Health & Retirement Services of Illinois
Newsletter October 2024

OUR NEWS LETTER HRSI

Will homebuyers come back this fall?

Mike Simonsen Tue, September 3, 2024

Altos Research home prices, inventory

This week the available inventory of homes for sale inched down across the country. It was a lead up to the holiday weekend, so that's not uncommon. But it is indicative that we're roughly at the peak of inventory for the summer. We may have a few more weeks of inventory gains, but the long stretch where inventory has been growing compared to a year ago is now over.

But while falling interest rates are putting a floor on demand, there's still no sign of any rush of buyers.

Will homebuyers come back this fall, or will we have to wait until spring?

Last week, I mentioned that Texas and Florida inventory had ticked down. Both of those states ticked up this week with more unsold homes on the market than a week prior. I mention this because it's what I expect for the whole country for the next several weeks. A little up, maybe a little down week to week. I expect that we won't see consistently shrinking inventory until later in October.

Let's look at the details of the U.S. real estate market as we roll into September 2024.

Inventory lower than last week

There are 704,000 single-family homes unsold on the market across the country now. That's a fraction fewer than a week prior. This was the lead up to the Labor Day holiday, so it's totally common for a dip in inventory.

In Our Newsletter

Mortgage rates have eased down in anticipation of the Federal Reserve's meeting in a couple weeks. It's widely expected that the Fed will cut short-term interest rates at that meeting. It's important to note that the markets could react opposite of what we expect. Mortgage markets could cause mortgage rates to jump even if the Fed cuts. If that were to happen, all these comments about peak inventory for the season are out the window.

New listing numbers are low

There were just 59,000 new listings unsold this week for single-family homes. There were another 10,000 new listings that immediately sold. Both of those numbers are very low. This week saw 6% fewer sellers than even last year which was already super low.

Since the immediate sales number was only 10,000 that's an indication of continued weak demand. We haven't seen any uptick in buyer urgency, as measured by immediate sales. The best homes at the right price still get offers immediately after they're listed for sale. During the pandemic, when Americans were in a home-buying frenzy, there were 25,000 or 30,000 immediate sales per week.

Next year, a healthier housing market will see that number climb over 70,000 per week to maybe 80,000 sellers per week.

Pending home sales stay the same

There were 64,000 new contracts pending this week for single-family homes. That level of sales continues to be just about the same as last year. There were another 12,000 condo sales started. 76,000 total sales this week is 2.5% fewer than a week ago. It's the lead up to the holiday weekend so that always ticks down.

We're looking at roughly the same level of sales as last year, with slightly fewer sellers, that's why inventory is probably around its seasonal peak and the annual gains in inventory compared to last year are compressing.

September and October are going to be fascinating to watch the sales rates. Each of the last two years September and October were brutal for interest rates and for buyer demand. We're on the opposite side of the cycle now so we are looking for any relative strength in buyers this year?

Home prices remain unchanged

The median price of U.S. single-family homes this week is $449,000 — unchanged for the week. The median price of the new listings is $399,999, also unchanged for the week. These prices are just barely above a year ago. This is consistent with the concept of flat home sales prices for the year.

The median price of the new contracts pending this week is $387,000. This is the price point where people are buying homes. That ticked up for the week and is still almost 5% above last year at this time.

This price of the new contracts is a pretty clear proxy for home sales. These are the offers being made each week. It takes a little over 30 days to close the transaction, so these sales will mostly happen in September. By this measure home prices have been hovering in this 3% to 5% annual appreciation range for most of the year.

If you follow home price indices like the Case Shiller Index, which was released last week for April, May, June, that is still showing 5.4% home price gains over 2023. So the current sales pace that we're illustrating here is showing 3% to 5% gains over 2023. There's nothing in the data now that shows price declines like we had at two points in 2022. I

Price reductions shows weak demand

The price reduction data continues to tell the story of weak demand. I don't see any evidence of buyers accelerating now — even along with recently lower mortgage rates. This is late in the season, so it's easier to see a slowdown than speed up effects with homebuyers. In other words, since we're not yet at the seasonal peak of price reductions.

