



beyond the headlines



Baby bust: Bay Area housing prices go up, births go down

Source: The Mercury News

A new study by real estate website Zillow suggests many Bay Area women may be putting motherhood on hold at least partly because of the region's housing market. The fertility rate is dropping across the country for women between the ages of 25 and 29, but the dip is most pronounced in counties where home prices are rising rapidly — including Santa Clara, Alameda and San Francisco.

Read the full story:

- Nationally, on average, every 10 percentage point increase in home values was associated with a 1.5 percentage point drop in birth rates for women ages 25 to 29, according to the study, which chose that group as the age when women are most likely to be considering children but do not yet own their own home.
- The drop in births was even more pronounced in the Bay Area. In Santa Clara County, home values rose 58 percent between 2010 and 2016, while the fertility rate of women ages 25 to 29 dipped 20 percent. In Alameda County, home values rose 60 percent and the fertility rate dropped 24 percent. And in San Francisco, home values rose 61 percent while the fertility rate dropped 22 percent.
- Nationally, the birth rate for women ages 25 to 29 was 97.9 births per 1,000 women last year — down 4 percent from 2016, and a record low for the age group, according to the Centers for Disease Control and Prevention's Division of Vital Statistics.
- While Zillow researchers are quick to clarify that their analysis does not suggest rising home prices alone are causing falling birth rates, they say the housing market likely is a contributing factor..

Read the full story: <https://www.mercurynews.com/2018/06/07/baby-bust-when-bay-area-housing-prices-go-up-births-go-down/>

In other news...

US house prices are going to rise at twice the speed of inflation and pay: Reuters poll

Source: CNBC

An acute shortage of affordable homes in the United States will continue over the coming year, according to a majority of property market analysts polled by Reuters, driving prices up faster than inflation and wage growth.

The latest poll of nearly 45 analysts taken May 16-June 5 showed the S&P/Case Shiller composite index of home prices in 20 cities is expected to gain a further 5.7 percent this year.

That compared to predictions for average earnings growth of 2.8 percent and inflation of 2.5 percent 2018, according to a separate Reuters poll of economists.

U.S. house prices are then forecast to rise 4.3 percent next year and 3.6 percent in 2020.

The latest poll comes after weak existing and new home sales data for April.

A further breakdown of the April data showed the inventory of existing homes had declined for 35 straight months on an annual basis while the median house price was up for a 74th consecutive month.

About 80 percent of nearly 40 analysts who answered an extra question said the already tight supply of affordable homes in the United States will either stay the same or fall from here over the next 12 months.

Full story: <https://www.cnbc.com/2018/06/06/us-house-prices-are-going-to-rise-at-twice-the-speed-of-inflation-and-pay-reuters-poll.html>

Home flipping activity reaches six-year high nationally, falls in LA

Source: Market Watch

Home flippers in today's market face a conundrum: Demand for homes has perhaps never been greater, but high prices are making it harder to see a strong return on investment.

Homes flipped during the first quarter represented 6.9 percent of all sales, up from 5.9 percent in the previous quarter, according to a report released Thursday by real-estate data company Attom Data Solutions. As a share of overall purchases flipped homes are at a six-year high, same as this time a year ago. A marked increase in home flipping was one of the signs of an overheating property market in the lead up to the Great Recession a decade ago.

And as homes get snatched up quickly due to the historically low inventory, some markets present fewer opportunities for would-be flippers. The home flipping rate is down from a year ago across 55 per cent of markets including Los Angeles, Las Vegas and Miami.

Full story: <https://www.marketwatch.com/story/home-flipping-activity-reaches-six-year-high-2018-06-07?dist=realestate>

Most Baby Boomers Plan to Delay Retirement

Source: REALTOR® Mag

The majority of working baby boomers ages 50 and over say they expect to delay retirement, according to a survey by The NHP Foundation, a nonprofit real estate corporation supporting affordable housing. The cost of housing may be one reason why.

Prospective retirees say their top three concerns are an inability to afford quality health care (36 percent); dependency on children (28 percent); and being forced to choose a living situation inferior to their preference (22 percent), according to the survey. Eighty-five percent of respondents say they would prefer to stay in their current home, but many may be forced to consider renting a room or seeking out more affordable housing options.

Older homeowners are carrying nearly double the mortgage debt than people their age a decade ago, according to data from the Consumer Financial Protection Bureau. The NHP Foundation speculates that this may be why a growing number of baby boomers plan to delay retirement. “With one in four in desperate need of affordable housing—equating to 2,500 new retirees every day—there needs to be a priority to create an adequate supply of affordable rental housing for boomers now and in the future,” says Richard Burns, president and CEO of The NHP Foundation.

Full story: <http://realtormag.realtor.org/daily-news/2018/06/04/most-baby-boomers-plan-delay-retirement>

Forget SF, this California city is where Millennials are moving, study says

Source: The San Francisco Chronicle

Millennials are flocking to California's state capital, a new study found.

Sacramento was the third most popular destination for those ages 20 to 34 in 2016, behind Seattle and Columbia, the capital of South Carolina, according to analysis of U.S. Census data by investment site SmartAsset.

SmartAsset determined the ranking by calculating total net migration in the cities — i.e. the number of people who moved in versus moved out.

Sacramento saw more than 16,000 new Millennial-aged residents in 2016, with 9,500 out-migrations. Seattle and Columbia saw net migrations of 7,302 and 6,937 respectively.

Just missing out on the top five was San Jose, with a net migration of 5,500, proving Silicon Valley continues to have a pull to the young, despite the high cost of living.

Full story: <https://www.sfchronicle.com/expensive-san-francisco/article/sacramento-housing-millennials-moving-migration-12973230.php>

Bad credit could tack an extra \$15,000 onto your mortgage

Source: Housing Wire

Have terrible credit but still want to buy a home? You can get a mortgage, but it will cost you, according to a new lender survey by LendingTree.

If you have bad credit, you could be looking at an additional \$15,000 in extra costs over the life of your loan (numbers based off of a 30-year mortgage and the average purchase loan amount of \$236,697). According to LendingTree's report, you can chalk this up to higher interest rates and larger fees.

With a credit score in the 620-639 range, lenders could slap you with an APR of nearly 5.6%. That's up nearly 1 percentage point over last year at this time.

Full story: <https://www.housingwire.com/articles/43627-bad-credit-could-tack-an-extra-15000-onto-your-mortgage>

What you should know

- Mortgage application volume jumped 4.1 percent last week from the previous week, according to the Mortgage Bankers Association's seasonally adjusted report. Volume was 2 percent lower than a year ago, largely due to weakness in refinances.
- The average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances (\$453,100 or less) decreased to 4.75 percent from 4.84 percent, with points decreasing to 0.46 from 0.47 (including the origination fee) for 80 percent loan-to-value ratio loans.
- That is the lowest rate since the week ending April 20.