers, birth dates and social security numbers in emails to us. Call us instead for secure email options or send the information by fax or regular US mail.

### LOOKING BACK

There were four key developments that shaped 2024.

- Commission Changes
- Presidential Election
- Interest Rate Fluctuations
- Increasing Home Insurance Cost

**COMMISSION CHANGES** As of August 17, 2024, the National Association of Realtors (NAR) set out new rules for how real estate agents conduct business in regard to commission. NAR agreed to the new rules as a part of a \$418 million settlement in antitrust claims. The settlement requires the Multiple Listing Service (MLS) to remove the buyer's broker's compensation. Buyer's brokerage compensation is not binding unless confirmed by a separate agreement among the applicable parties. This will be confirmed by the seller(s) as a term in the purchase agreement once a buyer submits an offer. Real estate agents will require a buyer to sign a legally binding representation agreement before they can begin touring homes together.

Real estate commissions are not fixed by law and are fully negotiable. I believe it is in the best interest of a seller to offer the buyer's broker a sales commission; we are no longer allowed to advertise in the MLS the amount of the buyer's brokerage compensation.

**PRESIDENTIAL ELECTION** According to Market Watch, there are five ways a second Trump Presidency will affect home buyers and sellers

1. Higher mortgage rates
  - In the new Trump administration, expect a higher level of growth in the US economy, higher inflation, and hence, higher interest rates according to Mike Fratantoni, Chief Economist at the Mortgage Bankers Association.
2. Higher home prices
  - Expect higher prices on homes, as Trump's proposed tariffs on imported goods have the potential to increase the cost of building a house.
3. More tax incentives for home builders and more housing supply
  - The Trump administration could result in housing tax credits that could help home buyers and builders, which could have a big impact on housing supply according to David Dworkin, President and Chief Executive of the National Housing Conference.
4. Less regulation in home building and lending
  - According to Mike Fratantoni, Chief Economist at the Mortgage Bankers Association, "expect a lighter-touch regulatory environment both in lending and building space. That generally is going to be positive for the housing and lending markets."
5. Fannie Mae and Freddie Mac could go public
  - *The Wall Street Journal* reported in September that Trump allies had been

working on plans to privatize the two entities. The two government-sponsored enterprises have been under government control since 2008, in the wake of the financial crisis. They purchase and securitize mortgages, both residential and commercial, and sell them on the secondary market.

#### **Bottom Line**

For the average buyer, nothing changes immediately as Trump replaces Biden in the White House, according to Daryl Fairweather, chief economist for Redfin. "Homes will still be in short supply. If the economy is growing, rents and home prices will grow too."

**INTEREST RATE FLUCTUATIONS** In 2024, the Federal Reserve (Fed) did lower interest rates three times, with the most recent cut occurring in December.

- September: The Fed cut interest rates by 50 basis points
- November: The Fed cut interest rates by 25 basis points
- December: The Fed cut interest rates by 25 basis points, lowering the target interest rate range to either 4.25% or 4.5%

The Fed's rate cuts are intended to help normalize policy and stabilize inflationary pressures.

However, the Fed's projections for 2025 indicate a more cautious approach to rate cuts. The Fed now anticipates only two rate cuts in 2025, totaling 50 basis points. This is fewer than the full percentage point of reductions projected in the previous quarter.

The Fed's revised projections for economic growth and inflation in 2025 and 2026 are also higher. The Fed appears more cautious about the need for rate cuts due to economic growth rising at a stronger rate than expected and inflation holding above the 2.0% target.

**INCREASING HOME INSURANCE COST** The devastating Southern California fires may well have an increased effect on the already challenging home insurance market. According to NBC Bay Area news, "California's Department of Insurance approved Allstate's request for the largest rate increase the state has seen in the past three years. Homeowners' insurance will go up by an average of 34%." For 2024, the shortage of new policies will continue to make home purchases difficult for buyers in California.

According to San Francisco Chronicle, "Farmers Insurance Group, the second largest home insurer in California, plans to begin writing more homeowners policies in anticipation of new reforms coming in 2025." Back in July 2023, Farmers had capped their new home insurance policies at \$7,000 a month and now "it will increase that cap to \$9,500 for customer per month." The insurer also plans to resume offering new renters, condominium, and personal umbrella insurance policies starting this December 2024.

"With the impending implementation of Commissioner Ricardo Lara's Sustainable Insurance Strategy in the coming year, Farmers wants to be well-positioned to provide more coverage options to residents in the state."

Acquiring homeowner's insurance in the past year continued to be challenging in 2024 for homes with wood roofs and/or in high fire zones. Hopefully with the implementation of the Sustainable Insurance Strategy this year, homeowners will have more options in terms of purchasing home insurance.

Please [click here](#) to see the market details in my **2024 Real Estate Review**.