Mortgage Educational Series



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New Home Sales Fall Victim to Rates, Construction Woes

Applications for new home purchase mortgages **slowed significantly** in April when compared to March the Mortgage Bankers Association (MBA) said on Thursday. Its Builder Applications Survey (BAS) data shows the volume of applications declined 5 percent month-over-month, but remained 7.5 percent higher than during the previous April. The reported changes do not include any adjustments for typical seasonal patterns.

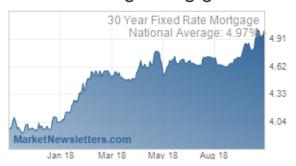
Based on the BAS report of applications, assumptions regarding market coverage, and other factors, the MBA estimates new single-family home sales were running at a seasonally adjusted annual rate of **656,000** units in April. This estimate represents a **decrease of 3.8 percent** from the March pace of 682,000 units. On an unadjusted basis, the MBA estimates that there were 63,000 new home sales in April 2018, down by 3.1 percent from the estimated 65,000 units in March.

Joel Kan, Associate Vice President of Economic and Industry Forecasting said, "Despite a strong economy and job market, the decrease in April was likely due to a combination of rising mortgage rates and slow new construction activity, as builders still face a shortage of skilled labor and increasing materials costs, among other challenges."

Conventional loans composed 71.6 percent of loan applications, **FHA** loans had a 15.1 percent, VA loans 12.1 percent and RHS/USDA loans 1.2 percent. The average loan size of new homes decreased from \$337,597 in March to \$336,870 in April.

MBA's Builder Applications Survey tracks application volume from mortgage subsidiaries of home builders across the country. Utilizing this data, as well as data from other sources, MBA provides an early estimate of new home sales volumes at the national, state, and metro level. Official new home sales estimates are conducted monthly by the Census Bureau. In that data, new home sales are recorded at contract signing, which is typically coincident with the mortgage application. The Census Bureau's report on new home sales in April will be released on May 23.

National Average Mortgage Rates



	Rate	Change	Points		
Mortgage News Daily					
30 Yr. Fixed	4.97%	-0.03	0.40		
15 Yr. Fixed	4.45%	-0.03	0.40		
30 Yr. Jumbo	4.40%	-0.03	0.00		
Freddie Mac					
30 Yr. Fixed	4.85%	+0.90	0.50		
15 Yr. Fixed	4.26%	+0.95	0.40		
5/1 ARM	4.10%	+0.89	0.30		

Market Data

Rates as of: 10/18

	Price / Yield	Change
MBS FNMA 4.0	99.89	-0.02
MBS GNMA 4.0	100.50	-0.03
10 YR Treasury	3.2089	+0.0020
30 YR Treasury	3.3801	+0.0053
Pricing as of: 10/18 9:24AM EST	-	

Recent Housing Data

		Value	Change
Mortgage Apps	Oct 3	352.6	+0.03%
Building Permits	Aug	1.23M	-5.68%
Housing Starts	Aug	1.28M	+9.2%
New Home Sales	Aug	629K	+3.45%
Existing Home Sales	Aug	5.34M	0%
Builder Confidence	Sep	67	0%

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