



beyond the headlines



Immigrants key to homeownership growth

Source: *Urban Land Institute*

The housing and neighborhood location choices of immigrants will have a significant impact on urban growth in the U.S. for decades to come, particularly as more foreign-born residents seek to own homes in suburban communities, according to new research from the Urban Land Institute's Terwilliger Center for Housing. Homebuilders and developers who can deliver the housing options immigrants want and need stand to benefit in the years to come.

Immigrants in general have strong aspirations for single-family homeownership. They're also increasingly targeting the suburbs in search of greater employment opportunities and lower-cost housing, the study notes.

Making sense of the story

- Nationally, the homeownership gap between all households and black and Latino households has changed little since 1970.
- Without growth of the foreign-population, regions with strong housing markets such as San Francisco would not have recovered as quickly following the recession; and markets that continue to struggle in the recession's aftermath such as Buffalo would have experienced even weaker growth.
- Immigrants have strong aspirations for single-family homeownership, and homeownership rates for immigrants rise with their length of time in the U.S. This suggests that immigrants will be a key driver for owner-occupied housing for years to come.
- Immigrants seeking to own homes as well as those renting homes are increasingly drawn to the suburbs in search of employment opportunities, lower-cost housing and a higher quality of life. Suburbs are home to high-income, high-skilled immigrants as well as lower-income, lesser-skilled immigrants.
- While immigrants represent a key source of demand for new housing, a substantial share of immigrant housing demand will be met through purchases of existing homes. Sellers of these homes – many of whom will be baby boomers seeking to downsize – will create a strong market for smaller units.

Full story

<https://uli.org/press-release/immigrants-housing-demand-report/>

In other news...

Teacher, teacher, can you live here?

Source: Trulia Blog

In America's biggest housing markets teachers, police officers, firefighters and restaurant workers struggle to afford homes in the communities they serve.

With home prices on the rise across the country and inventory at historic lows, homeownership is even more out of reach for many middle-income Americans. Nationally, the typical American worker makes \$37,040 annually (national median income) while the typical American house costs \$254,900 (national median list price). That means that the median worker would have to spend 42% of their income on mortgage payments if they bought a median-priced home, up six percentage points from two years ago.

However, medians don't tell the whole story. To shed light on how unaffordable housing has become across the country today, Trulia examined the incomes of teachers, first responders, restaurant workers and doctors in nearly 100 major U.S. metros to see where people are struggling to afford to buy a home in the communities they serve.

Full story

<https://www.trulia.com/blog/trends/affordable-housing/>

Why renters are staying put

Source: CNBC

Fewer Americans own homes than ever before, and rising consumer confidence does not appear to be changing that.

The nation's homeownership rate dropped to a record low in 2016 from a record high in 2004, and even as home sales improve first-time buyers are still missing out on much of the recovery. Some renters are staying put by necessity and some by choice — it depends on who is asking them.

The number of renters who said they don't know when they expect to move rose to 37 percent in March compared to 30 percent in survey conducted last September, according to a survey by Freddie Mac.

Full story

<http://www.cnbc.com/2017/04/12/renters-are-staying-put-heres-why.html>

Millennial homebuyers forge ahead

Source: Christian Science Monitor

As interest rates creep higher and housing markets across the country report lower inventory, the spring house-hunting season looks set to be intense – and perhaps even more so because of a rising number of young buyers testing home ownership for the first time.

Economists and real estate agents alike are carefully watching Millennials – one of the largest demographics to reshape the American economy since baby boomers – to see not only what kind of effect this debt-laden, tech-savvy generation could have on the housing market but also when it may peak.

Full story

<http://www.csmonitor.com/Business/2017/0412/Millennial-homebuyers-faced-with-a-tight-market-and-heavy-debt-still-forge-ahead>

Renters view down payment as largest barrier to homeownership

Source: Housing Wire

A new survey from Zillow shows that while mortgage payments are more affordable on average than monthly rent payments, renters are struggling to buy a home due to perceived down-payment barriers.

In fact, nearly 70 percent of renters cited down payments as a greater barrier to homeownership than debt, job security and qualifying for a mortgage, according to Zillow's Housing Aspirations Report.

Renters also gave other barriers such as qualifying for a mortgage, a barrier more than 50 percent of renters say is holding them back, and another 50 percent say debt is holding them back. Almost 40 percent of renters answered that job security is keeping them from buying a home.

Full story

<http://www.housingwire.com/articles/39834-renters-view-down-payment-as-largest-barrier-to-homeownership>

5 reasons not to purchase your home with cash

Source: U.S. News and World Report

Especially in today's tight seller's market, homebuyers are looking for any way to get a leg up on the competition when putting in an offer on their desired home.

If you have the means, an all-cash purchase is a great way to fast-track a deal. A seller is more likely to accept your offer, the success of the deal isn't reliant on a lender's OK following an appraisal and you would own the home outright after the transaction.

But even when you have enough liquid assets to purchase a home without a loan, is it always a good idea? Learn the reasons not to buy your next home with cash.

Full story

<http://finance.yahoo.com/news/5-reasons-not-purchase-home-cash-160328135.html>

What you should know

- California's spring housing market posted a strong start to the year as existing home sales and median price registered healthy gains in March on both a monthly and annual basis, as did every major region in the state, the CALIFORNIA ASSOCIATION OF REALTORS® (C.A.R.) said.
- Closed escrow sales of existing, single-family detached homes in California remained above the 400,000 benchmark for a full year and totaled a seasonally adjusted annualized rate of 416,580 units in March, 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 March pace throughout the year. It is adjusted to account for seasonal factors that typically influence home sales. The March figure was up 4 percent from the 400,720 level in February and up 6.9 percent compared with home sales in March 2016 of a revised 389,770.
- "March's solid sales performance was likely influenced by the specter of higher interest rates, which may have pushed buyers off the sidelines and close escrow before rates moved higher," said C.A.R. President Geoff McIntosh. "The strong housing demand, coupled with a shortage of available homes for sale, is pushing prices higher as would-be buyers try to purchase before affordability gets worse."
- Following back-to-back monthly price declines, the median price of an existing, single-family detached California home climbed back above \$500,000 in March. The median price was up 8 percent from \$478,570 in February to reach \$517,020 in March, and was 6.8 percent higher than the \$484,120 recorded in March 2016. 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.
- "The spring homebuying season is off to a good start, as the economic and market fundamentals remain solid for the most part," said C.A.R. Senior Vice President and Chief Economist Leslie Appleton-Young. "However, higher interest rates, a dearth of housing inventory, and slow wage growth will continue to have an adverse effect on housing affordability that is putting upward pressure on home prices, and is sure to hamper the market throughout the year."