

THE FEDERAL SAVINGS BANK

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ted_rood@yahoo.com**A Message from Ted Rood:***"Well, 4,670,000 existing home sales in March isn't all bad!"***March Home Sales Couldn't Repeat February's Win**

The question this morning was whether March's existing home sales could build on the strong numbers posted in February, an 11.8 percent increase from the prior month with a seasonally adjusted pace of 5.51 million. It was the largest gain in more than three years.

The consensus was that they would not. The forecasters were spot on.

The National Association of Realtors® (NAR) reports that sales of existing single-family homes, townhomes, condos, and cooperative apartments retreated from their February gains, with each of the four major U.S. regions falling back. **The Midwest saw the largest decline although the West wasn't far behind.**

Total **existing-home sales fell 4.9 percent from February** to a seasonally adjusted annual rate of 5.21 million. Sales as a whole are down 5.4 percent from a year earlier when they sold at a 5.51 million pace. Analysts polled by *Econoday* were looking for a rate between 5.200 million and 5.410 million. The consensus was 5.300 million.

Single-family homes sold at a seasonally adjusted annual rate of 4.67 million in March, down from 4.91 million in February and 4.7 percent below the 4.90 million pace in March 2018. Existing condominium and co-op sales fell 5.3 percent to a 540,000-unit rate, 11.5 percent behind last year's level.

Lawrence Yun, NAR's chief economist, said the month's **lower sales were not unanticipated**. "It is not surprising to see a retreat after a powerful surge in sales in the prior month," he said. "Still, current sales activity is underperforming in relation to the strength in the jobs markets. The impact of lower mortgage rates has not yet been fully realized."

The median existing-home price for all housing types in March was \$259,400, a 3.8 percent increase from the \$249,800 median a year earlier. It was the 85th straight month of year-over-year gains. The median existing single-family home price also rose 3.8 percent to \$261,100 while the price of an existing condo was a \$244,400, a 3.6 percent annual gain.

National Average Mortgage Rates

	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	7.25%	-0.03	0.00
15 Yr. Fixed	6.68%	-0.07	0.00
30 Yr. FHA	6.64%	-0.06	0.00
30 Yr. Jumbo	7.45%	-0.03	0.00
5/1 ARM	7.32%	-0.03	0.00

Freddie Mac

30 Yr. Fixed	7.22%	-0.22	0.00
15 Yr. Fixed	6.47%	-0.29	0.00

Mortgage Bankers Assoc.

30 Yr. Fixed	7.24%	+0.11	0.66
15 Yr. Fixed	6.75%	+0.11	0.64
30 Yr. FHA	7.01%	+0.11	0.94
30 Yr. Jumbo	7.45%	+0.05	0.56
5/1 ARM	6.64%	+0.12	0.87

Rates as of: 5/6

Recent Housing Data

		Value	Change
Mortgage Apps	Apr 24	196.7	-2.67%
Building Permits	Mar	1.46M	-3.95%
Housing Starts	Mar	1.32M	-13.15%
New Home Sales	Mar	693K	+4.68%
Pending Home Sales	Feb	75.6	+1.75%
Existing Home Sales	Feb	3.97M	-0.75%

	Value	Change
Builder Confidence	51	+6.25%
There were an estimated 1.68 million existing homes available for sale at the end of March compared to 1.63 million at the end of February and 1.64 million in March of last year, a 2.4 percent gain. The unsold inventory is estimated at a 3.9-month supply at the current sales pace, up from 3.6 months in both February and in March 2018. A six-month inventory supply is typically considered a balanced market.		

"Further increases in inventory are highly desirable to keep home prices in check," says Yun. "The sustained steady gains in home sales can occur when home price appreciation grows at roughly the same pace as wage growth."

Properties remained on the market for an average of 36 days in March, down from 44 days in February but up from 30 days a year ago. Forty-seven percent of homes sold in March were on the market for less than a month.

Yun says tax policy changes will likely add further complications to the housing sector. "The lower-end market is hot while the upper-end market is not. The expensive home market will experience challenges due to the curtailment of tax deductions of mortgage interest payments and property taxes."

"We had been calling for additional inventory, so I am pleased to see that there has been a modest increase on that front," said NAR President John Smaby.. "We're also seeing very favorable mortgage rates, so now would be a great time for those buyers who may have been waiting to make a purchase."

First-time buyers were responsible for one-third of sales in March, compared to 32 percent in February and 30 percent a year earlier. All-cash sales accounted for 21 percent of the total and individual investors, who account for many cash sales, purchased 18 percent of homes in March. Distressed sales made up only 3 percent of the total.

The **Northeast** saw a decline of 2.9 percent in its existing home sales from February, to 670,000 homes, a 1.5 percent year-over-year dip. The median price in the region was \$277,500, an annual increase of 2.5 percent.

Sales fell by 7.9 percent month-over-month in the **Midwest** to an annual rate of 1.17 million, 8.6% below March 2018 levels. The median price was \$200,500, up 4.6 percent from last year.

Existing-home sales in the **South** dropped 3.4% to an annual rate of 2.28 million, putting the number 2.1 percent lower than last year. The median price was \$227,400, a 2.4 percent annual gain.

Existing-home sales in the **West** fell 6.0 percent to an annual rate of 1.09 million, 10.7% below a year ago. The median price in the West was \$389,300, up 3.1 percent from March 2018.

Responsive service, experienced expertise

I've dedicated my 22 year mortgage career to client education, superior service, and honest answers. The lending landscape has changed dramatically the past few years, and continues to do so. My job is to ensure client partners' loans close quickly, without surprises, and I take that responsibility very seriously. Referrals are a responsibility I appreciate; they're a measure of trust, and that trust must be earned every day, on every referral.

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