Millennials make housing compromises
Source: Builder

America's millennials – those aged 18-34 – have had to delay or rethink traditional ideas of the "American Dream" of homeownership, according to NHP Foundation, a not-for-profit provider of service-enriched affordable housing.

More than three-fourths of millennials have made compromises in order to find affordable housing. Seventy-six percent of respondents said that they have made housing compromises in order to find something affordable.

Making sense of the story

- Of those who admit compromises, 46 percent say they live with parents or family; 43 percent say they have put off saving for the future; 41 percent say they live with a roommate; while 36 percent say they have had to move further away from school or work to find something affordable. Thirty percent have said they have put off home ownership entirely.

- Sixty-nine percent of millennials are "cost-burdened." Affordable housing is housing for which occupants pay no more than 30 percent of their income. Those who spend more than that on rent or a mortgage are considered "cost-burdened," and over 69 percent of millennials put themselves in that category. Of those who describe themselves as "cost-burdened," 67 percent say they are saving for the future purchase of a home; 20 percent say they are delaying getting married or having children; and 17 percent are putting off paying for preventative healthcare.

- Nearly one-third plan to continue renting and/or living at home, and 50 percent prefer renting to ownership. Sixteen percent said they plan to continue renting and 12 percent say they plan to continue living with their parents or family. Of the respondents who said they plan to continue renting, 57 percent said they will continue to do so because the "expenses of home ownership are too great."

- Despite some renters forced to do so by high costs, some respondents prefer renting to ownership. Fifty-one percent said they will continue to rent because of the location of their rental and 31 percent said that their "mobile professional life" (defined as "frequent moves necessitated by climbing the career ladder") was more conducive to being a renter.

Full Story
http://www.builderonline.com/money/affordability/76-of-millennials-make-housing-compromises_o

In other news…

Homeowners twice as house rich as five years ago

Source: CNBC

After hitting bottom in 2012, home prices took off dramatically before leveling off a bit in mid-2014. In the last two months, though, they turned higher again. The amount of equity homeowners now have — the value outside their mortgage debt — has doubled in the last five years, according to CoreLogic.

September home prices showed a 6.3 percent annual gain, slightly more than in August and a clear sign that prices are heating up again after cooling through much of spring and summer. CoreLogic's chief economist said that home equity wealth has doubled during the last five years to $13 trillion, large because of the recovery in home prices.

While homeowners today show more wealth on paper, they are not extracting it at nearly the rate they did during the last housing boom. Near-record-low mortgage rates have certainly prompted thousands of borrowers to refinance and lower their monthly payments, but a very small share have extracted cash in these refinances and home equity lines of credit (HELOC).

Full story
http://www.cnbc.com/2016/11/01/homeowners-twice-as-house-rich-as-five-years-ago.html

Millennials are not only buying homes, they're even refinancing

Source: Housing Wire

A new report from Ellie Mae shows that not only are millennials buying homes, they're even at the point where they're refinancing. The overall number may still be small, but it's growing. According to Ellie Mae's latest Millennial Tracker report, refinances by millennial borrowers accounted for 20 percent of all closed loans in September, up from 17 percent of all closed loans in August.

The average FICO score for millennial borrowers increased to 726 in September, while the average rate on home loans continued declining to 3.728 percent in September. The majority of millennials opted for a conventional loan, which made up 64 percent of total closed loans in September, up from 63 percent the prior month.

Full story
http://www.housingwire.com/articles/38454-not-only-are-millennials-buying-homes-theyre-refinancing

Why a lot of people are moving out of California

Source: CNN Money

For every home buyer coming into California, there are three households selling and moving elsewhere, according to data analysis firm CoreLogic. California's housing market is one of the most expensive in the nation, with a median home price of $428,000 across the state. Prices have shot up 71 percent since 2011.

To help make life more affordable, residents are trading the beaches and nice weather for states with more affordable housing markets and a lower costs of living. Places like Arizona, Texas and Nevada, according to the analysis.

Full story
http://money.cnn.com/2016/11/04/pf/people-moving-out-california/index.html

Generation Z: The future of homeownership

Source: DS News

Homeownership has been declining, particularly among millennials. While this has taken place, rental household formation has been increasing, with millennials making up a large share of this growing population. But what about the generation that follows behind millennials? What are those from Generation-Z, or those born after 1996, planning when it comes to becoming future homeowners?

Ninety-seven percent of Generation Z believe that they will own a home in the future, according to Better Homes and Gardens Real Estate, and 82 percent indicate that homeownership is the most important factor in achieving the American Dream.

Full story
http://www.dsnews.com/daily-dose/11-07-2016/generation-z-future-homeownership

Housing is now unaffordable in many rural parts of California

Source: KPCC Radio

Inland, rural parts of California are becoming increasingly unaffordable too, according to a new report by the McKinsey Global Institute. The report found it is nearly as expensive to live in Watsonville, a small farming community in Santa Cruz county, as it is in Los Angeles. Fifty-seven percent of households in the rural area of Santa Cruz-Watsonville are unable to afford the cost of housing.

In Salinas and Clearlake, which are also rural areas, 50 percent can't afford the housing. “The affordability problem doesn't really change when we move around the state," said Jonathan Woetzel, director of the McKinsey Global Institute and a co-author of the study. "It's now a whole state problem that requires a whole state solution." He says one solution would be to simply build housing on the many vacant lots that are already zoned for new construction.

Full story
http://www.scpr.org/news/2016/10/25/65768/housing-is-now-unaffordable-in-many-rural-parts-of/

What you should know

- More millennials entering their prime homebuying years, rising household formation, and continued job gains boosting overall demand are expected to be behind the slight increase in existing-home sales in 2017, according to a residential housing and economic forecast session by the National Association of REALTORS® (NAR).

- Heading into the final months of data for 2016, NAR expects existing-home sales to finish at a pace of about 5.36 million – the best year since 2006 (6.47 million). In 2017, sales are forecast to grow roughly 2 percent to around 5.46 million, and then with a more prominent jump of 4 percent in 2018 (5.68 million). The national median existing-home price is expected to rise to around 4 percent both this year and in 2017.

- Looking to next year, the tight supply and affordability issues affecting buyers in many markets will very slowly but surely start to abate. As housing starts steadily increase, housing demand will include leading-edge millennial households finally dipping their toes into the market at a growing rate.

- NAR anticipates housing starts to jump 5.3 percent next year to 1.22 million. However, this is still under the 1.5 million new homes needed to make up for the shortfall in recent years and keep up with the growing demand. New single-family home sales are likely to total 570,000 this year and rise to around 620,000 in 2017.