beyond the headlines

Inventory's low and the competition's high, but for the first time in more than two years, home searches and listings available began to converge

Source: Trulia

For the first time in more than two years, when it comes to price, homebuyers and sellers are finally moving closer together. Market mismatch – Trulia's measure of the price gap between search interest and available listings – is flat from a year ago, but has dropped 15 percent, falling to 11.1 from 13.1 the previous quarter; the first such drop since prior to the start of 2016. In other words, more homebuyers are searching at price points where listings are more common.

Read the full story:

- What looks like good news among very tough market conditions for starter home buyers comes with some hefty caveats. Rather than being a story of increasing inventory meeting high demand for starter homes, instead, searches are just shifting increasingly toward pricier options.

- Nationally, the mismatch gap shrunk to 11.1 from 13.1 last quarter as the share of searches for starter homes fell to 28.7 percent from 31.1 percent. While part of this shift could be attributed seasonality, it is the first quarter to quarter drop we have seen and compares with a mismatch increase from 9.7 to 11.1 during the same period last year.

- It's not all good news though as the starter listing's share continued to slide and is now down to 22.4 percent of all listings from 22.8 percent last quarter and the first quarter of 2017.

- Premium buyers got pinched this quarter for the first time in more than two years. Premium home searches made up 41.4 percent of all searches and comprised 52.5 percent of listings. Still comfortable, but down from a larger gap of 38.4 percent of searches going to 51.5 percent of listings last quarter and on par with the mismatch a year ago.

- What looks like starter home buyer relief on a national level may just be signs of shoppers giving up. Recent changes are driven by search activity growing more slowly for starter homes than for trade-up and premium homes.

- San Francisco saw the biggest improvement for starter home shoppers from last quarter as starter inventory increased to 40.2 percent from 36.1 percent of all listings and searches to those homes dropped to 42.7 percent from 45.5 percent of all searches.

  Read the full story:
  https://www.trulia.com/blog/trends/mismatch-q12018/

In other news…

The Best Housing Markets for Home Flippers

Source: Realtor Mag

House flipping activity surged to an 11-year high this year, with more than 207,000 homes flipped, according to ATTOM Data Solutions, a real estate data firm. But the key is knowing where to be and when. “The sweet spot for successful home flipping is finding the neighborhoods just emerging as the next hot neighborhoods in a city,” says Daren Blomquist, a senior vice president at ATTOM Data Solutions. The firm says the average profit for a housing flip in 2017 was $68,100.

Realtor.com® ranked the 200 largest metros according to the share of all home sales categorized as a flip (defined as any type of home that is bought and resold within a three- to 12-month period). Researchers limited their rankings to two metros per state for geographic diversity and only included markets where the average profit was at least $30,000. Two of the top ten markets were California cities, with Fresno taking second place and Los Angeles ranking seventh in the nation.

Full story: http://realtormag.realtor.org/daily-news/2018/05/23/best-housing-markets-for-home-flippers

Higher gas prices could hurt already weakening home sales

Source: CNBC

Today's homebuyers don't need another headwind. They're already facing one of the tightest, most competitive housing markets in history, with home prices rising far faster than incomes, mortgage rates climbing and the supply of homes for sale continuing to shrink.

Now add higher gas prices to the toxic mix.

The average price for a gallon of regular gas is up 60 cents compared with a year ago, according to AAA.

While there is no specific data on how they correlate specifically to home sales or prices, gas prices definitely play into consumer confidence about personal finances — both going up and coming down. When prices fell heading into 2015, some claimed that was a boost to the housing market.

At the time, analysts at Deutsche Bank estimated that the 23 percent decline in gas prices added about $100 in monthly income for the average American. That, in turn, translated to an 11 percent boost in purchasing power on a starter home.

Full story: https://www.cnbc.com/2018/05/24/higher-gas-prices-could-hurt-home-sales.html

Southern California house prices up 7.3 percent in April, REALTORS® report

Source: The Orange County Register

Home prices and sales increased last month in Southern California and across the state, with median house prices hitting their highest levels since the summer of 2007, the California Association of REALTORS® reported Thursday, May 17.

The median price of an existing Southern California house — or price at the midpoint of all sales — was $515,000 for a second straight month in April. That's the highest median for the region in more than a decade.

The Southern California house price rose $35,000, or 7.3 percent, since April a year ago.

Statewide, the median sale price was $584,000, also a post-recession high and up 8.6 percent year over year.

House sales were up slightly from year-ago levels, rising 1.6 percent in Southern California and 2.2 percent in the state as a whole.

Full story: https://www.ocregister.com/2018/05/17/southern-california-house-prices-up-7-3-percent-in-april-realtors-report/

Is California's high cost of housing cost scaring off job seekers?

Source: CAL Matters

Plenty of workers still move West each year for a new job in California. But the state's high cost of housing may be deterring many other job seekers from moving into the state.

Business leaders up and down the state say California's expensive housing makes it challenging to recruit new workers — and to keep existing employees here.

"You're competing, now, with a low unemployment rate in California, and people have options," said Mary Leslie, president of the Los Angeles Business Council. In April, the state's unemployment rate hit a record low of 4.2 percent.

"If we don't have the affordable housing, we're not as competitive," Leslie said.

Job recruiters see California's housing crisis from both sides. They work with employers feeling pressure to raise wages, and they talk with job seekers scared off by median home prices that top $1 million in parts of the Bay Area, and over $500,000 in Los Angeles and San Diego counties.

Full story: https://calmatters.org/articles/is-californias-high-cost-of-housing-scaring-off-job-seekers/

Zillow: Rent vs. buy break-even point falls by a month in Q1

Source: Housing Wire

According to a report by Zillow, the average time it takes for owning a typical U.S. home to make more financial sense than renting that same home is down by about one month over last quarter. The new average is 1.96 years. That means it would take roughly one year and 11 months for it to make more sense to own a home in the U.S. than to rent that same home.

Not surprisingly, break-even horizons are longest in expensive coastal markets like Los Angeles, Portland and Washington D.C. This translates to a roughly two to three-year break-even horizon. Los Angeles has the longest breakeven horizon at 3.7 years.

The shortest break-even horizons are in the Southeast, with Memphis taking first place at 1.32 years. Birmingham, Tampa and Orlando are other markets with notably short break-even horizons.

Full story: https://www.housingwire.com/articles/43426-zillow-rent-vs-buy-breakeven-point-falls-by-a-month-in-q1

What you should know

- There was a 2.6 percent drop in total mortgage application volume last week, according to the Mortgage Bankers Association's seasonally adjusted report.
- Volume was 10.5 percent lower than a year ago.
- Refinance volume has been falling for the past month as rates rise, dipping another 4 percent last week to the lowest level since December 2000. Refinances are 27 percent lower than a year ago and now make up just under 36 percent of mortgage application volume.