Homes that are still on the market in September and October are more likely to take a price cut to attract buyers before the holidays. As we get closer to the holidays, homes are more likely to be withdrawn so they're not sitting on the market with price cuts. We get the seasonal peak in price cuts every year in the fall.

So we will be able to see the slowdown impact very quickly if rates were to rise from here. We saw that happen in each of the last two years in September. Rising rates added to the seasonal slowdown. Falling rates now won't deter the seasonal slowdown like they did in 2020. We're just looking for the market to behave a little better than last year.

The takeaway here with the price reductions data is that this fall, price reductions will continue to inch up each week. It's that time of year. We'll end the year with fewer price reductions than when we ended 2022. And that will set us up to see if buyers in the spring of 2025 are ready to embrace lower rates — assuming mortgage rates are indeed lower by then.

The big trends from earlier in the year are shifting now. And that's why we do this data work each week. If buyers finally start moving, we'll see it in the data quickly. Maybe mortgage rates have finally turned the corner? For buyers and sellers, these conditions can change fast and it can be very impactful for smart decision making.

Most employees fear retirement more than death, divorce: survey

'Workers should take proactive steps to fully understand their employers' retirement and financial planning services'

More than six in 10 employees in the United States are more afraid of retirement than death and divorce, according to a new report, which highlights financial anxieties in the workforce.

LiveCareer's poll of 1,031 employees found that 80% of employees plan to retire in their 60s.

However, 82% are already considering delaying their retirement due to financial reasons, and 92% are worried that they will have to work longer than planned.

In fact, the employees said they fear retirement more than:

- divorce (64%)
- death (61%)
- getting fired (54%)
- falling into poor health (53%).

These fears come amid financial concerns in the workplace, including becoming a financial burden (39%) and not having enough saved for medical emergencies or unexpected costs (39%) after retirement.

"Our survey reveals that financial stability is a primary concern among participants, with many fearing they won't be able to afford to retire and keep up with the bare essentials like healthcare, or that they might become a financial burden to their loved ones," said Jasmine Escalera, career expert at LiveCareer, in a statement.

Financial anxieties

According to the report, 59% of employees are concerned about the rising cost of long-term care in retirement.

Another 52% are worried about making poor investment decisions and losing retirement funds. Others cited these retirement-related concerns:

- Feeling disconnected from society (48%)

- Struggling to adapt to a new routine or lifestyle (46%)
- Maintaining the desired standard of living in retirement (45%)
- Potential shifts in government benefits (44%)
- Feeling insecure about the stability of their investments (41%)
- Medical expenses (41%)
- Inflation (30%)

Escalera said the findings underscore the importance of retirement planning.

"Workers should take proactive steps to fully understand their employers' retirement and financial planning services," she said.

"This includes knowing the difference between 401(k) and Roth accounts, understanding company match programmes and taking advantage of free financial advice and planning benefits. By doing so, workers can better prepare for retirement's financial and personal impacts before it gets too late."

Mercury Insurance reveals which really costs more - EVs, hybrids or ICE

Pros and cons of each option are outlined

With the wide range of vehicle options available today – from traditional internal combustion engine (ICE) models to fully electric vehicles (EVs) and hybrids – car buyers have more to consider, Mercury Insurance has highlighted. But which vehicles really cost more?

According to the carrier, it's crucial to assess the total cost of ownership, as it can help avoid unexpected financial burdens over the life of the vehicle.

"The 'total cost of ownership' equation includes factors like insurance premiums, fuel efficiency, repair expenses, and home charging infrastructure if purchasing an electric vehicle, among other aspects," explained Chong Gao, product management R&D director at Mercury Insurance.

"An EV, for example, might seem appealing for its expected fuel savings and lower maintenance costs, but insurance for them is on average 20% higher compared with an ICE vehicle, and they are typically more expensive to insure versus hybrids as well. However, as more people adopt EVs and insurance companies gather more data in the future, their insurance costs will likely even out."

