



## Casey Sullivan

Loan Officer and Branch Manager, The Sullivan Group at CrossCountry Mortgage

NMLS237837, CrossCountry Mortgage NMLS3029, Branch 2125 Oak Grove Rd. Ste. 328 Walnut Creek, CA 94598

Office: 925-395-4212  
Mobile: 925-789-0065  
[casey@thesullivangrp.com](mailto:casey@thesullivangrp.com)  
[View My Website](#)

## Existing Home Sales Score First 2018 Gains

Sales of existing homes **reversed direction in February** after sliding for two consecutive months. The National Association of Realtors® (NAR) said completed sales transactions of pre-owned single-family houses, condos, townhomes, and cooperative apartments were up 3.0 percent to a seasonally adjusted annual rate of 5.54 million compared to 5.380 million in January. After last month's increase, sales are now 1.1 percent above a year ago. Sizeable sales increases in the South and West offset declines in the Northeast and Midwest.

The February number fell on the high end of analyst's expectations. Those polled by *Econoday* had expected sales to be in the range of 5.300 million to 5.620 million, with a consensus of 5.240 million.

Single-family home sales were strong, rising 4.2 percent to a seasonally adjusted annual rate of 4.96 million from 4.76 million in January. Those sales are now up 1.8 percent from the 4.87 million pace a year ago. However, condo and co-op sales, which had been strengthening toward year end 2017, fell 6.5 percent to a seasonally adjusted annual rate of 580,000 units and are now lagging the year-ago rate by 4.9 percent.

In a web conference prior to the release of the report, NAR's chief economist Lawrence Yun said more condo construction would be helpful. Builders are not building condos, he said, **multifamily construction has centered around rentals**. Condos would provide a helpful transition for first time buyers to enter the housing market.

Yun says sales were uneven across the country but increased nicely overall. "A big jump in existing sales in **the South and West last month helped the housing market recover** from a two-month sales slump," he said. "The very healthy U.S. economy and labor market are creating a sizeable interest in buying a home in early 2018. However, even as seasonal inventory gains helped boost sales last month, home prices - especially in the West - shot up considerably. Affordability continues to be a pressing issue because new and existing housing supply is still severely subpar."

He added, "The unseasonably cold weather to start the year muted pending sales in the Northeast and Midwest in January and ultimately led to their sales retreat last month. Looking ahead, several markets in the Northeast will likely see even more temporary disruptions from the large winter storms that have occurred in March."

## National Average Mortgage Rates



|                            | Rate  | Change | Points |
|----------------------------|-------|--------|--------|
| <b>Mortgage News Daily</b> |       |        |        |
| 30YR Fixed                 | 7.29% | -0.06  | 0.00   |
| 15YR Fixed                 | 6.95% | -0.05  | 0.00   |
| 30YR FHA                   | 6.91% | -0.08  | 0.00   |
| 30YR Jumbo                 | 7.55% | -0.05  | 0.00   |
| 7/6 SOFR                   | 6.88% | +0.02  | 0.00   |
| 30YR VA                    | 6.92% | -0.08  | 0.00   |

Rates as of: 10/29

## Recent Housing Data

|                     |        | Value | Change  |
|---------------------|--------|-------|---------|
| Mortgage Apps       | Oct 14 | 188.6 | -5.32%  |
| Building Permits    | Sep    | 1.4M  | +0.43%  |
| Housing Starts      | Sep    | 1.22M | -4.24%  |
| New Home Sales      | Aug    | 684K  | +12.69% |
| Pending Home Sales  | Aug    | 71.2  | 0%      |
| Existing Home Sales | Oct    | 3.99M | +0.25%  |
| Builder Confidence  | Oct    | 29    | -9.38%  |

The median existing-home price for all housing types in February was \$241,700, an increase of 5.9 percent from last February's median of \$228,200. It was the **72<sup>nd</sup> straight month of year-over-year gains**. The median existing single-family home price also rose 5.9 percent to \$243,400 while a 5.7 percent increase in condo prices brought that median to \$227,300.

As Yun hinted, housing **inventories did gain ground**, rising 4.6 percent from January to 1.59 million existing homes available for sale. That number still lags the inventory in February 2017 by 8.1 percent. February is the 33<sup>rd</sup> consecutive month in which inventories have contracted, and the estimated supply is now 3.4 months at the current pace of sales.

Properties typically stayed on the market for 37 days in February, which is down from 41 days in January and 45 days a year ago. Forty-six percent of homes sold in February were on the market for less than a month.

"Mortgage **rates are at their highest level in nearly four years**, at a time when home prices are still climbing at double the pace of wage growth," said Yun. "Homes for sale are going under contract a week faster than a year ago, which is quite remarkable given weakening affordability conditions and extremely tight supply. To fully satisfy demand, most markets right now need a substantial increase in new listings."

**First-time buyers** accounted for 29 percent of sales in February, which is unchanged from last month and down from 31 percent a year ago. In the pre-release press conference Yun said first-time buyers appeared to be entering the market at an accelerating rate last year, NAR had estimated a 34 percent first-time buyer market share, but they have not maintained that pace in 2018.

Twenty-four percent of transactions in February were all-cash compared to 22 percent in January and the highest share since last February's 27 percent. Individual investors, who account for many cash sales, purchased 15 percent of homes in February, which is down from 17 percent in January and unchanged from a year ago.

NAR President Elizabeth Mendenhall says first-time buyers are seeing stiff competition for the available listings in their price range. "Realtors in several markets note that entry-level homes for first-timers are hard to come by, which is contributing to their underperforming share of overall sales to start the year," she said. "Prospective buyers should start conversations with a Realtor now on what they want in a new home. Even with the expected uptick in new listings in coming months, buyers in most markets will likely have to act fast on any available listing that checks all their boxes."

Three percent of sales in February were foreclosures and 1 percent were short sales. Total distressed sales were 1 percentage point lower than in January and 3 points compared to a year earlier.

Existing-home sales dropped 12.3 percent in the **Northeast** to an annual rate of 640,000 unit and are now 7.2 percent below a year ago. The median price in the Northeast was \$258,900, a 3.6 percent annual gain.

There was a 2.4 percent decline in sales in the **Midwest**, to an annual rate of 1.22 million, the same pace as in February 2017. The median price rose 4.5 percent year-over-year to \$179,400.

The **South** saw a 6.6 percent increase in existing home sales to an annual rate of 2.41 million, putting sales 3.4 percent ahead of last year. The median price rose 5.4 percent to \$215,700.

Sales in the **West** surged 11.4 percent to an annual rate of 1.27 million in February and are now 2.4 percent higher than a year ago. A 9.6 percent rise in prices brought the median in February to \$370,600.

## About Casey Sullivan

Casey is a dedicated and dependable mortgage loan officer. His clients count on him to be their skilled, experienced, and focused consultant, listening to their needs.

He skillfully assists his clients with both refinancing and home purchases in California and more specifically the San Francisco Bay Area.

His vision is to build lifetime relationships with each client as their mortgage consultant...for life! He stays connected with each client well after closing which includes loan reviews and dependable market updates.

Casey believes that everyone deserves to completely understand their mortgage financing options and that one size does not fit all when it comes to mortgages. Nor does it apply when it comes to mortgage lenders. All lenders are not made the same and they are not all equal.

For a free consultation, contact Casey Sullivan today at 925-395-4212 or [Casey@TheSullivanGrp.com](mailto:Casey@TheSullivanGrp.com)

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