NAR Survey Finds Gen X on the Mend; More Children Living with Millennials and Boomers

Source: National Association of REALTORS®

An improving economy, multiple years of strong job growth, and the notable increase in home values in most markets fueled a greater share of purchases from Generation X households over the past year. This is according to the National Association of REALTORS® 2017 Home Buyer and Seller Generational Trends study, which evaluates the generational differences of recent home buyers and sellers.

The survey additionally found that a growing number of millennials and younger boomer buyers have children living at home; student debt is common among Gen X and boomer households; more millennials are buying outside the city; and younger generations are more likely to use a real estate agent.

"Gen X sellers' median tenure in their previous home was 10 years, which puts many of them selling a property they bought right around the time home values were on the precipice of declining," said Lawrence Yun, NAR chief economist. "Fortunately, the much stronger job market and 41 percent cumulative rise in home prices since 2011 have helped a growing number build enough equity to finally sell and trade up to a larger home. More Gen X sellers are expected this year and are definitely needed to ease the inventory shortages in much of the country."

Making sense of the story

- The uptick in purchases from Gen X buyers this year (28 percent) was the highest since 2014 and up from 26 percent in 2016.
- Millennials were the largest group of recent buyers for the fourth consecutive year (34 percent), but their overall share was down slightly from a year ago (35 percent).
- Baby boomers were 30 percent of buyers, and the Silent Generation made up 8 percent.
- Younger boomers were the most likely to purchase a multi-generational home (20 percent; 16 percent in 2016), and the top reason for doing so was that children over 18 years old either moved back home or never left (30 percent; 27 percent in 2016).

Real the full story
https://www.nar.realtor/news-releases/2017/03/nar-survey-finds-gen-x-on-the-mend-more-children-living-with-millennials-and-boomers

In other news…

Trump Budget Considers $6 billion Cut to HUD Funding
Source: HousingWire

Over the past few weeks, President Donald Trump and Congress considered different massive budget cuts in order to increase military spending, leaving some fearful that the cuts could impact the U.S. Department of Housing and Urban Development (HUD).

As it turns out, their fears were confirmed as reports now show the Trump administration is considering more than $6 billion in cuts at HUD.

But this isn't the first time the department has seen cuts. In a 2013 sequestration, the Obama administration eliminated 100,000 housing vouchers, which Congress later began to restore in 2014 and 2015, according to the Center on Budget and Policy Priorities.

This cut would go towards Trump's goal to cut domestic spending by $54 billion and could decrease HUD's budget 14 percent to $40.5 billion in fiscal 2018, which begins in October.

Read the full story
http://www.housingwire.com/articles/39527-housing-fears-confirmed-trump-budget-considers-6-billion-cut-to-hud-funding

Differences in Housing and Childcare Costs in Cities and Suburbs
Source: Zillow

Housing and childcare are typically the two largest budget items for young families, and the choice of exactly where to live – even within a larger metro area – can result in substantially higher or lower costs.

Zillow teamed up with childcare website Care.com to explore how much families can save (or expect to spend) on housing and childcare by moving from the city to the suburbs.

Read the full story
https://www.zillow.com/research/housing-and-childcare-costs-14389/

Millennials Drive Housing Confidence Higher, Despite Red-Hot Prices
Source: CNBC

Both buyers and sellers alike are feeling very good about the housing market this spring, even as home values hit new highs and mortgage rates move up.

A monthly sentiment index from Fannie Mae rose to the highest level since 2011, when the survey began, thanks to a surprising surge from millennials.

"Millennials showed especially strong increases in job confidence and income gains, a necessary precursor for increased housing demand from first-time homebuyers," said Doug Duncan, senior vice president and chief economist at Fannie Mae.

Millennials are moving out of their parents' basements and forming new households at a faster rate, according to Fannie Mae research, but they are still overwhelmingly forced to rent.

"Continued slow supply growth implies continued strong price appreciation and affordability constraints facing millennials and first-time buyers in many markets," Duncan added.

The leading edge of the millennial generation is, however, entering the housing market in larger numbers today, with some venturing out of their desired urban cores to more affordable suburbs. Millennials delayed both marriage and parenthood, but that is now changing.

Read the full story
http://www.cnbc.com/2017/03/07/millennials-drive-housing-confidence-higher-despite-red-hot-prices.html

Wells Fargo Announces Initiative to Boost Black Homeownership
Source: Inman

According to the U.S. Census Bureau, black Americans will represent 17 percent of new households by 2024.

Unfortunately, black Americans — along with other communities of color — face a number of barriers to homeownership that include lack of access to affordable homes, depreciating home values in communities of color and higher home loan denial rates.

Wells Fargo, in conjunction with the National Association of Real Estate Brokers (NAREB), has announced an initiative to break down these barriers and create at least 250,000 new black homeowners by 2027.

Read the full story
http://www.inman.com/2017/03/02/wells-fargo-announces-initiative-boost-black-homeownership/

Seventeen New Trends in the Home-Building Business

Source: Builder Online

As spring selling progresses, here are the latest industry trends builders should know about in finance, operations, marketing, design, and products.

Read the full story
http://www.builderonline.com/builder-100/strategy/17-new-trends-in-the-business-of-home-building_o

What you should know

- CoreLogic® reported that U.S. homeowners with mortgages (roughly 63 percent of all homeowners) saw their equity increase by a total of $783 billion in 2016, an increase of 11.7 percent.
- Additionally, just over 1 million borrowers moved out of negative equity during 2016, increasing the percentage of homeowners with positive equity to 93.8 percent of all mortgaged properties, or approximately 48 million homes.
- In Q4 2016, the total number of mortgaged residential properties with negative equity stood at 3.17 million, or 6.2 percent of all homes with a mortgage. This is a decrease of 2 percent quarter over quarter from 3.23 million homes, or 6.3 percent of all mortgaged properties, in Q3 2016 and a decrease of 25 percent year-over-year from 4.23 million homes, or 8.4 percent of all mortgaged properties, compared with Q4 2015.
- Negative equity, often referred to as being "underwater" or "upside down," applies to borrowers who owe more on their mortgages than their homes are worth. Negative equity can occur because of a decline in home value, an increase in mortgage debt or both.
- The national aggregate value of negative equity was approximately $283 billion at the end of Q4 2016, down quarter over quarter by approximately $700 million, or 0.3 percent, from $283.7 billion in Q3 2016; and down year-over-year by approximately $26 billion, or 8.4 percent, from $308.9 billion in Q4 2015.