



beyond the headlines



Millennials lead all other generations in buying homes

Source: *Housing Wire*

Millennials held the highest share of home buying activity out of all other generations for the fifth consecutive year, according to the 2018 Home Buyer and Seller Generational Trends study from the National Association of REALTORS®.

Making sense of the story:

- Millennials held a market share of 36 percent over the past year, up from 34 percent in 2017. Gen Xers ranked second at 26 percent, a drop from 28 percent in 2017, followed by the Baby Boomers with 32 percent, up from 30 percent in 2017 and the Silent Generation with 6 percent, down from 8 percent in 2017.
- NAR explained that Gen X buyers ranked second because Baby Boomers in the survey are segmented into two groups: younger Boomers, ages 52 to 61, and older Boomers, ages 62 to 70, and encompass a longer age period.
- While Millennials held a majority of the share in the home buying market, low levels of housing inventory and higher home prices held back many potential buyers.
- Over the past year, the typical Millennial homebuyer had a higher household income at \$88,200, compared to \$82,000 last year, and purchased the same sized home at 1,800 square feet.
- Millennials also had higher levels of student debt than in last year's survey, and slightly more of them said saving for a down payment was the most difficult task in buying a home.
- The market has also seen an increase in multigenerational homes as more adult children opted to live at home with their Gen X or Baby Boomer parents, increasing from 30 percent last year to 39 percent.
- Millennials are the most likely generation to use a real estate agent with 90 percent purchasing through an agent.

Read the full story:

<https://www.housingwire.com/articles/42748-millennials-lead-all-other-generations-in-buying-homes>

In other news...

Are foreign investors driving up real estate in your California neighborhood?

Source: CALMatters

Back in 2006, about 10 percent of California single-family homes were purchased in all-cash transactions, according to ATTOM Data Solutions. A decade later, it's nearly 25 percent.

While all-cash buyers are often treated as a rough proxy for international buyers—the California Association of Realtors estimates they are more than twice as likely to pay in cash as domestic buyers—in reality they are more varied. Some are rich enough to not need to finance a first (or second or third) home, or simply prefer California real estate to the stock market.

The California Association of Realtors estimates that 3 percent of last year's purchases went to international buyers. Their data even suggests the share of international buyers has been on a downward trajectory since 2008—but that data relies on a survey of realtors, and could be undercounting.

“For one thing, the survey is conducted in English,” said Oscar Wei, senior economist for the California Association of Realtors. “So if you have Chinese buyers and Chinese agents, they may not necessarily want to participate in a survey written in English.”

Full story: <https://calmatters.org/articles/data-dig-are-foreign-investors-driving-up-real-estate-in-your-california-neighborhood/>

NAR: Banking Reform May Boost Real Estate

Source: Realtor Mag

The National Association of REALTORS® has expressed support for the Economic Growth, Regulatory Relief and Consumer Protection Act, S. 2155, a banking reform bill the Senate plans to take up this week. The bill could open up more lending to households aspiring to become homeowners, NAR says.

The bill includes a requirement that Fannie Mae and Freddie Mac, the country's largest source of home mortgage funds, accept rent and utility payment history as part of loan applicants' credit scores.

The bill also reduces some regulatory burdens on credit unions and smaller community banks, which are often the main source of home mortgage financing in rural areas.

The House has already passed its version of banking reform, known as The Financial Choice Act. Should the Senate pass its version, the bills will have to be reconciled.

Full story: <http://realtormag.realtor.org/daily-news/2018/03/13/nar-banking-reform-may-boost-real-estate>

Here's how much it costs a 4-person family to live in the 15 largest US cities

Source: CNBC

The cost of raising a family looks very different depending on where you are. It will cost you about \$58,906 a year to raise a four-person family in Brownsville, Texas, for example, but if you move to San Francisco, California, that expense more than doubles, to \$148,439.

That's according to the Economic Policy Institute's newly updated family budget calculator. The calculator shows the income a family needs in order to attain a modest yet adequate standard of living across the U.S. In other words, it measures "what families need to get by," says EPI Senior Economist Elise Gould.

The calculator factors in geographic differences in cost of living and seven main expenses: housing, food, transportation, child care, health care, other necessities and taxes.

Full story: <https://www.cnbc.com/2018/03/15/how-much-a-4-person-family-needs-to-live-in-the-15-biggest-us-cities.html>

Survey claims half of Bay Area residents plan to leave California

Source: Curbed

Although claims that San Francisco is hemorrhaging residents and that Silicon Valley is "over" are not all that they're cracked up to be, Bay Area residents are increasingly likely to tell pollsters that they're unhappy with the state of the state.

In February, the Chicago-based PR firm Edelman surveyed 1,500 Californians, including 500 Bay Area residents, to gauge their opinions about California and their level of trust in and satisfaction with the tech industry in particular.

Of the 500 Bay Area residents polled, 49 percent agree with the statement "I am considering moving away from California because of the high cost of living." Statewide, 58 percent of Millennials and 65 percent of parents echoed the sentiment.

The number of disgruntled responses is up significantly year over year—eight points in general and seven points among Millennials

Full story: <https://sf.curbed.com/2018/3/9/17100238/poll-2018-leaving-san-francisco-oakland-silicon-valley>

Republican and Democratic candidates for governor take on California's housing crisis

Source: The Mercury News

Six leading candidates for California governor agreed Thursday that it's too hard to build new homes in California and offered wide ranging solutions to rein in exploding housing costs and rising homelessness.

The candidates spoke separately at a conference in Sacramento organized by Housing California, an advocacy group.

For decades, California has failed to build enough homes to meet demand, particularly in popular coastal cities such as San Francisco.

Democrats Gavin Newsom and Antonio Villaraigosa, the front-runners according to public polling, took jabs from some of their rivals over their ambitious plans to spur construction of 3.5 million homes by 2025.

Republicans Travis Allen and John Cox drew hisses for their skeptical views on subsidized housing, while Democrat John Chiang called for a massive influx of cash for it.

Full story: <https://www.mercurynews.com/2018/03/09/candidates-for-california-governor-take-on-housing-crisis/>

What you should know

- Another drop in refinances last week kept mortgage application volume basically unchanged, up just 0.9 percent seasonally adjusted, from the previous week, according to the Mortgage Bankers Association.
- The average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances (\$453,100 or less) increased to 4.69 percent from 4.65 percent,
- Points decreased to 0.45 from 0.58 (including the origination fee) for 80 percent loan-to-value ratio loans. That is the highest since January 2014.