

# THE RECAP

APRIL 2025

## The RECAP is SitusAMC's monthly Real Estate Commentary, Analytics and Perspectives on the residential real estate market.

Our team of experts aggregates the latest trends and perspectives across residential real estate finance to help you stay up to date on market developments and make more informed decisions. Here are the key developments in April 2025.

### WHAT YOU NEED TO KNOW

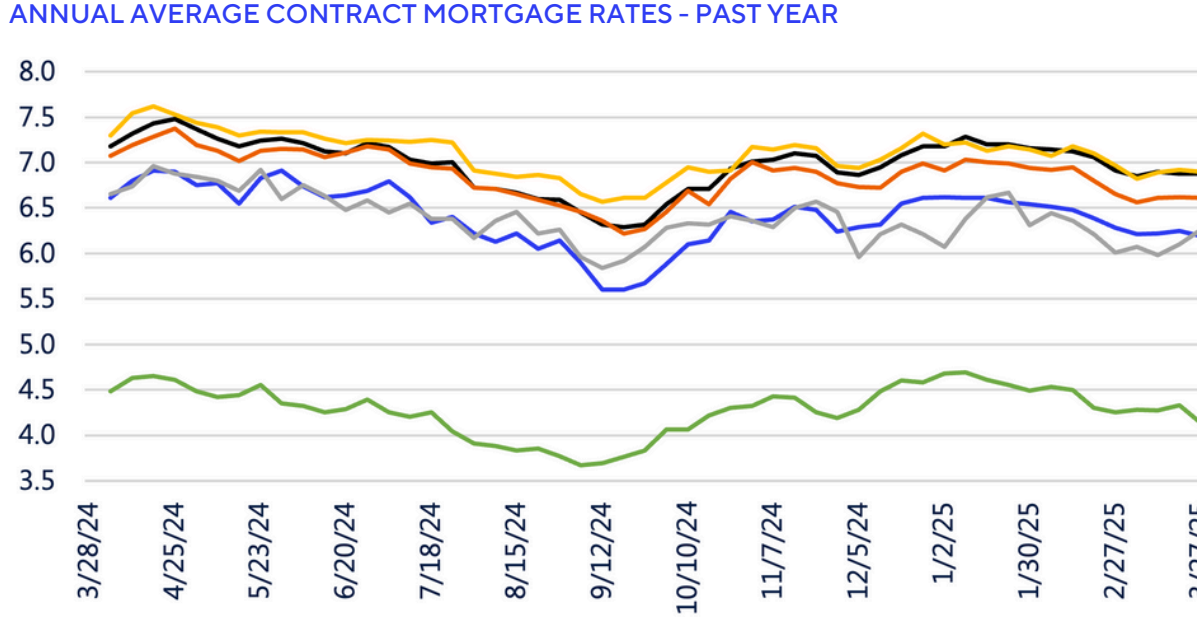
Recent data highlights a mixed landscape in the real estate market. While existing and new home sales showed positive momentum in February, they have generally bounced around the same low levels the past few years. The increase in home sales comes alongside a significant boost in inventories, reaching pre-pandemic levels. Additionally, while existing home prices saw a slight rise, new home prices declined, signaling a potential stabilization in pricing growth amid historically high price levels.

### OUR ANALYSIS

SitusAMC's analysis in THE RECAP leverages current data, our bespoke research and exclusive surveys of leading institutional and regional residential real estate executives.

## MORTGAGE RATE MARCH MADNESS

### ANNUAL AVERAGE CONTRACT MORTGAGE RATES - PAST YEAR



In March, the annual average contract mortgage rate for the 30-year Fixed-Rate Mortgage (FRM) remained steady at 6.9%, as reported by the MBA. Concurrently, the Freddie Mac 30-year FRM decreased to 6.6% following a 30 basis points drop in the 10-year Treasury during the week of April 3. Fannie Mae adjusted their 2025 and 2026 30-year FRM forecasts downward by 30 basis points each due to anticipated slower economic growth. Despite a minor decline in mortgage rate spreads over the 10-year Treasury in March, they continue to hover around 30 basis points wider than the historical average.

