



# beyond the headlines



## Ways homebuyers can leap the down payment hurdle

Source: Associated Press

Saving up for a down payment is the biggest hurdle for many would-be homebuyers, particularly those looking to make the leap from renting to owning.

More than two-thirds of renters consider setting aside money for a down payment the No. 1 obstacle to buying a home, according to a recent survey by real estate data provider Zillow. That edged out other concerns, including job security and a thin supply of homes on the market.

While there are home loans that require as little as 3 percent down, rising home prices, especially in expensive coastal states, keep driving up the amount of money buyers need to come up with for a down payment.

### Making sense of the story

- Start saving now. Renters may want to calculate what their extra monthly costs would be as a homeowner and then set aside that amount, minus rent and utilities. This accomplishes two goals: Saving money for a down payment and getting you accustomed to the financial constraints of living with the costs of homeownership.
- The type of home loan you get may determine how much of a down payment you need. For many years, buyers sought to put down 20 percent of the purchase price. That would lower their monthly mortgage payment and allow them to avoid having to pay for private mortgage insurance, or PMI. But as home prices have risen, that trend has waned. Loans that require as little as 3 percent up front have become more common. As a result, the median U.S. down payment has declined to 10 percent the past four years, according to the National Association of REALTORS®.
- Borrowers with low or moderate income, and teachers, firefighters or other public service job holders may also qualify for down payment assistance through thousands of federal, state or local programs aimed at helping homebuyers.
- There are more than 2,100 funded programs, many of which help cover the down payment and closing costs through loans that can sometimes be forgiven over time, or paid back only once the buyer sells the home, according to Down Payment Resource, a tracker of homebuyer assistance programs.

Full story

<https://apnews.com/959488b475a042babc570ee21110c5fc/Ways-homebuyers-can-leap-the-down-payment-hurdle>

## **In other news...**

### **Millennials are powering the housing market**

*Source: NBC News*

Millennials were the largest group of home buyers (34 percent) for the fourth consecutive year, according to NAR's 2017 Home Buyer and Seller Generational Trends study. By comparison, baby boomers were 30 percent of buyers.

"Millennials have been fairly slow to get into the market, but we are seeing an uptick in millennial buyers this year — which is a good sign, because as home values rise, we want a wider number of people to participate in this housing recovery," said Lawrence Yun, chief economist at the National Association of REALTORS® (NAR). "There's a pent-up demand and as the economy continues to improve, we expect to see more people in their early thirties, adults who are still living with their parents — clearly not their idea of the American dream — begin to look for their own housing units."

Research done by the National Association of Homebuilders found that more than 90 percent of millennials say they eventually want to buy a house.

Full story

<http://www.nbcnews.com/business/real-estate/who-s-powering-housing-market-surprise-it-s-millennials-n768196>

### **California among top three markets for foreign commercial buyers**

*Source: Dallas Morning News*

Florida and Texas were the top markets on foreign real estate investors shopping lists in 2016. The National Association of REALTORS® said 20 percent of its commercial real estate members closed a sale last year involving foreign buyers.

Florida, Texas and California were the most popular markets for offshore buyers acquiring small properties for either investment or use, the REALTORS® found in their annual commercial real estate survey.

"Nearly half of REALTORS® reported that they experienced a greater number of international clients looking to buy commercial space over the past five years," NAR's top economist Lawrence Yun said in the report. "Economic expansion has slowly chugged along since the downturn, but in comparison to the rest of the world, the U.S. remains one of the most attractive and safest bets for investors. There's little evidence this will change anytime soon."

NAR found that most of the foreign buyers making a play in the U.S. were from China. Chinese investors accounted for 17 percent of the commercial property sales handled by Realtors.

Full story

<https://www.dallasnews.com/business/real-estate/2017/06/06/florida-texas-top-foreign-buyers-property-purchase-list>

## **America's declining mobility has millennials feeling stuck**

*Source: Curbed LA*

According to the latest data from the U.S. Census Bureau, the percentage of Americans moving over a one-year period fell to an all-time low of 11.2 percent last year (domestic migration shrunk in half since 1965). The drop is particularly prevalent among millennials. New survey data from the Pew Research Center found that 25- to 35-year-olds are relocating at much lower rates than the previous generation.

