



beyond the headlines



Americans feel more confident about the economy

Source: *The Atlantic*

A barrage of U.S. economic data was released recently, including statistics on the state of the housing market, consumer-confidence figures, and numbers that show the spending and income of Americans. The data show that, while Americans might be optimistic about the job market, there could be a gap between economic expectations and economic reality.

Making sense of the story

- Hiring numbers have been fairly steady, and Americans are buying houses despite the Fed's recent interest-rate hike. The S&P/Case-Shiller U.S. national home-price index, which looks at housing prices in 20 cities, saw a 5.9-percent increase. According to a report by the National Association of Realtors, the demand for housing is strong: Its pending home-sales index, which looks at contracts signed in February, jumped 5.5 percent to a 10-month high. Experts believe that the strong housing numbers are because people believe the labor market is strengthening.
- Initial unemployment claims are another reason for optimism: The number of Americans filing new unemployment claims dropped to 258,000 last week. While that decline is less than anticipated, these initial claims have been below 300,000 for over 100 weeks. That's the longest streak at that level since the 1970s, and the figure is at its lowest level in four decades. The decline in claims suggests a healthy labor market, and is often seen as a proxy for companies avoiding layoffs. But the fact that the indicator isn't falling as much as expected has experts questioning whether the labor market might be losing momentum.
- Consumer-confidence figures—which measure how Americans feel about their economic future—provided similarly mixed messages: On Tuesday, the Conference Board reported that consumer confidence was at a 16-year high.*However, the University of Michigan's Consumer Sentiment Index, which measures consumer confidence via phone interviews, showed a lower-than-expected reading.

Full story

<https://www.theatlantic.com/business/archive/2017/03/americans-consumer-confidence/521574/>

In other news...

Last chance to deduct private mortgage insurance

Source: Credit.com

You can deduct private mortgage insurance paid during the 2016 tax year, but this will likely be the last time.

Homebuyers unable to make a down payment of at least 20 percent of their home's purchase price are required to buy the insurance, also known as PMI. It protects your lender in case you default on your loan.

PMI premiums have been deductible since 2007, but the tax break has expired. For future tax years, Congress must renew it.

Full story

<http://finance.yahoo.com/news/last-chance-deduct-private-mortgage-100000830.html>

Unscrambling the housing crisis

Source: Fox & Hounds

California's housing crisis is the biggest issue for the business community, low-income residents and middle class workers according to a disparate group of panelists taking part in a session sponsored by the CALIFORNIA ASSOCIATION OF REALTORS®' Center for California Real Estate.

The Los Angeles event included Rob Lapsley, president of the California Business Roundtable, Los Angeles City Controller Ron Galperin, and Chris Hoene, Executive Director of the California Budget & Policy Center. The panel moderator was Leslie Appleton-Young, Senior Vice-President and Chief Economist for the REALTORS®' association.

The panel agreed on one reason for the problem: regulations are harming the housing market.

Full story

<http://www.foxandhoundsdaily.com/2017/03/unscrambling-housing-crisis/>

Housing, traffic woes stoke urge to flee Bay Area, poll shows

Source: The Mercury News

Choked by traffic and overwhelmed by skyrocketing housing costs, a greater percentage of Bay Area residents than a year ago now say they yearn to flee the region.

In a new Bay Area Council poll released Thursday, 40 percent of the region's residents said they want to move away in the next few years, a marked increase from the 33 percent who said in 2016 they wanted to leave.

Even worse, the new survey found that young adults are more inclined to leave: 46 percent of millennials want to lead the charge out of the Bay Area in the next few years.

Full story

<http://www.mercurynews.com/2017/03/30/housing-traffic-woes-stoke-urge-to-flee-bay-area-new-poll-shows/>

The struggle is real for millennial home buyers

Source: CNN Money

After years of many experts lamenting how millennials weren't interested in becoming homeowners, it turns out many are actually diving in. But they're facing a lot of competition.

Millennials are the largest group of homebuyers, according to Ellie Mae, a software company that analyzes mortgage data. In January, millennials represented around 45 percent of all purchase loans, up from 42 percent the same month in 2016.

And many expect more millennial house hunters to jump into the market this spring buying season. But their path to homeownership won't be easy. New buyers this spring will also be up against buyers who started looking last year, but still haven't bought a home.

A shortage of available homes has driven up prices -- particularly among starter homes that tend to fall within first-time buyers' budgets. There were 3 percent fewer homes on the market in February compared to a year ago, according to a recent report from Zillow, and home values are up nearly 7 percent.

Full story

http://money.cnn.com/2017/04/03/real_estate/millennial-homebuying/

Los Angeles rental prices rose 3 percent last month

Source: LA Curbed

Rental prices for a one-bedroom in Los Angeles have jumped 3 percent since last month, while the city remains the sixth-most expensive rental market in the nation, according to a new report from rental listing website Zumper.

L.A. is no longer tied with Oakland for that sixth spot, as it was last month. Instead, the Bay Area city has moved into fifth place, while Washington D.C. has dropped to seventh on the list.

The median price for a one-bedroom unit now stand at \$2,060 per month. That's up 4.6 percent since this time last year, according to the report. Two-bedroom rents have also increased to a median price of \$2,950 per month, up a percent over last month and 5.4 percent since last year.

Full story

<http://la.curbed.com/2017/3/30/15129550/rental-prices-los-angeles-most-expensive-report>

What you should know

- A study by Fannie Mae examines homebuyer education, and explains why many buyers aren't being educated. Most consumers interviewed in the study had little or no awareness of pre-purchase homeownership education classes unless they were required to take one.
- For this study, Fannie Mae conducted 54 individual in-depth interviews and eight two-hour mini-group discussions across four markets, among lower-income first-time homebuyers as well as professionals, real estate agents and loan officers, who have experience working with lower-income first-time homebuyers and homeownership education or counseling.
- Despite the low amount of participation in educational programs, the study showed all participants agreed homeownership education gives borrowers knowledge, confidence and employment to be financially and emotionally prepared for homeownership.
- However, homeowners rarely participate in these programs unless they are required to take educational courses and were referred to by loan officers for loan qualification requirements or benefits such as down payment assistance programs, the study showed. In fact, very few even knew the range of programs offered.
- Homebuyers: HE involves time and inconvenience. It's "another hoop to jump through" during an already stressful time. It sounds like school and involves coming up with more money if a fee is involved.
- Lenders: HE is one more thing on the long list of paperwork to make the deal happen. Loan officers have a deal-centered, transactional mindset. Some are concerned that borrowers will learn something that could kill the deal or lead them to other lenders.
- Real estate agents: There is an overall "not my job" mindset. Real estate agents have no concrete incentive or motivation to refer their clients to HE. They view lenders as experts on loan-related steps and process and want to guide or control their clients themselves. Like loan officers, they are concerned that borrowers might connect to another real estate agent or deal.