



beyond the headlines



California pending home sales dial back, marking weakest February in three years

Source: C.A.R.

After a solid start to the year in closed escrow sales, low housing inventory, eroding affordability, and rising interest rates mildly pulled back pending sales on a year-over-year basis in February, the CALIFORNIA ASSOCIATION OF REALTORS® (C.A.R.).

In line with seasonal patterns, REALTORS® responding to C.A.R.'s February Market Pulse Survey** saw elevated market activity, with an increase in floor calls, presentations, and open house traffic for the second month in a row.

Making sense of the story

- Based on signed contracts, statewide pending home sales decreased in February on a seasonally adjusted basis, with the Pending Home Sales Index (PHSI)* declining 2.6 percent from 113.5 in February 2016 to 110.6 in February 2017, marking the weakest February in three years. On a monthly basis, California pending home sales were up 3.2 percent from the January index of 107.2.
- After leading the state for the past year, non-seasonally adjusted pending home sales in the Southern California region decreased for the first time in nearly a year, slipping 2.8 percent from 97.9 in February 2016 to 95.2 in February 2017. The year-over-year decline was driven by a decrease in pending sales of 2.6 percent in Riverside County, 5.1 percent in San Diego County, 6 percent in Orange County, and 12.2 percent in San Bernardino County. Only Los Angeles County posted a year-over-year improvement in pending sales, but only by a paltry 0.9 percent.
- For the San Francisco Bay Area as a whole – which has been plagued by a shortage of homes on the market and poor affordability – non-seasonally adjusted pending sales were down year-to-year for the fifth straight month, with every tracked county in the region experiencing a drop in pending sales activity. The Bay Area pending sales index fell 10 percent from 145.2 in February 2016 to 130.6 in February 2017. Santa Cruz and San Francisco counties experienced the largest year-to-year reductions in pending sales of 40.6 percent and 23 percent, respectively. Pending home sales fell 9.2 percent from the previous year in San Mateo County, 7.5 percent in Santa Cruz, and 5.6 percent in Monterey.
- Pending sales in the Central Valley Region fell 11.4 percent from 86.2 in February 2016 to 76.3 in February 2017. Within Central Valley, pending sales were down 1.6 percent in Kern County and 19.4 percent in Sacramento compared with a year ago.

Full story

<http://www.car.org/aboutus/mediacenter/newsreleases/2017releases/feb2017pendingsales>

In other news...

California home sales start off year strong...but will that last?

Source: Housing Wire

The Golden State recorded an increase in home sales between December and January this year, which is a major feat given that this hasn't happened since 2012.

But, according to the latest existing-home sales report from the California Association of Realtors, California home sales and median price backpedaled on a monthly basis in February. However, both still showed strong gains on a yearly basis. C.A.R., which puts out the report on a monthly basis, uses information collected from more than 90 local Realtor associations and MLSs statewide to create the report.

Existing, single-family home sales totaled 400,500 in February on a seasonally adjusted annualized rate, down 4.7% from January and up 4.9% from February 2016. Despite the decline, this marks the 11th consecutive month closed escrow sales of existing, single-family detached homes in California remained above the 400,000 benchmark.

Full story

<http://www.housingwire.com/articles/39596-california-home-sales-start-year-off-strongbut-will-that-last?eid=311685553&bid=1696513>

How to prepare your budget for buying your first home

Source: Credit.com

With the beginning of spring and more interest-rate hikes coming up, a lot of people are wondering if it's time to make the jump from renter to homeowner. Of course, making such a move involves much more than browsing real estate listings and cobbling together enough for a down payment.

One of the most important things a first-time homebuyer can do is prepare their budget for this big financial event. We asked our partners and money-savers extraordinaire at Clark.com to share some of their best budgeting tips for people looking to buy a home this year. Some of the steps homebuyers should take to prepare their finances include getting their credit in shape, save enough for a down payment – and then some, and prepare for other upfront costs.

