



## beyond the headlines



### **Homeownership rate crawls back up from 50-year low**

*Source: CNBC*

After falling to the lowest level in 50 years, the U.S. homeownership rate bounced up slightly in the third quarter of this year.

At 63.5 percent, it is still lower than the same time a year ago and significantly down from its high of 69.2 percent at the height of the last housing boom, according to the U.S. Census. While the merits of homeownership are certainly debatable, household formation is a clear driver of economic growth, and the gains there are accelerating as well.

#### Making sense of the story

- Household formation, which is the number of newly occupied housing units (both rented and owned) climbed by just more than 1.1 million. While most of the household formation during the housing recovery has been on the renter side, just under half of those formed in the last quarter were owners.
- Rental demand continues to be stronger than homebuying demand for several reasons. Younger buyers who would typically be most active have been sidelined from the housing recovery due to high levels of student loan debt, higher home prices, weak income growth and tighter credit conditions. There has also been something of a social shift toward the flexibility of renting. And then there are millions of Americans who are still repairing their credit after losing their homes to foreclosure during the housing crisis.
- Millennials have been taking longer to get married and have children, the two key drivers of homeownership. As millennials now age well into their 30s, dynamics are suddenly shifting.
- The continuing severe lack of homes for sale makes the homeownership situation worse. New home listings usually drop in the fall and winter months but dropped lower than usual in October, according to Realtor.com. The supply of lower-priced, entry homes is especially low.

#### Full Story

<http://www.cnbc.com/2016/10/27/homeownership-crawls-back-up-from-50-year-low.html>

## **In other news...**

### **Millennials are about to take over housing market**

*Source: Housing Wire*

Millennials have not moved into homeownership due to a number of factors, including a preference for urban living and a high student debt burden. But millennials now have a higher percentage of people with a college degree than any other generation, which bodes well for future homeownership rates among this generation.

A study from Fannie Mae showed that the long-term benefit of a college degree outweighs the short-term burden of student loan debt when it comes to the likelihood of eventual homeownership.

The study showed that those who earned a degree without taking on student debt are the most likely to become homeowners, followed by those who graduated with debt, those who never went to college and lastly, those who took on student debt but never graduated.

Full story

<http://www.housingwire.com/articles/38379-look-out-housing-millennials-are-about-to-take-over?eid=311685553&bid=1571146>

### **First-time buyers find fewer new homes to choose from**

*Source: Realtor.com*

Sales of cheaper newly constructed homes, which buyers have been clamoring for, dropped in September, according to the U.S. Commerce Department's new residential sales report. In fact, just 2 percent of all new home sales were under \$150,000 last month—down from 5 percent of sales the previous month and 5 percent from the same time a year ago, means builders are erecting only a very limited number of starter homes.

Meanwhile, about 12 percent of never-been-lived-in-before homes between \$150,000 and \$199,999 were sold last month. That's a dip from 13 percent of new home sales both in August and the same month the previous year. The majority of new home sales, 57 percent, were in the \$200,000 to \$399,999 range, according to the report.

Full story

<http://www.realtor.com/news/real-estate-news/new-homes-sales/>

## **Should my neighbor be allowed to turn his house into a short-term rental?**

*Source: Kiplinger*

The debate over short-term rentals, such as Airbnb and VRBO, is a constant one in all of America's major cities. The debate centers around whether the entrepreneurial landlords or homeowners have the right to make a buck and the right of neighbors to maintain the atmosphere of the locale.

In some cities, there is the added concern that investors who buy homes in order to profit from short-term rentals are pricing home buyers out of the market. Some rental apartment buildings prohibit brief sublets by tenants who might want to earn extra income, and that's the landlord's right.

Full story

<http://www.kiplinger.com/article/real-estate/T049-C013-S002-ethics-of-turning-a-home-into-a-short-term-rental.html>

## **4 money tips for new homeowners**

*Source: CNN Money*

More than half of Californians own their homes, and while there are many benefits to homeownership, costs can be a downside. Besides for saving up for a down payment, there are numerous other expenses associated with owning a home. Here are some tips for managing those expenses:

- Create a budget – if you've been renting, you may need to adjust your budget to accommodate increased utility and maintenance expenses.
- Prepare to spend money on repairs and maintenance – most homeowner's spend 1-4 percent of their homes' value each year on repairs and maintenance.
- Expect your property taxes to go up – your property taxes are based on the assessed value of your home but have a tendency to rise even when home values drop.
- Don't get caught off guard when big payments come due – if you don't have your homeowners' insurance and property taxes included in your monthly mortgage payments through an escrow system, you're responsible for paying those expenses on your own when they're due.

Full story

[http://money.cnn.com/2016/10/25/real\\_estate/new-homeowners/index.html?iid=SF\\_LN](http://money.cnn.com/2016/10/25/real_estate/new-homeowners/index.html?iid=SF_LN)

## **Boomerang buyers dust themselves off to re-enter market**

*Source: DS News*

Nearly 2.5 million consumers who gave up their homes due to foreclosure, short sale, or bankruptcy during the housing crisis are set to potentially re-enter the market with clean credit files between June 2016 and June 2017. These “boomerang” buyers are showing responsible credit behaviors, having improved their credit scores and are current on their debts.

According to a recent report from Experian, 68 percent of these consumers are scoring in the near-prime or higher credit segments. This means that the opportunity for these consumers to qualify for mortgage loans is growing stronger. Additionally, the research shows that the people in the short-sale category are rebounding at a higher rate than those who foreclosed, and are making their payments on time.

Full story

<http://www.dsnews.com/featured/10-27-2016/boomerang-buyers-dust-off-re-enter-market>

### **What you should know**

- A measure of U.S. mortgage application activity decreased for a second week to a five-month low as 30-year mortgage rates rose to their highest since June, data from the Mortgage Bankers Association released on Wednesday showed.
- The Washington-based industry group's mortgage market index fell 1.2 percent to 486.2 in the week ended Oct. 28, which was the lowest level since the week of May 27.
- Interest rates on 30-year fixed-rate mortgages, which are the most widely held type of U.S. home loans, averaged 3.75 percent in the latest week, matching the level last seen in June, MBA said.
- The share of refinancing activity rose to 62.7 percent of total applications, unchanged from the previous week.