Last year, 20 percent of millennials moved sometime in the last year. When older generations were the same age as millennials now, they moved at higher rates: Gen X was at 26 percent, as was the generation between 1925 and 1942.

According to data from Moody's Analytics and First American Financial Corporation, median homeownership tenure—the average time someone stays in their home—just rose to 8.5 years, the highest they've seen since they began collecting data in 2008. And right now, especially in hot metro markets like San Francisco and New York, houses move at lightning speed. Redfin found that the average U.S. home went under contract in just 49 days in March, the fastest time on record since Redfin began keeping data in 2010.

Full story

<https://www.curbed.com/2017/5/23/15678336/move-mobility-millennial-real-estate>

## **Solving the housing crisis with cheap 'granny flats'**

*Source: Business Insider*

A startup out of Los Angeles wants to bring small, pre-fabricated living spaces ranging in size from 300 to 1,200 square feet into the backyards of the country's hottest real estate markets.

Cover, is a technology company that plans, designs, and manufactures backyard studios, in-law units, home offices, and guest rooms — collectively known as accessory dwelling units (ADU) — using machine learning and methods borrowed from the aerospace and automotive industries.

The company's long-term goal is to increase the housing supply in cities where the cost of living has become prohibitive, in the hopes of driving market prices down.

In January, legislation went into effect in California that makes it easier and cheaper for homeowners to build ADUs. The state hopes to see the housing stock climb as a result.

If a homeowner is interested in putting an ADU on their property, they can fill out a survey of 50 to 100 questions, which covers everything from land type to cabinet finishes. For a one-time fee of \$250, an algorithm gathers information on zoning and build codes in the area and returns multiple design options that meet the needs of the owner as well as city requirements.

Full story

<https://www.aol.com/article/finance/2017/06/06/a-startup-has-a-plan-to-solve-the-housing-crisis-with-cheap-back/22129179/>

## Homes have been getting bigger over the decades

Source: Realtor.com

From extra bedrooms and bathrooms to more overall square footage, homes have been growing over the years, according to the U.S. Census Bureau's 2016 Characteristics of New Housing report.

In 1978, more than half of new single-family homes sold had three bedrooms and two bathrooms. By 2016, half of new home buyers closed on had four or more bedrooms. The largest share of homes sold, 40 percent, had three or more bathrooms while 31 percent had 2.5 baths.

The overall square footage of homes has been rising as well.

Full story

<http://www.realtor.com/news/trends/homes-getting-bigger-over-decades/>

### What you should know

- Mortgage applications increased 7.1 percent from one week earlier, according to data from the Mortgage Bankers Association's (MBA) Weekly Mortgage Applications Survey for the week ending June 2, 2017. This week's results included an adjustment for the Memorial Day holiday.
- The Market Composite Index, a measure of mortgage loan application volume, increased 7.1 percent on a seasonally adjusted basis from one week earlier. On an unadjusted basis, the Index decreased 15 percent compared with the previous week. The Refinance Index increased 3 percent from the previous week. The seasonally adjusted Purchase Index increased 10 percent from one week earlier to its highest level since May 2010. The unadjusted Purchase Index decreased 14 percent compared with the previous week and was 6 percent higher than the same week one year ago.
- The refinance share of mortgage activity decreased to 42.1 percent of total applications from 43.2 percent the previous week. The adjustable-rate mortgage (ARM) share of activity decreased to 7.4 percent of total applications.
- The average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances (\$424,100 or less) decreased to its lowest level since November 2016, 4.14 percent, from 4.17 percent, with points increasing to 0.34 from 0.32 (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 its lowest level since November 2016, 3.39 percent, from 3.42 percent, with points increasing to 0.43 from 0.39 (including the origination fee) for 80 percent LTV loans. The effective rate decreased from last week.