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CALIFORNIA ASSOCIATION OF REALTORS®

What home features do homeowners believe add most value?

Source: Rocket Homes

Kitchen designs could make or break a home sale. Fifty-five percent of consumers said that a good kitchen could convince them to buy a

home they otherwise wouldn't, according to a new survey from Rocket Homes of more than a 1,000 homeowners and home buyers. On the flip side, a similar number of respondents said an ugly kitchen would make them pass on a home.

Consumers cited upgraded appliances, countertops, floors, and cabinets as important in kitchens. In home remodels, kitchens may be one spot to prioritize, researchers note. But these house projects don't come cheap: Homeowners should plan to spend about 16% of their home's value on a kitchen renovation, according to the survey.

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When your second home is your first home

Source: NY Times

A growing number of first-time buyers are purchasing a second home while renting their main residence. Industry observers say a combination of rising home prices and work-from-home flexibility has

prompted some hopeful homeowners to skip owning a primary home and go straight to buying a second home in a more affordable location.

Vacation home purchases in general boomed during the pandemic. In 2020, loan applications for vacation homes were up 30 percent from 2019, according to the most recently available data from the Home Mortgage Disclosure Act.

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As home prices rise buyers are scaling back home size

Source: Redfin

With home prices rising rapidly, buyers are counting every square foot and are purchasing smaller homes than they did earlier on in the pandemic. In March, the typical home under contract was 1,720 square feet, down 1.8% compared to a year ago and about the same size as homes that were selling prior to the pandemic, according to data from Redfin.

During the early stages of the pandemic, home buyers had been in a rush to upsize their homes in the search for more space. But that trend is quickly reversing due to higher home prices, housing analysts say.

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Buyers must budget for closing costs

Source: CoreLogic

Average closing costs for a single-family home rose by 13.4% in 2021, according to real estate research firm CoreLogic. That equates to about $6,905 including transfer taxes and $3,860 when transfer taxes are excluded. In California, that average cost was $7,953 and $5,665, respectively.

Home buyers also are facing higher borrowing costs from mortgage rates and higher home prices. The 30-year fixed-rate mortgage averaged 5.11% last week, according to Freddie Mac. Since the beginning of the year, mortgage rates have jumped by 1.8 percentage points, adding about $400 to the average monthly mortgage payment for a median-priced home, according to the National Association of REALTORS®.

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Why Bay Area home prices unlikely to drop despite higher mortgage rates

Source: SF Chronicle

Mortgage interest rates recently exceeded 5% for the first time in more than a decade. However, there are few signs that the sharp rise in mortgage rates will lead to noticeable declines in Bay Area home prices anytime soon.

The average interest rate for a 30-year fixed-rate mortgage reached 5.11% last week, up from 3% at the start of the year. But, experts say, low inventory and a willingness from high-earning home buyers to engage in bidding wars are expected to keep the Bay Area's home prices from declining.

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Demand for adjustable-rate mortgages doubles as rates rise

Source: CNBC

As mortgage rates moved even higher last week, potential homebuyers are now turning more to adjustable-rate mortgages (ARM), which offer lower interest rates. The average rate on a 5-year ARM was 4.28% last week. The average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances increased to

5.37% from 5.20%.

The share of ARM applications last week was over 9% by loan count and 17% based on dollar volume. At 9%, the ARM share was double what it was three months ago, which also coincides with the 1.5 percentage point increase in the 30-year fixed rate. ARMs can be fixed for terms like five, seven or 10 years, but they do adjust once the term is up to the current market rate, so they are considered slightly riskier than a 30-year fixed.

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