beyond the headlines

Non-homeowners in SF could spend $2.5 million in rent by age 60

Source: The San Francisco Chronicle

A new report finds that those who put their money into rent rather than home equity blow an estimated $2.5 million between the ages of 25 and 60.

Making sense of the story:

- The study by the personal finance site Go Banking Rates looked at how much someone who starts paying rent at 25 would spend by ages 30, 40, 50 and 60 in America's 25 most populous cities.

- Not surprisingly, notoriously expensive San Francisco is the city where you will pay the most rent, followed by Los Angeles ($2.18 million by age 60), Seattle ($2.15 million by age 60), and San Jose ($2 million by age 60).

- This news could be particularly pertinent for the Millennial generation that has struggled to get a piece of the housing market, especially in the San Francisco Bay Area where the median home price is $820,000.

- A survey from Apartment List in 2017 revealed 80 percent of Millennials said they wanted to buy a home, but the majority of them had saved less than $1,000 to put toward a down payment on a house.

- Americans across time have generally bought their first home by their early 30s, but a number of reports has revealed today's under-35 generation is saddled with student loans and faces low housing inventory along with rising interest rates and home prices.

- Go Banking used data on median rental prices from Zillow. The one-year average rental price was calculated for each city by averaging the rental cost from February 2017 to February 2018,

Read the full story:
https://www.sfchronicle.com/realestate/article/San-Francisco-cost-rent-millennials-affordability-12995071.php

In other news…

Report: In LA, high housing prices make it hard to afford basic needs

Source: Curbed

It's not a secret that housing prices are steep in Los Angeles, but a new report from the United Ways of California shows that those costs make it exceedingly difficult for many locals to afford other basic needs like food and healthcare.

According to the report, released last week, nearly 1 million households in Los Angeles County—or 38 percent of the population—bring in less than what's needed to meet a simple budget of essential items.

Not coincidentally, the residents of nearly half of LA County's households spend more than 30 percent of their income on housing.

According to the U.S. Census Bureau, just over 16 percent of LA County residents live in poverty, but Peter Manzo, president of the United Ways of California, says that statistic doesn't reflect the true number of families struggling to make ends meet.

"We're asking, 'what does it look like if a family is doing well?'" Manzo tells Curbed.

Full story: https://la.curbed.com/2018/6/11/17442910/los-angeles-housing-cost-price-affordable-wages

Nation's top three most expensive places for renters: all in Bay Area

Source: The Mercury News

If you want to rent a two-bedroom apartment in the South Bay, you'd better make close to $50 an hour — or roughly $100,000 a year — according to a startling new report that pegs all three of the nation's most expensive regions for renters squarely within the Bay Area.

It's even worse in San Francisco, Marin and San Mateo counties, where workers need to net $60 an hour, or about $125,000. In the East Bay, it's $45 an hour, or $93,000 a year, according to the "Out of Reach" study released Wednesday by the National Low Income Housing Coalition.

The new numbers highlight the dire situation that confronts many local workers as they're forced to cram into small, overcrowded apartments or commute long distances from cheaper neighborhoods in the Central Valley and beyond.

Full story: https://www.mercurynews.com/2018/06/14/nations-top-three-most-expensive-places-for-renters-all-in-bay-area/

The number of days homes spend on the market hits post-recession low

Source: Market Watch

In yet another sign of the ultra-competitive housing market buyers now face, the time homes spend on the market has never been shorter since the recession began.

The median list-to-sale time, which is the period of time between when a listing is officially posted and when the home is officially sold, was just 64 days, down from 77 a year ago, according to real-estate website Trulia. This figure has consistently dropped every year since 2010.

The figure set this month now represents an all-time low, according to Trulia's calculations. Premium homes take longer to sell, with a median list-to-sale period of 72 days, while starter homes (59 days) and trade-up homes (57 days) are faster.

Only three metropolitan areas have a higher list-to-sale time period than they did in 2010: Syracuse, N.Y., New Orleans and Honolulu. The fastest moving markets are all located in the West: The median period for Seattle, San Francisco and San Jose, Calif., is just 36 days.

Full story: https://www.marketwatch.com/story/the-number-of-days-homes-spend-on-the-market-hits-post-recession-low-2018-06-08?dist=realestate

The Fed just made life even worse for home buyers

Source: The Washington Post

As the busy spring selling season comes to a close, some Americans see their dream of homeownership under siege on three fronts.

The housing supply is low. Interest rates are rising. And even Canada plays a foil: Tariffs on lumber have sent the price of construction sharply higher.

Those hit the hardest? People who are trying to buy their first homes, just as they are amassing the savings to make the leap to homeownership.

Buyers are facing a competitive market in which they need to move quickly, bid high and make other concessions if they want to land the deal, real estate agents say. And for every month that buyers strike out, the combination of rising home prices and higher mortgage rates can add hundreds or thousands of dollars to the cost of the home.

Full story: https://www.washingtonpost.com/news/business/wp/2018/06/13/why-many-homebuyers-suddenly-feel-cursed/?utm_term=.06ced25e6234

Radical plan to split California into three states earns spot on November ballot

Source: The Los Angeles Times

California's 168-year run as a single entity, hugging the continent's edge for hundreds of miles and sprawling east across mountains and desert, could come to an end next year — as a controversial plan to split the Golden State into three new jurisdictions qualified Tuesday for the Nov. 6 ballot.

If a majority of voters who cast ballots agree, a long and contentious process would begin for three separate states to take the place of California, with one primarily centered around Los Angeles and the other two divvying up the counties to the north and south. Completion of the radical plan — far from certain, given its many hurdles at judicial, state and federal levels — would make history.

Full story: http://www.latimes.com/politics/la-pol-ca-california-split-three-states-20180612-story.html

What you should know

- Mortgage application volume dropped 1.5 percent last week from the previous week and 15.4 percent than a year ago, according to the Mortgage Bankers Association's seasonally adjusted report.
- Refinance volume, which saw a significant gain the previous week, was down 2 percent for the week and off nearly 34 percent from a year ago, when interest rates were lower.
- The average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances ($453,100 or less) increased to 4.83 percent from 4.75 percent.