beyond the headlines

Vallejo ranks first in nation's hottest housing markets

Source: Mercury News

The Vallejo-Fairfield market in Solano County is the No. 1 "hottest" in the nation. Vallejo, a city whose reputation has been tarnished through the years by news reports about crime and gangs, has established itself as a hot housing destination, according to the June index from realtor.com.

Making sense of the story:

- Last month's sale price for a single-family home in Vallejo was $365,000 and properties are moving quickly.
- The monthly index measures where houses are selling the fastest — they're typically gone within 31 days in Vallejo-Fairfield — as well as which markets are generating the most listing views on realtor.com.
- Beyond that, the index has become a reflection of the Bay Area's housing crisis, which is pushing commuters to purchase homes at relatively affordable prices in out-of-the-way places.
- The San Francisco-Oakland-Hayward metropolitan area is the No. 2 "hottest" in the country, and San Jose-Sunnyvale-Santa Clara is No. 9 on the list.
- The index ranks the Stockton-Lodi area as the 14th hottest market in the U.S.
- The Sacramento-Roseville-Arden-Arcade metro area (No. 4) and Santa Rosa (No. 17). Yuba City – in Sutter County, about 40 miles north of Sacramento — is the nation's 19th hottest market, and Modesto is No. 20.
- Realtor.com reports that "there were 11 percent fewer homes on the market (nationally) in June 2017 than during the same time last year, marking 24 consecutive months of year-over-year inventory declines."

Full story
http://www.mercurynews.com/2017/06/29/nations-hottest-housing-markets-include-oakland-san-jose-and-vallejo/

In other news…

Falling inventory forces homebuyers to move at fastest pace ever

Source: Housing Wire

Housing inventory fell 8.9 percent from last year in the second quarter of 2017, sending homebuyers scurrying to beat the rising competition.

Housing inventory dropped for nine consecutive quarters, and is currently down a full 20 percent from inventory levels five years ago, a new report from Trulia shows.

And now, homebuyers are snatching up homes at the fastest pace since Trulia began tracking in 2012. While 57 percent of homes were still on the market after two months in 2012, today that number shrank down to 47 percent.

Competition is so fierce, in fact, that 33 percent of Americans who bought a home in the last year made an offer without even seeing the home in person, according to a survey from Redfin, an online real estate brokerage.

This is up from 19 percent of buyers who placed an offer on a home without seeing it first last year. Among millennials, even more placed offers without seeing the home in person — a full 41 percent

And while that survey showed affordable housing was the most prevalent economic concern, only 5 percent of homebuyers said they would cancel their home-buying plans if rates surpass 5 percent.

Full story
https://www.housingwire.com/articles/40558-falling-inventory-forces-homebuyers-to-move-at-fastest-pace-ever

Two big changes will make it easier to get a mortgage

Source: CNBC

Two major changes in the mortgage market go into effect this month, and both could help millions more borrowers qualify for a home loan. The changes will also add more risk to the mortgage market.

First, the nation's three major credit rating agencies, Equifax, TransUnion and Experian, will drop tax liens and civil judgments from some consumers' profiles if the information isn't complete. Specifically, the data must include the person's name, address, and either date of birth or Social Security number. A sizeable number of liens and judgments do not include this information and have subsequently caused some misrepresentations and mistakes.

Additionally, mortgage giants Fannie Mae and Freddie Mac are allowing borrowers to have higher levels of debt and still qualify for a home loan. The two are raising their debt-to-income ratio limit to 50 percent of pretax income from 45 percent. That is designed to help those with high levels of student debt.

Full story
http://www.cnbc.com/2017/07/05/two-major-lending-changes-mean-its-suddenly-easier-to-get-a-mortgage.html

Mortgage down payments – how low should you go?

Source: Money Talk News

The traditional mortgage down payment of 20 percent is dying out.

While a 20 percent down payment remains the benchmark that lenders quote most often, most buyers now put down less, NerdWallet reports. The website goes so far as to say the 20 percent down payment “is all but dead — and has been for quite some time, especially for first-time buyers.”

Still, many buyers — again, particularly first-time buyers — are unaware of how small of a down payment they need. For example, only 13 percent of buyers under age 35 believe they need a down payment of 5 percent or less, according to NAR.

Just because most folks are getting mortgages with a small down payment doesn’t mean you should join the trend. The traditional 20 percent down payment still brings multiple advantages, including avoiding mortgage insurance and smaller monthly payments.

Full story
https://finance.yahoo.com/news/mortgage-down-payments-low-205051341.html

From ‘Not in my backyard’ to ‘Yes in my backyard’

Source: The Atlantic

Real-estate developers are not popular with most of the American public. A recent Stanford paper found that people like developers only slightly more than they like corporate executives. Many progressives object to developers’ business model, which depends on building new units and charging as much as possible for them, even if that makes them unaffordable for longtime residents.

But there are signs that this adversarial relationship is starting to give way to a more cooperative dynamic. In cities across the country, some residents that might once have protested new construction are welcoming developers, pushing governments to allow them to build more and more housing. “You can work to dismantle the system without demonizing developers,” Laura Loe, a Seattle housing advocate, told me. With more housing, the thinking goes, the cost of rent in thriving cities like San Francisco, Boston, and Portland will not rise so quickly, which will allow more people from different economic backgrounds to live there and share in the prosperity of the local economy.

This type of thinking is the centerpiece of a progressivist movement called YIMBYism—referring to an abbreviation of “Yes In My Backyard”—which is increasingly notching successes in big cities. YIMBYs are a pointed contrast to NIMBYs, who are named for the phrase “Not In My Backyard,” a derogative term for people who oppose development.

Full story
https://www.theatlantic.com/business/archive/2017/07/yimby-groups-pro-development/532437/

Home price growth sizzles in May

Source: Market Watch

Home prices remained hot in May, bolstering owners' equity but locking many would-be buyers out of the market.

Nationally, prices rose 6.6 percent compared to a year ago, according to a home price index released by CoreLogic. Prices rose 1.2 percent from April to May.

CoreLogic also noted that the cost of rent is growing much faster than inflation – and wages. Overall single-family rents rose 3.1 percent for the year in May, while rental costs in the affordable single-family rental segment of the market, which includes properties with rents less than 75 percent of the regional median, grew by 4.7 percent.

Full story
http://www.realtor.com/news/real-estate-news/home-price-growth-sizzles-may-driving-wedge-market/

What you should know

- Since 2012, Bay Area home prices have increased an average of 72%, based on market research conducted by Paragon Real Estate Group. It cited dwindling affordability as a symptom of an overheating market.

- The median Bay Area home price hit a record $755,000 in May, the third consecutive monthly record, according to the data analytics firm CoreLogic. However, there was a slight decrease in home prices between April and May.

- Median home prices rose 3.1 percent in Alameda County between May 2016 and May 2017, but declined 1.1 percent between April and May of this year, according to CoreLogic. In Contra Costa County, home prices rose 6.5 percent between May 2016 and May 2017 but declined 0.7 percent between April and May of this year.

- It's no secret that the Bay Area's housing price boom and crisis in housing affordability is largely due to decades of job creation exceeding development of new housing, said Jordan Levine, senior economist at the California Association of Realtors, who sees regions centering on Austin, Denver, Portland and Seattle as becoming economically more competitive than the Bay Area.

- There may come a day when major tech employers seeking to attract talent will say enough is enough with housing costs in the Bay Area and decide to relocate elsewhere, potentially changing the economic dynamics of the region from growth to a downward cycle, said housing policy expert Carol Galante, faculty director of the Terner Center for Housing Innovation at UC Berkeley.