



beyond the headlines



First-Time Buyers Have Bought 985K Homes This Year

Source: REALTOR® Magazine

Home sales may be slowing overall, but not among first-time home buyers, according to a new report.

Making sense of the story:

- Genworth Mortgage Insurance culled all publicly available government and proprietary mortgage industry data to see how this segment of buyers is faring in the housing market. In the first half of the year, first-time buyers purchased 985,000 single-family homes, the most during the first six months of a year since 2005, according to Genworth's First-Time Homebuyer Report.
- In the second quarter, first-time home buyers purchased 572,000 single-family homes, up just 1 percent from a year ago. But it's the six-month snapshot over this year so far that economists say is important to take note of.
- "The market needs to put this quarter's slowdown in first-time home buyer purchase growth in context," says Tian Liu, Genworth's chief economist. "Because while quarterly first-time home buyer purchase growth was nominal, on a semiannual basis this group recorded the most single-family home purchases since 2005. That is impressive considering overall home sales declined by 2 percent during the second quarter, with unusually slow activity in June."
- The decrease in overall home sales was driven by an uptick in interest rates and home prices, which together raised monthly mortgage payments for first-time home buyers by 12.6 percent year over year, according to the report. Also, many markets have seen a decrease in supply of homes in the "affordable range" of \$150,000 to \$300,000, according to the report.
- Despite all of this, home buyers under the age of 35 have been increasing their homeownership rates and "showing a determination and resiliency to become homeowners," according to the report.

Read the full story:

<https://magazine.realtor/daily-news/2018/08/30/first-time-buyers-have-bought-985k-homes-this-year>

In other news...

This may be the hottest neighborhood in the U.S.

Source: Housing Wire

Just south of San Francisco's Mission District, perched atop a steep hillside, sits Bernal Heights. Traditionally home to artists and progressive-types, this little neighborhood once enjoyed relative obscurity, even managing to fly under the gentrification radar following the dotcom boom.

But it appears all that's about to change.

Home prices in Bernal Heights have appreciated 111% in the past six years, according to an article in Business Insider by Melia Robinson, who published an account of her day touring this quant Bohemian neighborhood.

Houses for sale spent a median number of 16 days on the market last year, according to Robinson, and they sold for 13% above asking.

Trulia lists the median sales price for a two-bedroom abode as \$1.58 million, noting that the area has seen a \$200,000 increase in median home sales over the past year.

Full story: <https://www.housingwire.com/articles/46597-this-may-be-the-hottest-neighborhood-in-the-us>

Southern California supply of unsold new homes at 6-year high

Source: The Orange County Register

According to data from MetroStudy, builders completed 3,336 homes for sale in Los Angeles, Orange, Riverside and San Bernardino in the second quarter. That's up 19 percent in a year and the highest standing inventory since the early days of the economic recovery in 2012's second quarter.

This growing supply of new homes in the region, in theory, should be welcome news to house hunters. But the added inventory comes amid an unusual year for existing homes coming to market and depressed overall sales activity.

Inventories for existing homes actually rose during the prime homebuying season. ReportsOnHousing found an average 29,684 existing homes listed for sale in the four counties in the second quarter, as inventory rose by 1,922 homes since the start of the year. In the previous five years, the traditional springtime homebuying rush lowered supply by an average 1,739 homes through June.

A key reason for bloated supply? Buyers balked. CoreLogic reports sales of all residences — new and existing — in the four counties in the April-to-June period were down 4.8 percent vs. the previous year.

Full story: <https://www.ocregister.com/2018/08/30/southern-california-supply-of-unsold-new-homes-at-6-year-high/>

Want to buy a home? You might want to wait

Source: Market Watch

Home buyers who exercise patience over the next couple years may be handsomely rewarded.

In a survey of 100 real-estate economists and experts conducted by real-estate website Zillow ZG, +0.44% and research firm Pulsenomics, a 43% plurality said that they believe the U.S. housing market will become a buyer's market in 2020.

By then, the number of homes available for sale could finally outpace demand, allowing home buyers the chance to negotiate a lower and more affordable price on a property. The researchers didn't give estimates on what kind of discounts buyers could expect.

They did, however, say that some markets will see the tide change sooner than others.

Full story: <https://www.marketwatch.com/story/want-to-buy-a-home-you-might-want-to-wait-2018-08-28?dist=realestate>

10 years after the financial crisis, is the housing market still at risk?

Source: Curbed

he economy is booming. The stock market regularly hits new all-time highs. Unemployment is at record lows. Aside from a small recent downturn, the housing market is as hot as ever.

In many ways, the world has moved on from the cataclysmic 2008 financial crisis, triggered when sloppy mortgage lending popped the massive U.S. housing bubble. But the scars of the crisis are still visible in the American housing market, which has undergone a pendulum swing in the last decade.

In the run-up to the crisis, a housing surplus prompted mortgage lenders to issue loans to anyone who could fog a mirror just to fill the excess inventory. But lending today is stricter. It is so strict, in fact, that some in the real estate industry believe it's contributing to a housing shortage that has pushed home prices in most markets well above their pre-crisis peaks, turning younger millennials, who came of age during the crisis, into a generation of renters.

Full story: <https://www.curbed.com/2018/8/29/17788844/financial-crisis-2008-cause-housing-mortgage-lending>

SF residential projects languish as rising costs force developers to cash out

Source: The San Francisco Chronicle

Just 3 miles separate 2675 Folsom St., a vacant former restaurant equipment warehouse in the Mission District, and 160 Folsom St., a former parking lot near the Transbay Transit Center where a condo tower is under construction.

But in the current economic landscape of San Francisco's housing development, the two properties are a world apart.

While the next crop of luxury condo towers like 160 Folsom, which developer Tishman Speyer has branded as Mira, continue to rise in the fast-growing eastern end of South of Market, other approved housing projects across the city, like 2675 Folsom St., are stalled and on the market because of soaring construction costs and fees, developers and other industry sources say.

The growing number of developers seeking to cash out rather than risk losing money on building is fueling concerns that residential production will start to decline even as the Bay Area's housing crisis worsens.

Full story: <https://www.sfchronicle.com/bayarea/article/SF-residential-projects-languish-as-rising-costs-13183841.php>

What you should know

- Total mortgage application volume decreased 1.7 percent last week and was 15 percent lower than a year ago, according to the Mortgage Bankers Association's seasonally adjusted report.
- The average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances (\$453,100 or less) decreased to 4.78 percent from 4.81 percent, its lowest rate since the week ending July 20, with points increasing to 0.46 from 0.42 (including the origination fee) for loans with a 20 percent down payment.
- Applications to refinance a home loan, which are usually highly rate-sensitive, decreased 3 percent from the previous week.