When weighing the pros and cons between an ICE vehicle, hybrid, or EV, key considerations include fueling or charging costs, maintenance, and insurance.

Mercury Insurance pointed out that hybrid cars typically offer better fuel efficiency than ICE vehicles because they can alternate between their gas engine and electric motor. Unlike EVs, hybrids don't need to be plugged in, as their battery is recharged using the gas engine, removing the need for home charging infrastructure or access to public chargers.

On the other hand, most EV charging happens at home – about 80%, according to the US Department of Energy. Setting up a home charging system, particularly a Level 2 charger, often requires hiring an electrician, though some localities offer rebates or incentives to help cover installation costs. Public charging, meanwhile, remains a pain point, with consumer satisfaction ratings for these stations still notably low.

When it comes to maintenance, both ICE and hybrid vehicles require regular services such as oil changes and air filter replacements. These vehicles have similar maintenance schedules and costs. However, hybrid owners should anticipate a potential future expense: replacing the battery. US regulations mandate that hybrids come with battery warranties of at least eight years or 100,000 miles, offering some financial protection.

EVs, by contrast, require less routine maintenance since they lack traditional engine components like pistons and valves. This results in lower ongoing maintenance costs, though EV tires tend to wear out faster, according to J.D. Power. Like hybrids, EV batteries will eventually need replacing, but all new electric vehicles include robust battery warranties.

While electric vehicles can save money on fuel and maintenance, their insurance premiums are generally higher. “EVs cost more to insure versus their ICE counterparts because they generally cost more to buy, and consequently more to repair or replace,” noted Stephen Crewdson, senior director of insurance business intelligence at J.D. Power.

Ultimately, choosing between an ICE vehicle, hybrid, or EV will depend on a motorist’s budget, personal preferences, and driving habits. As Gao notes, hybrids offer a balanced option: “Hybrids serve as a great bridge between ICE and EVs by offering fuel efficiency and a reduced carbon footprint for consumers who aren’t yet ready to make the leap to an EV.”

FLU, COVID-19, RSV – ARE YOU PROTECTED?

Each year, millions of people get sick from serious illnesses like flu, COVID-19 and RSV. **Vaccines are your best protection — and they're covered by Medicare.**

If you're 65 or older, it's especially important to stay up to date on your vaccines:

- People 65 or older should get an **updated 2024–2025 COVID-19 vaccine.** If you've recently had COVID-19, you can wait 3 months to get a COVID-19 vaccine.
- For better protection against flu, the CDC recommends people 65 or older get one of the **higher-dose flu vaccines,** if available.
- The CDC recommends the **RSV vaccine** for people ages 60–74 who are at increased risk, and for everyone 75 or older.

Pharmacies Near You

Medicare drug coverage (Part D) also **covers vaccines** for shingles, tetanus-diphtheria-whooping cough (TDAP), and more at no cost. Talk with your doctor about which vaccines can help you stay healthy this fall and winter!

Request to lower an Income-Related Monthly Adjustment Amount (IRMAA)

If you've had a life-changing event that reduced your household income, you can ask to lower the additional amount you'll pay for Medicare Part B and Part D.

Life-changing events include marriage, divorce, the death of a spouse, loss of income, and an employer settlement payment.

Fax or mail your request

Fill out the Medicare Income-Related Monthly Adjustment Amount-Life-changing Event (SSA-44) (PDF) form. Fax or mail your completed form and evidence to a Social Security office.

- **Find a local office**

Amended income tax returns

Call +1 800-772-1213 and tell the representative you want to lower your Medicare Income-Related Monthly Adjustment Amount (IRMAA) if you had an amended income tax return.

For support completing this task

Call us

Available in most U.S. time zones Monday through Friday, 8 a.m. to 7 p.m., in English, Spanish, and other languages.

Call +1 800-772-1213

Tell the representative you want to lower your Medicare Income-Related Monthly Adjustment Amount (IRMAA) due to a life-changing event.

Call TTY +1 800-325-0778 if you're deaf or hard of hearing.

To contact us: go to www.healthcareil.com or Call (800) 739-4700