Full story

<http://finance.yahoo.com/news/prepare-budget-buying-first-home-123000854.html>

Homebuyers face bidding wars on scarcer-than-ever U.S. listings

Source: Bloomberg

It's the 2017 U.S. spring home-selling season, and listings are scarcer than they've ever been. Bidding wars common in perennially hot markets like the San Francisco Bay area, Denver and Boston are now also prevalent in the once slow-and-steady heartland, sending prices higher and sparking desperation among buyers across the country.

The three months through January had the fewest homes on the market on record, according to an analysis by Trulia. Prices jumped 6.9 percent in January from a year earlier, the biggest increase for any month since May 2014, data from CoreLogic Inc. show. And homes sold faster in the first two months of 2017 -- spending an average 58 days on the market -- than at the start of any year since at least 2010, according to brokerage Redfin.

Full story

<https://www.bloomberg.com/news/articles/2017-03-17/job-surge-fuels-bidding-wars-for-record-low-supply-of-u-s-homes>

Scam Alert: How to avoid utility fraud

Source: Forbes

Scammers are now using utility bills to try to dupe customers.

Scammers reportedly are making calls to customers posing as representatives from companies like ConEd, Duke Energy, Georgia Power, Consumers Energy, or a bogus utility company called General Electric, among others. They'll threaten to shut off power or service if customers don't pay immediately. They'll offer an "energy assistance" or payment plan and ask for the customer's payment information.

Some warning signs to watch for: Representatives that demand customers pay by prepaid debit card or by a wire transfer (utility companies accept check or credit card and will generally direct customers to one of their payment locations). Also, don't let anyone inside your home claiming to be a utility company representative unless you have a scheduled appointment or have reported an issue. When in doubt, hang up the phone and call the customer service number for your utility company to make sure you are speaking with a legit representative.

Full story

<https://www.forbes.com/sites/johnwasik/2017/03/19/scam-alert-how-to-avoid-utility-fraud/#29531f6b4459>

Mortgage applications fall as borrowers turn to riskier loans

Source: CNBC

The fast-rising cost of housing today is shrinking demand for home loans but also pushing those who are in the market toward cheaper, adjustable-rate mortgages.

Mortgage rates didn't move last week, but they are nearly three-quarters of a percentage point higher than on Election Day. Home prices continue to rise far faster than incomes, and those higher housing costs have borrowers searching for the best deals on home loans. The government-insured FHA program offers low down-payment loans, but rates on FHA mortgages rose last week. Insurance premiums remain higher than before the recession.

Borrowers are now turning to shorter-term, adjustable-rate loans, which offer lower interest rates. Their share of total applications has doubled to 9 percent since the election. That is the highest level since October 2104. The adjustable-rate share of mortgages dropped dramatically following the housing crash, as borrowers fled to the safety of the 30-year fixed rate.

Full story

<http://finance.yahoo.com/news/mortgage-applications-fall-2-7-110004021.html>

What you should know

- Home loans for purchases increased to 57 percent in February, up from 53 percent the month prior, according to the latest Origination Insight Report released by Ellie Mae®, a leading provider of innovative on-demand software solutions and services for the residential mortgage industry.
- The average time to close all loans decreased to 46 days in February, down from 51 days in January. Similarly, the time to close a refinance dropped to 47 days from 53 days the month prior, and time to close a purchase dropped to 45 days, down from 48 days in January.
- As the 30-year note continued to rise in February, average FICO scores dropped with the average FICO score on all closed loans at 720. Conventional refinance FICO scores dropped to 728 in February, down from 732 in January. FHA refinance FICO scores dropped to 649 in February, down from 651 in January. VA refinance FICO scores dropped five points to 702 in February. FICO scores on purchases stayed consistent from the month prior with FHA purchase FICO scores at 686, conventional purchase at 752 and VA purchase at 707.
- Closing rates for all loans decreased to 70.6 percent, down from 72.2 percent in January. Refinance closing rates decreased to 65.4 percent, down from 67.9 percent the month prior, and purchase closing rates decreased from 76.8 percent in January to 75.9 percent in February.