beyond the headlines

Los Angeles and Orange County home sellers pay the 2nd most in hidden costs to sell

Source: Orange County Register

Nationally, U.S. homeowners spend $15,190 on average in extra or hidden costs associated with selling their home, according to a new analysis from Zillow® and Thumbtack. Since most of today's sellers have never sold a home before, some of these costs could come as a surprise. Some of the most common, but often overlooked, seller expenses include sales taxes and agent commissions, as well as optional home prep projects.

Making sense of the story

- San Francisco metro area sellers paid the most in hidden costs to sell at $55,105, while home sellers in the Los Angeles and Orange County metro region paid $40,808 to sell their homes.
- The two largest closing costs are real estate agent commissions and in most states, sales or transfer taxes. Sellers also must pay for various other closing costs, including title insurance and escrow fees.
- Eight out of 10 home sellers make improvements to their properties before selling, Zillow said. In addition to washing the carpets and landscaping, popular prep projects include staging, painting interiors and general house cleaning.
- About two-thirds of sellers, mostly first-time sellers, said they unaware of the hidden costs.
- Sellers in Indianapolis paid the least ($8,238) as home values are lower and the state has no transfer tax.

Full story
http://www.ocregister.com/2017/05/26/orange-county-homes-arent-just-pricey-to-buy-were-2nd-highest-in-u-s-on-what-it-costs-to-sell/

In other news…

Buying still beats renting

Source: CNBC

Home prices continue to rise at a fast clip, faster than incomes and faster than new employment, but it is still cheaper to own a home than to rent. So why are home sales falling? Because there are crazy few affordable homes for sale.

The supply of listings in April fell 9 percent compared with a year ago, and, in turn, the number of days it took to sell the average home dropped to just 29, the lowest since the National Association of Realtors began tracking that in 2011. There was a big increase in the number of listings that came on the market this spring, but they were swept up so quickly that supplies were still lower.

Unfortunately for buyers, the cheapest segment of the market is where supplies are lowest. Sales of homes priced below $100,000 fell 17 percent in April compared with 2016, and in the under-$250,000 segment they fell more than 6 percent. That is where the highest demand is from younger buyers.

Full story
http://www.cnbc.com/2017/05/24/its-cheaper-to-buy-a-home-than-rent-but-only-if-you-can-find-one.html

With home prices out of reach, more buyers turning to parents for help

Source: KPCC Radio

In almost every metro area across the country, the number of people taking out new mortgages has fallen dramatically, but Southern California is a notable exception, according to a report by ATTOM Data Solutions.

The report found that in the first quarter of 2017, U.S. new home loan originations fell 30 percent from last year and by 21 percent from the same period last year, to a three-year low. But in the Los Angeles metro area, mortgage originations were up by 4 percent, meaning more people have been taking out new home loans despite higher interest rates.

More than 28 percent of loans in Southern California now have someone other than a spouse co-sign, such as a parent, compared with the national average of 22 percent. Among large U.S. cities, only Miami (40.2 percent), Seattle (37.4 percent) and San Diego (28.9 percent) have more co-borrowers.

Full story
http://www.scpr.org/news/2017/05/25/72202/with-socal-home-prices-out-of-reach-more-buyers-tu/

Millennials are saving for financial freedom—not retirement

Source: Yahoo Finance

Millennials often get a bad rap when it comes to financial responsibility. But it turns out those stereotypes may be off base. Millennials are saving more money than any other generation, according to a new study by Bank of America and Merrill Edge. But it's what they're saving for that really sets them apart from older generations.

Saving for financial freedom is the No. 1 priority for millennials — 63 percent of millennials said they're saving a set amount of money to enjoy their desired lifestyle. This is a stark contrast to older generations: the majority of the Gen X and baby boomer generations prioritize their savings specifically to leave the workforce and retire.

This shift speaks to the bigger differences in the ways millennials and older generations view money, and what they prioritize in their lives. While it may not sound surprising that younger workers aren't thinking about nest eggs as much as older generations, what's a little different here is that they're not thinking about retirement as a phase of life, let alone working to afford it. Millennials listed personal milestones as their top priorities: getting their dream job and traveling the world trumped more traditional goals like getting married and having children.

Full story
https://finance.yahoo.com/news/millennials-saving-financial-freedom-not-retirement-195619131.html

Credit scores hit record high as recession wounds heal

Source: Dow Jones Newswires

Credit scores among U.S. consumers surged to a record high this spring. Further, the share of borrowers considered among the riskiest borrowers hit a record low. The higher credit scores could be a boon for the mortgage market: A good credit score can help borrowers snag a better mortgage rate and better their chances of qualifying for financing.

In April, the average credit score nationwide reached 700, which is up one point from last fall, according to the Fair Isaac Corp. That is the highest average since FICO began tracking such data in 2005.

The share of consumers considered to be the riskiest — with scores below 600 — hit a record low of about 40 million, or 20 percent of U.S. consumers who have FICO scores, according to Fair Isaac. That is down from a 25.5 percent peak in 2010.

Rising credit scores will likely prompt banks to make more credit available to consumers and at a cheaper cost, finance experts say.

Full story
http://www.foxbusiness.com/features/2017/05/29/credit-scores-hit-record-high-as-recession-wounds-heal.html

Minorities increasingly priced out of housing market

Source: Marketplace

According to new report from real estate brokerage Redfin, it’s getting harder and harder for middle-class families to afford housing in the U.S. In the nation’s 30 biggest metro areas, the number of home listings middle-class families can afford has dropped by 32 percent since 2012, and the shrinking pool of affordable housing is felt most acutely by minorities.

According to the Redfin report, just 18 percent of new home listings were affordable for median-income Hispanic families, compared to 14 percent for median-income African-Americans. Both rates were down 11 percentage points from 2012. This is compared to 30 percent affordable for those earning the median income for white households.

As housing costs rise faster than wages, minorities are being priced out of their own neighborhoods, often after decades of investment.

In addition to the affordability gap, mortgages are also harder to get.

Full story
https://www.marketplace.org/2017/05/26/economy/minorities-increasingly-priced-out-housing-market

What you should know

- Mortgage applications decreased 3.4 percent from one week earlier, according to data from the Mortgage Bankers Association's (MBA) Weekly Mortgage Applications Survey for the week ending May 26, 2017.

- The Market Composite Index, a measure of mortgage loan application volume, decreased 3.4 percent on a seasonally adjusted basis from one week earlier. On an unadjusted basis, the Index decreased 4 percent compared with the previous week. The Refinance Index decreased 6 percent from the previous week. The seasonally adjusted Purchase Index decreased 1 percent from one week earlier. The unadjusted Purchase Index decreased 3 percent compared with the previous week and was 7 percent higher than the same week one year ago.

- The refinance share of mortgage activity decreased to 43.2 percent of total applications from 43.9 percent the previous week. The adjustable-rate mortgage (ARM) share of activity decreased to 7.7 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 4.17 percent, with points decreasing to 0.32 from 0.39 (including the origination fee) for 80 percent loan-to-value ratio (LTV) loans. The effective rate decreased from last week.

- The average contract interest rate for 15-year fixed-rate mortgages decreased to 3.42 percent from 3.45 percent, with points increasing to 0.39 from 0.38 (including the origination fee) for 80 percent LTV loans. The effective rate decreased from last week.