



beyond the headlines



5 percent Mortgage Rates Aren't Scaring Buyers

Source: Realtor Mag

Mortgage rates are inching higher, and most home buyers seem unfazed by it. Only 6 percent of prospective home buyers recently surveyed said they would stop their home search if mortgage rates rose above 5 percent, according to a new survey released by the real estate brokerage Redfin of more than 4,000 consumers.

Making sense of the story:

- Mortgage rates hovered below 4 percent at the end of 2017, but in January the average 30-year fixed-rate mortgage surpassed 4 percent.
- For the last five consecutive weeks, rates have been on the rise, with the 30-year mortgage rate averaging 4.32 percent in Freddie Mac's most recent survey.
- However, 27 percent of consumers who plan to buy a home in the coming year did say that a 5 percent mortgage rate would cause them to slow their plans to buy.
- A quarter of buyers said that an increase would have zero impact on their plans.
- Higher rates may cause some buyers to rush their timelines. Twenty-one percent of potential buyers surveyed said that a rate bump to 5 percent would cause them to increase their urgency to buy.
- Another 21 percent said that such an increase would instead make them want to look in more affordable areas or to buy a smaller home.

Read the full story:

<http://realtormag.realtor.org/daily-news/2018/02/13/5-mortgage-rates-aren-t-scaring-buyers>

In other news...

Shopping for a home? It will take a lot longer than you think

Source: CNBC

Homes today are selling in about 40 days on average, almost two weeks faster than a year ago. But it is taking a lot longer for shoppers to find a home to buy.

Two-thirds of buyers are shopping for more than three months before signing a deal, according to a new survey from the National Association of Home Builders. Why so long? They can't find a home they can afford.

Forty-two percent of buyers surveyed said prices were out of reach for the homes they wanted. Home prices have been rising at a fast clip in the past year – faster than income growth and inflation. The primary reason is a lack of homes for sale, especially lower-priced homes.

About a third of those surveyed said they couldn't find a home with features they wanted or in a neighborhood they wanted. Back to prices though, 27 percent said they kept getting outbid on their offers. Bidding wars are now the rule, not the exception, in most major U.S. markets.

Full story: <https://www.cnbc.com/2018/02/13/home-prices-are-overheating-so-buyers-are-shopping-longer.html>

\$303K is the annual income now needed to buy a median priced home in San Francisco

Source: The San Francisco Chronicle

San Francisco real estate has reached yet another crazy extreme.

The household income needed to buy a median-priced home in the city reached a new high and is now \$303,000. That's according to the California Association of Realtors affordability index, which is based on sales in the fourth quarter of 2017.

The index approximates the percentage of households with the minimum income needed to buy an existing, median-priced single-family home with a 20 percent down payment at the current interest rate.

The new salary number is what a buyer needs to make to afford the \$7,580 payment on a \$1.5 million home, the fourth-quarter median.

Full story: <https://www.sfchronicle.com/realestate/article/income-needed-buy-home-San-Francisco-real-estate-12614111.php>

Renters outnumber homeowners in some Southern California cities

Source: The Orange County Register

The dream of homeownership is slipping away for residents in many Southland cities as renters increasingly outnumber those who own homes.

That's the takeaway from figures released this week by the nationwide apartment search website RENT Cafe. The latest communities to achieve this distinction are Pasadena, Lancaster, San Bernardino, Anaheim and Santa Ana.

In 2006, 49.9 percent of Pasadena's population were renters. But by 2016, that had risen to 58.3 percent, an increase of nearly 17 percent. Lancaster has experienced a similar trend with an even more dramatic increase. Its share of renters rose from 36.2 percent in 2006 to 51 percent in 2016, an increase of nearly 41 percent.

Full story: <https://www.ocregister.com/2018/02/13/renters-outnumber-homeowners-in-some-southern-california-cities/>

Nearly two-thirds of U.S. housing markets see home prices hit all-time high

Source: Housing Wire

As housing inventory sank to its all-time low during the fourth quarter, home prices increased, creating all-new highs in many U.S. markets, according to the latest quarterly report from the National Association of Realtors.

The national median existing single-family home price in the fourth quarter came in at \$247,800, up 5.3 percent from \$235,400 in the fourth quarter of 2016. During the third quarter, home prices increased 5.6 percent from the third quarter of 2016.

Single-family home prices increased in 92 percent of measured markets, or 162 out of 177 metropolitan statistical areas. In fact, 15 percent of metro areas saw double digit increases, and now 64 percent of markets reached a new all-time high in home prices. This is up by 18 metros from last quarter.

Total existing home sales, including single family and condos, increased 4.3 percent during the fourth quarter to a seasonally adjusted annual rate of 5.62 million, up from 5.39 million in the third quarter. This is also up 1.3 percent from the 5.55 million pace in the fourth quarter of 2016.

But due to these higher levels of home sales, existing homes for sale shrank 10.3 percent from the 1.65 million homes at the end of the fourth quarter of 2016 to an average supply of just 3.5 months. This represents a new low in housing inventory and is down from 4.2 months of supply in the fourth quarter of the previous year.

Full story: <https://www.housingwire.com/articles/42515-nearly-two-thirds-of-us-housing-markets-see-home-prices-hit-all-time-high>

California Latinos make up small fraction of mortgage market

Source: The Sacramento Bee

Latinos are the largest ethnic group in California but a new analysis reveals they make up just a fraction of people applying for conventional home loans and were more likely to be denied loans in two rural Northern California metro areas.

A national analysis by Reveal from The Center for Investigative Reporting found Latinos accounted for nearly half of the population in the Los Angeles area in 2015-2016, yet made up just 18 percent of conventional loan applications. In the Central Valley city of Fresno, Latinos made up more than half of the population but only accounted for a quarter of traditional mortgage applications.

The data also showed disparities in two rural Northern California communities: in Chico, when Latinos did apply for such loans, they were nearly 2.5 times more likely than whites to be denied; in Salinas, they were 1.7 times more likely to be denied. The analysis compared applicants with similar incomes, loan amounts and purchasing neighborhood, among other factors.

Full story: <http://www.sacbee.com/news/business/article200265599.html>

What you should know

- Mortgage application volume dropped 4.1 percent week-on-week, likely caused by stock market volatility and another move higher in interest rates.
- The seasonally adjusted count from the Mortgage Bankers Association was 3.5 percent higher than the same week one year ago.
- Purchase applications fell 6 percent for the week, although they were still higher by 4 percent annually.