



California housing market shift: buyers gaining power

Source: Fast Company

While national active housing inventory for sale at the end of March 2025 was still 20 percent below pre-pandemic March 2019 levels on a year-over-year basis, national active listings are up 20 percent between March 2024 and March 2025. This indicates that homebuyers have gained some leverage in many parts of the country over the past year. One of the biggest year-over-year increases is happening in California, where active inventory for sale is up 50 percent year-over-year.

Among California's 36 major counties with at least 100,000 residents, nine have more active housing inventory for sale in March 2025 compared to pre-pandemic March 2019. The other major California counties still have inventory below pre-pandemic March 2019 levels. In housing markets where active inventory for sale rises significantly, homebuyers are gaining leverage. In housing markets where active inventory for sale has shot up above pre-pandemic 2019 levels, homebuyers have gained considerable leverage relative to past years. Homebuyers in San Francisco (in particular San Francisco proper's condo market) had a lot more leverage recently than homebuyers in, say, Orange County.

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U.S. economy went into reverse in Q1, GDP shows

Source: CBS News

U.S. economic growth slowed sharply in the first quarter of 2025 as businesses rushed to stockpile goods ahead of President Trump's sweeping tariff policies. The nation's gross domestic product – the total value of products and services – shrank at a 0.3 percent annual rate, down from growth of 2.4 percent in the final three months of 2024, the Commerce Department reported Wednesday in its initial GDP estimate. It's the worst quarterly performance for the U.S. economy since early 2022, when the economy was in recovery after cratering during the COVID pandemic.

The U.S. economy was forecast to show 0.8 percent growth in the first three months of 2025, according to the average estimate of economists polled by FactSet. The slowdown comes amid growing concerns that President Trump's wide-ranging tariffs could disrupt the U.S. economy, with some economists raising the chances of the U.S. slipping into a recession in 2025. Although the Trump administration's blanket tariffs were announced on April 2, after the end of the quarter, businesses sought to get ahead of the impact of

the import duties by front-loading purchases early in the year.

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Trump's VA strands thousands of veterans by ending a mortgage program

Source: NPR

The U.S. Department of Veterans Affairs, as of Thursday, has ended a new mortgage-rescue program that so far has helped about 20,000 veterans avoid foreclosure and keep their homes. The move leaves millions of military veterans with far worse options than most other American homeowners if they run into trouble paying their home loans. And it comes at a time when nearly 90,000 VA loans are seriously past due, with 33,000 of those already in the foreclosure process, according to the data and analytics firm ICE.

At issue is the VA Servicing Purchase program, or VASP. It was put in place during the Biden administration after missteps by the VA left homeowners with no affordable way to catch up on their VA-backed home loans if they fell behind. VASP rolls the homeowner's missed payments into a new, low-interest rate loan that the VA then owns outright. With today's higher mortgage rates of around 7 percent, it is often the only affordable option for homeowners with VA loans. Mortgage industry groups, housing advocates and veterans' organizations have been warning the VA that shutting down VASP without replacing it with something else first would result in large numbers of veterans losing their homes, many of whom are in this financial peril because of the VA's own mistakes.

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Home insurance rates may rise 21% in California in 2025

Source: Insurify

Homeowners will again face rising insurance costs in 2025 as insurance companies try to recoup massive losses from recent years. Insurify projects the annual cost of home insurance will increase 8 percent by the end of the year to a national average of \$3,250. Severe weather is a major factor behind the increase, putting pressure on insurers to raise rates.

Western wildfires, Southern hurricanes, and Midwestern hail have continued to increase in intensity and frequency, leading to larger losses and higher claim payouts. The gap between what insurers charge in premiums and what they pay out in losses is shrinking, with some states costing insurers more than they make. For example, Iowa home insurers pay out \$122 in claims for every \$100 they make in premiums, according to Insurify analysis. To stay profitable and operational, insurers typically pass increased losses on to consumers through higher premiums. The average annual cost of home insurance increased 8 percent in 2024 – nearly triple the rate of inflation (2.9 percent). Insurify projects California home insurance will rise 21 percent. The Palisades and Eaton fires that ravaged Los Angeles County in January and regulatory changes in the state will contribute to this increase.

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Homeowners struggle with property taxes and how to appeal

Source: HousingWire

A majority of U.S. homeowners are feeling the pressure of rising property taxes. But new data reveals that most are not taking advantage of their right to appeal their assessments – often because they don't know they can. A national survey conducted by property tax appeal platform Ownwell found that nearly 60 percent of homeowners were “shocked” by their most recent property tax bills. However, despite three-quarters of respondents saying they worry about increases in their annual bills, 78 percent reported that they had never challenged their assessment. While almost half of respondents said they would go out of their way to price-match and gain savings of \$60 or less, challenging a tax assessment could save homeowners hundreds or even thousands of dollars annually.

Of the homeowners who said they've never filed an appeal, more than half (53 percent) admitted they were unaware they had the right to do so. In California, a property's assessed value generally is established when the property changes ownership or when it is newly constructed. If a taxpayer disagrees with the value established for a property, they should discuss the issue with the Assessor's staff in the county where the property is located. If an agreement cannot be reached, then taxpayers have a right to appeal the value to the appeals board or a county board of supervisors. For more

information, go to the California State Board of Equalization's [Assessment Appeals](#) website.

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Homebuyer mortgage demand drops on economic uncertainty

Source: CNBC

Mortgage rates didn't move much last week, but homebuyers continued to pull back amid concerns over the broader economy. Applications for a mortgage to purchase a home dropped 4 percent last week compared with the previous week, according to the Mortgage Bankers Association's seasonally adjusted index. Volume was just 3 percent higher than the same week one year ago, even though interest rates last year were considerably higher.

The average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances (of \$806,500 or less) decreased to 6.89 percent from 6.90 percent, with points increasing to 0.67 from 0.66, including the origination fee, for loans with a 20 percent down payment. That rate is 40 basis points lower than the same week one year ago. Mortgage application activity, particularly for home purchases, continues to be subdued by broader economic uncertainty and signs of labor market weakness. Those applications dropped 20 percent for the week but were 43 percent higher than the same week one year ago. Applications to refinance a home dropped 4 percent for the week and were 42 percent higher than the previous week.

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