



beyond the headlines



National pending home sales leap 5.5 percent in February

Source: National Association of REALTORS®

Pending home sales rebounded sharply in February to their highest level in nearly a year and second-highest level in over a decade, according to the National Association of Realtors®. All major regions saw a notable hike in contract activity last month.

The Pending Home Sales Index, a forward-looking indicator based on contract signings, jumped 5.5 percent to 112.3 in February from 106.4 in January. Last month's index reading is 2.6 percent above a year ago, is the highest since last April (113.6) and the second highest since May 2006 (112.5).

Making sense of the story

- Lawrence Yun, NAR chief economist, says February's convincing bump in pending sales is proof that demand is rising with spring on the doorstep. "Buyers came back in force last month as a modest, seasonal uptick in listings were enough to fuel an increase in contract signings throughout the country," he said. "The stock market's continued rise and steady hiring in most markets is spurring significant interest in buying, as well as the expectation from some households that delaying their home search may mean paying higher interest rates later this year."
- Added Yun, "Last month being the warmest February in decades also played a role in kick-starting prospective buyers' house hunt." Looking ahead to the busy spring months, Yun expects to see continued ebbs and flows in activity as new supply struggles to replace listings that are going under contract at a very quick pace. This is especially the case at the lower- and mid-market price ranges, where choices are minimal and prices are being bid higher by multiple offers.
- "The homes most buyers are in the market for are unfortunately the most difficult to find and ultimately buy," said Yun. "The country's healthy labor market is translating to greater job security, but affordability is not improving because home prices in some areas are still outpacing incomes by three times or more because of tight supply. How much new and existing inventory there is on the market this spring will determine if sales can reach their full potential and finally start reversing the nation's low homeownership rate."
- Nationally, existing-home sales are forecast to be around 5.57 million this year, an increase of 2.3 percent from 2016 (5.45 million). The national median existing-home price this year is expected to increase around 4 percent. In 2016, existing sales increased 3.8 percent and prices rose 5.1 percent.

Full story

<https://www.nar.realtor/news-releases/2017/03/pending-home-sales-leap-55-in-february>

In other news...

Here are the nation's healthiest – and unhealthiest – housing markets

Source: CNBC

Housing remains in high demand in most of the nation, but the housing recovery looks increasingly uneven, depending on location.

Whether buyers are shopping for their own homes or for investment properties that will throw off some cash, certain markets are becoming far more lucrative than anyone might have expected just a few years ago. Still, some of the hottest markets are falling from grace.

A few of the recession's hardest-hit housing markets have suddenly some of the healthiest. Tampa, Fla., which lost thousands of homes to foreclosure in the past decade, now takes the title of the nation's healthiest housing market, at least according to TenX. It rated locations based on a number of key factors, including population and job growth, unemployment rate and wage growth, as well as industry-specific indicators like inventory and construction. Other healthiest housing markets include Dallas, Tex.; Columbus, Ohio; Las Vegas, and Jacksonville, Fla.

Full story

<http://www.cnbc.com/2017/03/27/here-are-the-nations-healthiest-and-unhealthiest-housing-markets.html>

8 Questions to ask yourself when deciding to rent or buy

Source: Credit.com

If you're at the age when your peers are making major life moves — getting married, having kids and buying homes – you might be feeling it's time to join them. Or you may simply just be at that stage all on your own.

Either way, plenty of young adults are starting to get the home-buying itch. While there are a lot of appealing benefits to homeownership, taking on that kind of debt is not without risk. The decision to rent vs. buy is one you should make carefully.

If you're trying to figure out your next move, consider asking yourself such questions, including what is my top financial priority, do I have enough for down payment and closing costs, how long do I plan to live here.

Full story

<http://finance.yahoo.com/news/8-questions-ask-yourself-deciding-120000467.html>

Hispanic homeownership rate rises for second straight year

Source: RIS Media

Hispanics are an overriding force in homeownership, flouting national figures as they establish owner households at a rising rate for the second straight year.

According to the National Association of Hispanic Real Estate Professionals' (NAHREP) recently released 2016 State of Hispanic Homeownership Report, the Hispanic homeownership rate increased to 46 percent last year, leading an against-the-trend charge in spite of a decreasing national rate. The Hispanic homeownership rate was 45.6 percent in 2015 and 45.4 percent in 2014.

In addition, more than 7.3 million Hispanic households owned their homes in 2016, with 330,000 new households added—38 percent of all households formed.

What drivers are compelling Hispanics toward homeownership? Owning a home, for one, remains a hallmark of their American Dream. The majority of Hispanics view homeownership as a viable investment vehicle for wealth-building, as well as ideal for child-rearing.

Full story

<http://rismedia.com/2017/03/28/hispanic-homeownership-rate-rises-second-straight-year/#close>

Renters now rule half of U.S. cities

Source: National Real Estate Investor

Fifty-two of the 100 largest U.S. cities were majority renter in 2015, according to U.S. Census Bureau data. Since 2009, 21 cities had shifted to renter-rule. Renters now dominate in both hot housing markets such as Denver and San Diego and more tame markets like Detroit and Baltimore.

The homeownership rate has fallen steadily for a decade as millions of foreclosures prompted more owners to rent. Renting likely will continue to rise through 2030, due to demographic trends like aging baby boomers who are opting to downsize to rentals, noted a 2015 report from the Urban Institute.

Also hampering the housing market in gaining the advantage: a shortage of homes for sale. That shortage is making it more difficult for renters to buy.

Full story

<http://nreionline.com/multifamily/renters-now-rule-half-us-cities>

Freddie Mac: Affordability to hold back home sales in 2017

Source: Housing Wire

Affordability is beginning to take its toll going into the home-buying season, according to the March Outlook from Freddie Mac.

Home prices continue to rise, increasing 76 percent from 2000 to 2016 while per capita income increased 72 percent during that same time period.

And the squeeze in housing inventory is sending home prices even higher, creating declines in affordability and putting a pinch on prospective homebuyers, according to the GSE's report. Many homebuyers will be sidelined this spring home-buying season due to these affordability constraints, and Freddie Mac predicts home sales will fall to an estimated 5.9 million in 2017. This is down from 2016's 6 million home sales.

Freddie Mac also predicted a drop in mortgage originations of 25 percent, however the report showed this will come almost entirely from plummeting refinances. However, rising home prices and historically low interest rates could still entice homeowners to tap into their equity through cash-out refinances.

Full story

<http://www.housingwire.com/articles/39708-freddie-mac-affordability-to-hold-back-home-sales-in-2016>

What you should know

- Total mortgage application volume—for refinances and home purchases—mostly stayed flat last week, dropping by a mere 0.8 percent compared to the previous week on a seasonally adjusted basis, the Mortgage Bankers Association reported.
- The MBA reported the average for a 30-year fixed-rate mortgage dropped to 4.33 percent last week from 4.46 percent the week prior.
- Mortgage applications are now 11 percent lower than the same week one year ago, mostly due to a drop in refinancing applications.
- Refinance applications saw a 3 percent decline last week and are down nearly 26 percent from a year ago, even when mortgage rates were higher. The decrease on the refinance side of business may prompt more mortgage bankers to turn their attention more to the purchase-side of mortgages.
- Meanwhile, applications for home purchases last week eeked out a 1 percent gain and are 4 percent higher than a year ago. Industry analysts say that purchase applications could be much stronger if there were higher inventories of homes available for sale.
- Demand is high but supply remains low. Real estate professionals reported a 26 percent spike in the number of home tour requests in February, according to a monthly survey conducted by Redfin.