



# beyond the headlines



## California home sales and median price accelerate from a year ago

Source: C.A.R.

After starting the year on a positive note in January, California home sales and median price backpedaled on a monthly basis in February, but still showed strong gains on a yearly basis, the CALIFORNIA ASSOCIATION OF REALTORS® (C.A.R.).

Closed escrow sales of existing, single-family detached homes in California remained above the 400,000 benchmark for the 11th consecutive month and totaled a seasonally adjusted annualized rate of 400,500 units in February, according to information collected by C.A.R. from more than 90 local REALTOR® associations and MLSs statewide. The statewide sales figure represents what would be the total number of homes sold during 2017 if sales maintained the February pace throughout the year. It is adjusted to account for seasonal factors that typically influence home sales.

The February figure was down 4.7 percent from the 420,100 level in January and up 4.9 percent compared with home sales in February 2016 of a revised 381,770, which was the weakest sales level in 2016.

### Making sense of the story

- The median price of an existing, single-family detached California home fell below the \$500,000 mark for the second straight month, but home prices remain seasonably strong. The median price was down 2.2 percent from \$489,680 in January to hit \$478,790 in February. The median sales price is the point at which half of homes sold for more and half sold for less; it is influenced by the types of homes selling, as well as a general change in values.
- Despite the back-to-back monthly price decline, February's median price still registered a 7.6 percent increase from the revised \$444,780 recorded a year ago. The annual gain was the largest year-over-year increase since January 2016 and was higher than the three-month average of 4.5 percent prior to February 2016.
- C.A.R.'s Unsold Inventory Index, which measures the number of months needed to sell the supply of homes on the market at the current sales rate, edged up to 4.0 months in February from 3.7 months in January. The index stood at 4.7 months in February 2016.
- New statewide active listings continued to decline, falling 13.9 percent from a year ago. The year-over-year decline was the largest since May 2013.
- The median number of days it took to sell a single-family home dropped from 37.4 days in January to 33.4 days in February and was down from 41.5 days in February 2016.

Full story

<http://www.car.org/aboutus/mediacenter/newsreleases/2017releases/feb2017sales>

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

### **Mortgage delinquency rates signal improving economy**

*Source: Housing Wire*

While foreclosures are still above pre-crisis levels, a report by CoreLogic that examines the path of the crisis beginning in the early 2000s, through the peak of the crisis, to present – shows the country started to normalize with 22,000 completed foreclosures, homes lost to foreclosure, per month.

One of the leading indicators of troubled markets is the number of homes in serious delinquency, defined as 90 days or more past due, including loans in foreclosure and real estate owned. At the end of 2016, about 1 million mortgages or 2.6% of homes with a mortgage were in serious delinquencies. This is compared to 3.7 million mortgages or 8.6% of homes with a mortgage in January 2010.

Full story

<http://www.housingwire.com/articles/39563-delinquency-rates-signal-improving-economy>

### **State's housing crisis won't be solved unless Californians embrace home building**

*Source: Los Angeles Times*

The largest barrier to California resolving the state's housing affordability crisis is Californians themselves, according to a new report from the state's nonpartisan Legislative Analyst Office .

Local opposition to planning and building new housing to accommodate demand from current and future residents has led to an extreme shortage of homes that is driving up prices to record levels , the report said. Developers need to roughly double the amount of new homes built every year in California — at least 100,000 more — to keep pace with demand, according to a recent report from the state housing department.

Full story

<http://www.latimes.com/politics/essential/la-pol-ca-essential-politics-updates-state-s-housing-crisis-won-t-be-solved-1489001030-htmstory.html>

## **Haven't we learned yet? More legislation that adds to cost of housing**

*Source: Fox and Hounds Daily*

Housing costs too much in California. But, while legislators wring their hands over the housing crisis they often pass laws that boost the cost of housing. The latest proposal that would increase housing costs is AB 199 by Assemblyman Kansen Chu.

The proposed law would end an exemption on prevailing wage rates for private residential developments. Prevailing wage is required in public work projects. The prevailing wage rate is the basic hourly rate paid on public works projects to a majority of workers engaged in a particular craft. According to the state Department of Industrial Relations, "California's prevailing wage laws ensure that the ability to get a public works contract is not based on paying lower wage rates than a competitor."

Full story

<http://www.foxandhoundsdaily.com/2017/03/havent-learned-yet-legislation-adds-housing-costs/>

## **Reporting change could raise credit scores, risk**

*Source: Mortgage News Daily*

The three major credit reporting agencies have announced a significant change in their credit reporting metrics that could both boost credit scores for millions of consumers and cause potential problems for lenders.

The Consumer Data Industry Association, a trade group representing credit reporting companies said late Monday that the three major companies that provide credit data, Equifax, Experian, and TransUnion, will soon remove tax lien and civil judgment data from some consumer credit records. The removal will impact most such existing data and, going forward, the way new data must be reported from the source.

Starting July 1, public records data must include three of four data points, the consumer's name, address, and either a social security number or a date of birth. Existing records that do not meet this criterion will be purged from the consumer record and new data that does not include these points will not be added. Many liens and most judgments don't include all three or four pieces of information.

Full story

[http://www.mortgagenewsdaily.com/03142017\\_credit\\_reports\\_scores.asp](http://www.mortgagenewsdaily.com/03142017_credit_reports_scores.asp)

## How Fed hike will affect mortgages, car loans, credit cards

Source: *Washington Post*

Are mortgage rates going up? How about car loans? Credit cards?

How about those nearly invisible rates on bank CDs — any chance of getting a few dollars more?

With the Federal Reserve having raised its benchmark interest rate Wednesday and signaled the likelihood of additional rate hikes later this year, consumers and businesses will feel it — if not immediately, then over time.

The Fed's thinking is that the economy is a lot stronger now than it was in the first few years after the Great Recession ended in 2009, when ultra-low rates were needed to sustain growth. With the job market in particular looking robust, the economy is seen as sturdy enough to handle modestly higher loan rates in the coming months and perhaps years.

Full story

[https://www.washingtonpost.com/business/how-fed-hike-will-affect-mortgages-car-loans-credit-cards/2017/03/16/4e4bc792-0a32-11e7-bd19-fd3afa0f7e2a\\_story.html?utm\\_term=.0bb6380ca4d9](https://www.washingtonpost.com/business/how-fed-hike-will-affect-mortgages-car-loans-credit-cards/2017/03/16/4e4bc792-0a32-11e7-bd19-fd3afa0f7e2a_story.html?utm_term=.0bb6380ca4d9) Full story

### What you should know

- Mortgage applications increased three-weeks straight as the market gears up for spring home-buying season, according to the Mortgage Bankers Association. Weekly Mortgage Applications Survey for the week ending March 10 found that applications increased 3.1% from one week earlier.
- Both refinance and purchase applications rose, helping boost overall application volume. The Refinance Index increased 4% from the previous week, while the seasonally adjusted Purchase Index increased 2% from one week earlier.
- The refinance share of mortgage activity recorded a marginal increase and grew to 45.6% of total applications from 45.4% the previous week.
- The adjustable-rate mortgage share of activity now sits at 8.2% of total applications, the highest level since October 2014.
- The average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances (\$424,100 or less) now sits at its highest level since April 2014, growing to 4.46%, from 4.36%.
- The average contract interest rate for 15-year fixed-rate mortgages increased to 3.66% from 3.575, while the average contract interest rate for 5/1 ARMs decreased to 3.45% from 3.48%.