*At the current moment, mortgage rates may not be the primary determinant of home sales and refinancings, as households rivet their attention to market turmoil and fears of recession.*

PETER MUOIO, PHD  
Head of SitusAMC Insights

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10-YEAR TREASURY  
APRIL 8TH

## MORTGAGE APPLICATIONS SURGE AMID RATE CHANGES

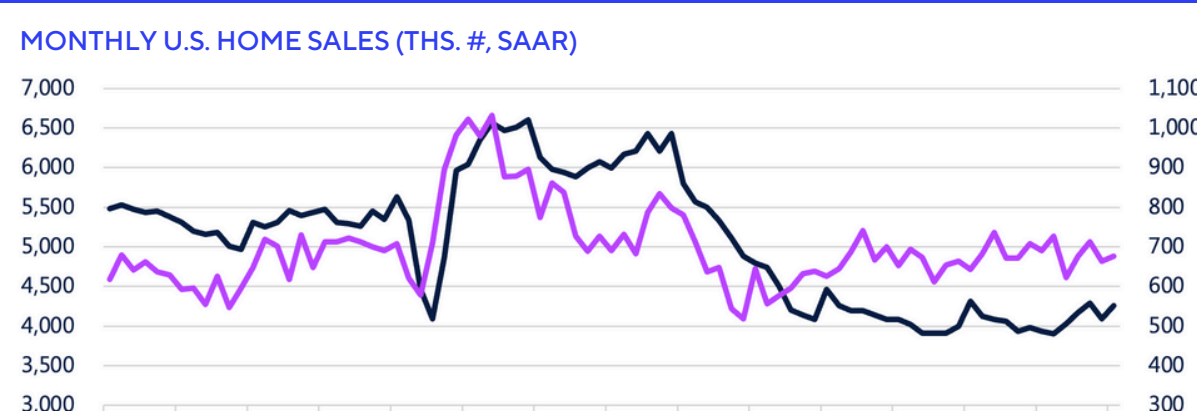
### 10-YEAR TREASURY PAST YEAR



Despite stable mortgage rates in March, there was a notable 9.5% increase in purchase applications, while refinance applications saw a decline of approximately 9%. The reduction in mortgage rates by nearly 30 basis points since the year's start led to a significant uptick in purchase and refinance activity at 16% and 80%, respectively. This surge, albeit from a lower baseline, was driven by rates dropping below the psychological 7% threshold for homebuyers, enabling many borrowers who secured loans at higher rates in 2024 to capitalize on refinancing opportunities.

## HOME SALES TREND UPWARD WITH INVENTORY RELIEF AND STABILIZING PRICES

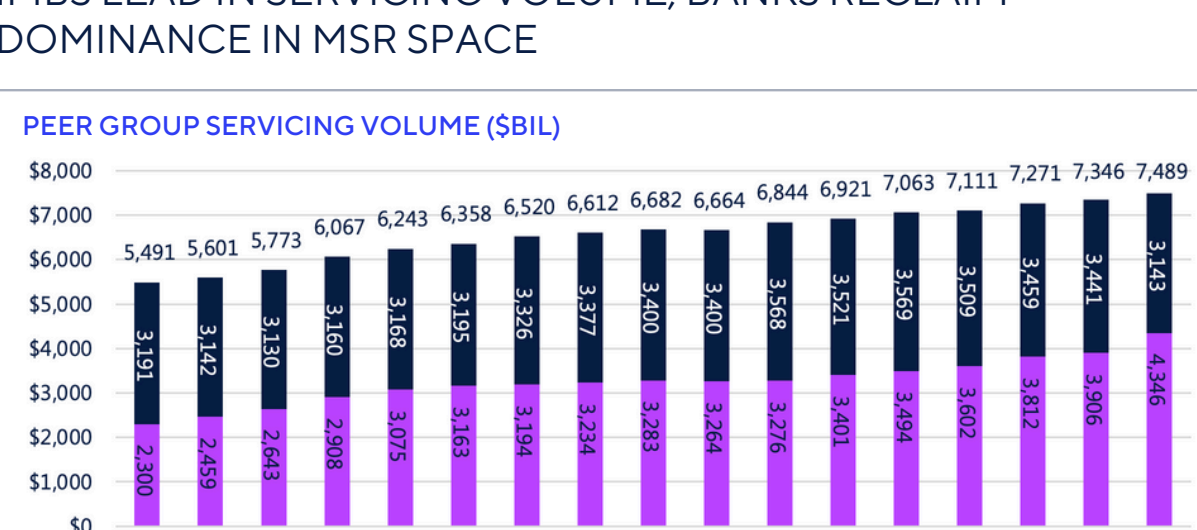
### MONTHLY U.S. HOME SALES (THS. #, SAAR)



