



## beyond the headlines



### **Freddie Mac: 30-year Mortgage Rate Falls for First Time Since Presidential Election**

*Source: HousingWire*

The Freddie Mac Primary Mortgage Market Survey posted its first mortgage rate decrease since the election after a nine-week rise.

Sean Beckett, chief economist with Freddie Mac, said this marks the first time since 2014 that mortgage rates opened the year above 4 percent.

Bankrate.com Chief Financial Analyst Greg McBride noted at the time that the week's increase in mortgage rates was dubbed the 'Trump Tantrum,' the biggest one-week increase since the 'Taper Tantrum' in June 2013.

- In the two weeks after the election, the 30-year mortgage rate jumped 40 basis points, surging to 3.94 percent.
- Now, looking at the latest Freddie Mac report, the 30-year fixed-rate mortgage sits at 4.20 percent for the week ending Jan. 5, 2017, down from last week when it averaged 4.32 percent. However, this is still significantly higher than a year ago at this time when the 30-year FRM averaged 3.97 percent.
- The 15-year FRM this week averaged 3.44 percent, falling from last week's 3.55 percent. In the year-ago period, the 15-year FRM averaged 3.26 percent.
- The 5-year Treasury-indexed hybrid adjustable-rate mortgage averaged 3.33 percent this week, moving up from last week's average of 3.30 percent. A year ago, the 5-year ARM averaged 3.09 percent.

Read the full story

<http://www.housingwire.com/articles/38881-freddie-mac-30-year-mortgage-rate-falls-for-first-time-since-presidential-election>

## **In other news...**

### **Housing Outlook 2017: Eight Predictions from the Experts**

*Source: Forbes*

The 2016 housing market was an unprecedented, volatile and, for some, excruciating. At the year's start, experts anticipated a pick-up in building activity, but builders are still not producing enough homes. Meanwhile, home prices appreciated beyond expectations and mortgage rates toyed with record lows before crossing 4 percent for the first time in two years.

"If the expectation was that the market would transition smoothly from deep red hot recovery to normal--that certainly didn't happen," said Svenja Gudell, chief economist at real estate data firm Zillow.

Nevertheless, Gudell and others argue that, on balance, 2016 was a good year for housing. National prices finally crossed the previous 2006 peak, mortgage rates remained historically low, and there were some signs that millennials, a generation which some feared would never buy homes, are beginning to enter the market. Through it all, the election loomed large. In 2017, we'll see how profound the effects through these eight things housing experts expect to see this year.

Read the full story

<http://www.forbes.com/sites/samanthasharf/2017/01/03/housing-outlook-2017-eight-predictions-from-the-experts/#54106a91ce2d>

### **Watch: Using Sandbags to Protect Your Home from Flooding?**

*Source: The Mercury News*

With major storms expected to pound much of California this weekend, homeowners should prepare and protect their homes from flooding with other storm-preparation tips.

"The biggest problem we see is lack of preparation," said Jon Hospitalier, assistant public works director for the city of Palo Alto. "Don't call us in the middle of a storm, asking, 'Where do I get sandbags?'"

Read the full story

<http://www.mercurynews.com/2017/01/04/bay-area-storm-using-sandbags-to-protect-your-home-from-flooding-video/>

### **Listen: Report Finds California Home Ownership Rates at Lowest Since 1940s**

*Source: KPBS*

A draft report from California's Department of Housing and Community Development found home ownership rates in the state are at their lowest since the 1940s. The report, "California's Housing Future: Challenges and Opportunities," also found that the state has more than its share

of the country's homeless population — 22 percent of the country's homeless live in the state while the state makes up only 12 percent of the country's population.

On Wednesday's Midday Edition, *Los Angeles Times* staff writer Liam Dillon discusses with KPBS Midday Edition Host Maureen Cavanaugh the report's findings and recommendations.

Listen to the podcast

<http://www.kpbs.org/news/2017/jan/04/new-report-offers-data-solutions-californias-housi/>

### **Six Housing Market Predictions for 2017**

*Source: The Orange County Register*

If economic indicators are any guide, Orange County's housing market is heading for a fifth straight year of rising home prices, increased sales, more rent hikes, and booming home construction.

But this year's housing indicators don't take one major wild card into account: President-elect Donald Trump.

"The issue here isn't the trends. The trends are positive," Christopher Thornberg, a former UCLA professor and founding partner of Beacon Economics, said. "On the other hand, you've got this new administration coming in, and we're not sure (what policies) they're going to pursue."

Tax cuts and increased infrastructure spending would stimulate economic growth, Thornberg said. That's good for housing. But a trade war with China and an ideological confrontation with California "could really hurt our economy, and all bets are off," he said.

"The fundamentals are there for another year of rising prices, another year of rising rents. But that could be tipped over by Trump and company."

Read the full story

<http://www.ocregister.com/articles/percent-739894-year-housing.html>

### **Measure S Opponents Scale Back Claims in Voter Guide After Being Sued**

*Source: The Los Angeles Times*

Opponents of a controversial measure that would restrict L.A. real estate development have agreed to scale back some of their claims submitted for a city voter guide after being sued by the initiative's supporters.

Backers of Measure S, which would temporarily halt construction projects that require changes in city planning rules, had accused their opponents of submitting inaccurate statements for the guide, which will be mailed to voters ahead of the March election and includes arguments for and against the ballot measure.

The lawsuit, filed last month by attorney Grace Yoo, contended that it was misleading to call a critical study penned by Beacon Economics an “independent” analysis.

Read the full story

<http://www.latimes.com/local/lanow/la-me-ln-measure-s-ballot-20170104-story.html>

### **Watch: Investors Hate Real Estate Stocks — And That Could be Good News for the Sector**

*Source: CNBC*

The S&P 500's newest sector isn't getting much love. Real estate, which was broken out of the financials at the end of the summer to create an 11th distinct sector, is the most underweighted sector by active managers.

Not only is real estate the sector managers are least exposed to relative to their benchmarks, but it is also the sector that the smallest number of managers overweight.

Interestingly, the moderate positioning in real estate stocks could actually serve as a contrary indicator. With so little money in the group, marginal funds may flow out of heavily owned sectors like consumer discretionary and tech, and into the high-yielding real estate stocks.

Watch the interview

<http://www.cnbc.com/2017/01/04/investors-hate-real-estate-stocks--and-that-could-be-good-news-for-the-sector.html>

### **What you should know**

- The total value of the U.S. housing stock grew to a record \$29.6 trillion in 2016, an increase of nearly 6 percent and \$1.6 trillion over the previous year, according to an analysis of the 35 largest metro areas by real estate website Zillow.
- Los Angeles is the most valuable metro area, worth a cumulative \$2.5 trillion, Zillow reported.
- “The U.S. housing market has regained all the value lost during the housing crisis,” Zillow found. “The cumulative value of all homes in the U.S. declined by \$6.4 trillion between 2006 and 2012.”
- In the fourth quarter of 2016, some 29 percent of U.S. county housing markets were less affordable than their historic affordability averages, up from 24 percent of markets in the third quarter and 13 percent of markets a year ago, according to recent data published by the housing-research firm ATTOM Data Solutions.