beyond the headlines

Most L.A. homes still worth less than before recession

Source: KPCC Radio

Southern California's residential market can feel overheated, with the bidding wars on homes and busy open houses. But new research from the real estate website Trulia shows area home prices still have a ways to go before they hit pre-recession peaks.

The researchers found that in Los Angeles County, just 37.4 percent of homes are priced at more than they were before the housing bust. In Orange County, 23.5 percent have hit that level, while just 3 percent have in the Inland Empire, one of the epicenters of the mortgage meltdown.

But real estate experts predict even if it takes them longer, homes in southern California will see a full rebound.

Making sense of the story

- Geoff McIntosh, president of the California Association of Realtors, said the most desirable parts of L.A. County, those near good schools and the beach, are already fetching housing bubble prices.

- McIntosh, who sells homes in Long Beach, said he sees stark differences in home values just within the city itself. Prime properties that had fallen to the $600,000 range during the worst of the housing crisis are back to pre-recession prices of around $2 million, he said.

- So forlorn homeowners whose homes are struggling to recapture their pre-recession value may want to hold on. McIntosh said prices will keep climbing.

- "I don’t believe that it’s likely you’re going to see housing values level off because there’s not enough supply," McIntosh said, referring to California's failure to build enough homes for its growing population. "I think there's still a lot of pent-up demand."

- But he added that many unknowns may affect home prices in the future, such as higher interest rates. Realtors are also concerned that the Trump Administration's tax plan will result in a loss of tax benefits of owning a home.

Full story
http://www.scpr.org/news/2017/05/08/71619/most-la-homes-still-worth-less-than-before-recessi/

In other news…

Consumer housing optimism rebounds in April

Source: Housing Wire

Many consumers grew more optimistic about the housing in April, rebounding from March's dip in confidence, according to the Fannie Mae Home Purchase Sentiment Index. The index increased 2.2 percentage points in April to 86.7, and five of the six components saw an increase.

Americans who said now is a good time to sell a home was the only component to decrease, dropping five percentage points to 26 percent, however those who said now is a good time to buy a home increased five percentage points to 35 percent.

Consumers were also more optimistic about the stability of their jobs, with that component increasing by seven percentage points to 77 percent. Respondents who reported a household income that's significantly higher than 12 months ago increased by two percentage points to 13 percent.

Full story
http://www.housingwire.com/articles/40064-fannie-mae-consumer-housing-optimism-rebounds-in-april

10 cities with biggest housing recoveries

Source: Realtor.com

Real estate markets in many cities are now even stronger than they were before the most recent housing crash. Last year, the national median home price rose to $227,000—even higher than its 2005 peak of $220,400. Home prices nationally have grown 26 percent since hitting bottom in 2011. At the local level, some markets are doing better than others.

Realtor.com® analyzed the 150 largest metros in the country to find the cities that have rebounded the most through 2016, which includes San Jose, and San Francisco in the top two. The site factored in each city's peak prerecession home prices and their lowest levels during the downturn. Additionally, researchers measured each metro's recovery according to the amount of new-home construction in each area, foreclosures, unemployment rates, and the household income of its residents in 2016.

Full story
http://www.realtor.com/news/trends/biggest-comeback-stories-in-real-estate/

Alternative mortgage lenders are changing home buying

Source: NerdWallet

If you're looking for a mortgage, there's one less reason to walk into a bank these days. Alternative mortgage lenders — non-bank companies without customer deposits — are transforming the mortgage industry. Their goal: to offer mortgage rate transparency and help you complete the home loan process quickly, efficiently and mostly (if not completely) online.

The biggest banks, once major players in the $1.5 trillion mortgage industry, have backed away from a large portion of the business, citing low profit margins and high legal risks. It's a result of the enhanced regulatory environment that followed the 2008 housing meltdown.

A number of new players jumped into the void — alternative lenders testing new business models and leveraging technology to improve the process of getting a home loan or mortgage refinance:

- Marketplaces and brokers assist potential borrowers shopping for mortgages and the best mortgage rates.
- Online mortgage lenders seek to shorten the home loan process.
- Non-bank lenders offer solutions to credit-challenged consumers.

Full story
https://www.nerdwallet.com/blog/mortgages/alternative-mortgage-lenders-changing-mortgage-process/

Is more urban sprawl the solution to California's housing crisis?

Source: Orange County Register

In a state where vacant homes and apartments are scarce and where rents and house prices are out of control, state leaders and experts have proposed a host of solutions. Build more homes, build them in higher-density developments and build them in existing cities and suburbs, closer to jobs and transit to reduce pollution and congestion, they say.

A Chapman University fellow offered a more traditional solution: urban sprawl. Rather than limit new construction to apartments and condos in "infill" development, California needs to build more houses, using vacant land in interior communities like the Inland Empire and the Central Valley, said Joel Kotkin, Chapman's RC Hobbs Presidential Fellow in urban futures and co-author of a new report on millennials' housing needs.

Kotkin was a guest speaker Tuesday at a California Association of Realtors forum in Sacramento streamed over FaceBook. "Millennials contemplate unaffordable housing that could compel them to leave California," said the report, "Fading Promise: Millennial Prospects in the Golden State. Nothing," the report states, "could improve housing affordability than to restore the competitive market for land by permitting greenfield development."

Full story
http://www.ocregister.com/2017/05/03/chapman-fellow-says-urban-sprawl-part-of-solution-to-housing-crisis/

Gallup poll shows high hopes for homeownership

Source: Mortgage News Daily

While the historically low homeownership rate as reported by the Census Bureau has improved only marginally over the last year, a recent survey by Gallup indicates that it may be on the edge of change. Forty-nine percent of non-homeowners contacted by the polling company in March indicated they expect to buy a home within the next five years, with 10 percent planning on doing so in the next year. An additional 20 percent say they plan on being homeowners within ten years. This leaves only 28 percent with no plans to purchase a home.

Those who plan on buying in the near future tend to be young. Of those aged 18 to 34, 52 percent plan to buy within five years as do 58 percent of those aged 35 to 54. An additional 31 percent of the younger cohort expect buy within 10 years, leaving only 14 percent who do not see homeownership in their foreseeable future. Among older non-homeowners, those over 55, only 30 percent have any plans to buy.

Full story
http://amp.mortgagenewsdaily.com/article/735618

What you should know

- Mortgage applications increased 2.4 percent from one week earlier, according to data from the Mortgage Bankers Association's (MBA) Weekly Mortgage Applications Survey for the week ending May 5, 2017.

- The Market Composite Index, a measure of mortgage loan application volume, increased 2.4 percent on a seasonally adjusted basis from one week earlier. On an unadjusted basis, the Index increased 3 percent compared with the previous week. The Refinance Index increased 3 percent from the previous week. The seasonally adjusted Purchase Index increased 2 percent from one week earlier to its highest level since October 2015. The unadjusted Purchase Index increased 2 percent compared with the previous week and was 6 percent higher than the same week one year ago. The seasonally adjusted Conventional Purchase Index increased 2 percent from the previous week to its highest level since April 2009.

- The refinance share of mortgage activity increased to 41.9 percent of total applications from 41.6 percent the previous week. The adjustable-rate mortgage (ARM) share of activity decreased to 8.2 percent of total applications.

- The average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances ($424,100 or less) remained unchanged at 4.23 percent, with points decreasing to 0.31 from 0.32 (including the origination fee) for 80 percent loan-to-value ratio (LTV) loans. The effective rate decreased from last week.