Sales of existing and new homes increased in February, as inventories for each eased. In general, home sales have remained at the low levels of the past few years, despite monthly volatility. While prices remain historically high, pricing growth has slowed in recent months.

## IMBS LEAD IN SERVICING VOLUME, BANKS RECLAIM DOMINANCE IN MSR SPACE

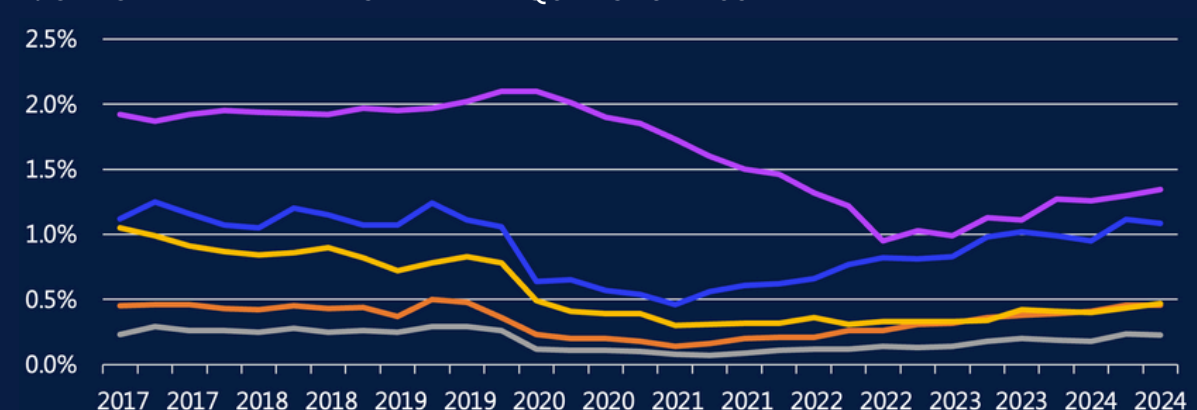
### PEER GROUP SERVICING VOLUME (\$BIL)



Independent Mortgage Banks (IMBs) experienced quarterly growth in servicing volume, surpassing banks in this aspect. IMBs have steadily gained prominence in servicing, holding the majority of total volume since early 2024. Despite this, IMB Mortgage Servicing Rights (MSR) balance sheets declined by \$5 billion in the fourth quarter, contrasting with banks' increase of over \$9 billion. While IMBs held the largest market share in the second and third quarters, banks reclaimed historical dominance in the MSR space, highlighting the dynamic competition within the mortgage servicing sector.

## SEVERELY DEROGATORY DEBT CONTINUES TO TREND UPWARD

### % OF TOTAL DEBT BALANCE BY DELINQUENCY STATUS



Household debt stress is increasing. The percent of household debt considered "severely derogatory" rose for the fourth consecutive quarter to 1.3%, a 5 bps increase QoQ and the highest level since fourth quarter 2022. Severely derogatory debt still remains below the pre-pandemic level. Key pockets of increasing distress include credit cards, and auto loans, whose delinquency rate increased by 24 bps over the quarter and 66 bps over the year to 4.8%, a level not seen since the onset of the pandemic.

### ABOUT SITUSAMC

SitusAMC is the leading independent provider of innovative, trusted solutions powering the lifecycle of residential real estate finance. THE RECAP is our monthly snapshot that aggregates the latest trends and perspectives across residential real estate finance in an easy to digest format.

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