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Fed holds key interest rate steady as it warns of stagflation

Source: CNN

The Federal Reserve said Wednesday it will hold interest rates steady as the U.S. economy begins to show the effects of President Trump's haphazard trade war. The central bank kept its benchmark, overnight lending rate unchanged at a range of 4.25 percent to 4.5 percent,

extending a holding pattern that began in January.

Fed Chair Jerome Powell said in a news conference that uncertainty is pervasive, from where policy is headed to how the economy will evolve in the face of Trump's ongoing trade spat with the world. He also reiterated the growing threat of stagflation (which comprises a duo of higher unemployment and higher inflation), but said America's labor market remains a reassuring bright spot in the economy.

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Economic uncertainty and insurance costs weigh on California housing market

Source: Pasadena Now

California's housing market is bracing for a turbulent second quarter, as rising insurance costs, slowing economic growth and ongoing trade tensions converge to rattle consumer confidence,

according to a recent analysis by the CALIFORNIA ASSOCIATION OF REALTORS® (C.A.R.).

California homeowners are preparing for a sharp spike in insurance premiums. Rates are expected to rise by an average of 21 percent in 2025, on top of a 10 percent increase last year. The hike – outlined in a new Insurify report cited by C.A.R. – would raise the average annual premium by over $500, from $2,424 to $2,930. Contributing factors include growing climate risk models, regulatory changes, and fire-related losses from disasters like the Eaton Fire. Additional pressure may come from higher costs on construction materials, if tariffs continue to escalate. With key economic indicators sending mixed signals such as the consumer confidence's decline and relative strength of the job market, C.A.R. analysts say the housing market is likely to remain soft in the months ahead.

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Fire recovery and housing

Source: LAist

Some 12,000 homes were destroyed in the Eaton and Palisades fires. Real estate experts say that surrounding counties are likely to absorb some of the displaced people, but with a few exceptions, they aren't seeing a big effect just yet in places like Orange County. There is one notable exception

– high-end rentals. The number of homes leased in January for at least $20,000 a month shot up 238 percent in O.C. and 233 percent in L.A., according to Steven Thomas, chief economist with Reports on Housing, which analyzes real estate trends in Southern California. The actual number of people willing and able to pay that price, though, are quite small: 180 high-end rentals in L.A. and 27 in O.C. closed last month, says Thomas.

Displaced residents are considering many factors when deciding where to live, including commute time, schools, and, of course, cost. Josh Schreoder, a real estate agent who works mostly in Laguna Beach and other coastal cities in South O.C., said he's working with five clients who lost their homes in the Palisades fire. All but one of those clients, an older couple, are looking to rent, not buy a home. Schroeder thinks the biggest factor in residents' decision-making is the lack of clarity on insurance payouts for fire victims – most are still navigating the insurance process – and deciding whether they can afford and want to rebuild. Despite the region's infamous housing deficit, the real estate market in L.A. and surrounding counties does, technically, have enough inventory to absorb all the fire victims, experts said. But the increased demand will likely continue to push prices up, at least within legal limits as outlined by rent-gouging laws.

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Creative financing is replacing bank loans in real estate

Source: MPA Mag
With traditional banks stuck in prolonged approval cycles and growing risk

aversion, borrowers are turning to private lenders who can move quickly and think creatively. For real estate investors caught in a tightening market, that shift is more than a trend – it's a survival strategy.

Banks, meanwhile, are pulling back from deals they once routinely funded. Applications that might have passed a year ago are now getting kicked back due to concerns around multifamily assets, inflation or tariffs. The growing appeal of private lenders lies in their flexibility. With no credit committee or bureaucratic gauntlet to run through, lenders like Lurie can move fast and make decisions based on business potential – not just spreadsheets.

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Trump's proposed cuts to rental assistance could hit California hard

Source: KFI AM640

President Trump's proposed 2026 budget includes significant cuts to federal rental assistance programs, which could severely impact California. The plan suggests a 43 percent reduction in funding for housing programs, including Section 8 vouchers, which help low-income families afford rent. The proposal aims to shift the responsibility of these programs to states through a new State Rental Assistance Block Grant, allowing states to design their own initiatives.

The budget could lead to millions of Californians losing housing assistance, exacerbating the state's housing crisis, reports *CalMatters*. The budget also proposes a two-year cap on rental assistance for able-bodied adults, a move criticized by housing advocates. Will Fischer from

the Center on Budget and Policy Priorities argues that many people will still need assistance beyond two years.

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Weekly mortgage demand suddenly surges 11%

Source: CNBC
Mortgage interest rates dropped for the second straight week, although not by a lot. That was thanks to more negative news on the economy. But despite all that, weekly mortgage demand surged higher by 11 percent, according to the Mortgage Bankers Association’s seasonally adjusted index.

The average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances (of $806,500 or less) decreased to 6.84 percent from 6.89 percent, with points rising to 0.68 from 0.67, including the origination fee, for loans with a 20 percent down payment. Applications for a mortgage to purchase a home rose 11 percent for the week and were 13 percent higher than the same week one year ago. Driving the increase was a surge in demand for conventional loans. Applications to refinance a home loan also rose 11 percent for the week and were 51 percent higher than the same week one year ago. That demand was driven by Veterans Affairs, or VA, loans, which rose 26 percent for the week.

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