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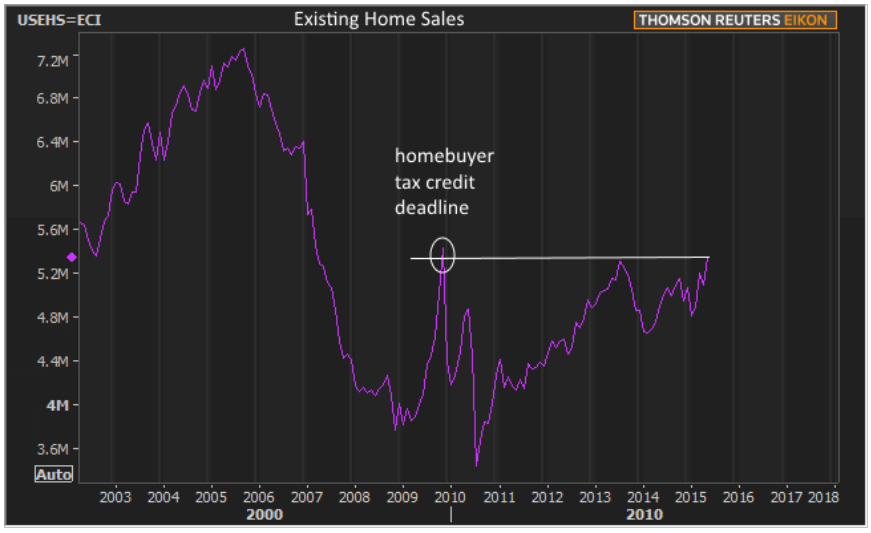
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They're back! First-time Buyers Help Drive Existing Sales to Six Year High



Maybe **this time it is for real** - the recovery of the housing market that is. Coming on top of excellent residential construction news last week the National Association of Realtors® (NAR) said today that sales of existing homes in May were at the highest rate in nearly six years and April sales, originally reported down by more than 3 percent, weren't hit as hard as first thought. If not for the Homebuyer Tax Credit in 2009, today's numbers would be the highest in more than 8 years.



Sales of single-family homes, condominiums, townhouses, and coops pushed 5.1 percent above April's pace to a seasonally adjusted annual rate of **5.35 million units**. In addition, the April rate was revised from 5.04 million to 5.09 million units. The surge put the May sales 9.2 percent higher than in May 2014 when the rate was 4.90 million and made the month the 8th consecutive one in which sales were higher on a year-over-year basis.

National Average Mortgage Rates



Mortgage News Daily	Rate	Change	Points
30YR Fixed	7.51%	+0.01	0.00
15YR Fixed	7.04%	+0.01	0.00
30YR FHA	7.08%	+0.03	0.00
30YR Jumbo	7.52%	+0.02	0.00
7/6 SOFR	7.12%	-0.01	0.00
30YR VA	7.10%	+0.03	0.00

Rates as of: 11/16

MBS and Treasury

	Price / Yield	Change
MBS UMBS 6.0	98.73	+0.03
10 YR Treasury	5.1260	-0.0082
30 YR Treasury	5.4714	-0.0044

Pricing as of: 11/16 7:12PM EST

Recent Housing Data

		Value	Change
Mortgage Apps	Nov 4	204.6	+6.23%
Building Permits	Sep	1.4M	+0.43%
Housing Starts	Sep	1.22M	-4.24%
New Home Sales	Sep	676K	-1.17%
Pending Home Sales	Aug	71.2	0%
Existing Home Sales	Oct	3.99M	+0.25%
Builder Confidence	Oct	29	-9.38%

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Perhaps as important as the sales numbers was the **increase in first-time homebuyers**, from 30 percent to 32 percent of the market. This was the highest share for these buyers since September 2012 and was 5 percentage points higher than in May 2014.

Single-family home sales jumped 5.6 percent to a seasonally adjusted annual rate of 4.73 million in May from 4.48 million in April, and are and now 9.7 percent above the 4.31 million pace a year ago. Existing condominium and co-op sales increased 1.6 percent to a rate of 620,000 units from 610,000 units in April, 5.1 percent above the rate of 590,000 units in May 2014.

Lawrence Yun, NAR chief economist, says May home sales rebounded strongly following April's decline and are now at their highest pace since the 5.44 million rate in November 2009. "Solid sales gains were seen throughout the country in May as **more homeowners listed** their home for sale and therefore provided greater choices for buyers," he said. "However, overall supply still remains tight, homes are selling fast and price growth in many markets continues to teeter at or near double-digit appreciation. Without solid gains in new home construction, prices will likely stay elevated - even with higher mortgage rates above 4 percent.

"The return of first-time buyers in May is an **encouraging** sign and is the result of multiple factors, including strong job gains among young adults, less expensive mortgage insurance and lenders offering low downpayment programs," Yun said. "More first-time buyers are expected to enter the market in coming months, but the overall share climbing higher will depend on how fast rates and prices rise."

The median existing-home price for homes sold in May was **$228,700**, a 7.9 percent increase from one year earlier and the 39th consecutive month of annual price gains. The median existing single-family home price was $230,300 up 8.6 percent year-over-year and the median existing condo price of $216,400 marked a 1.9 percent annual increase.

The inventory of existing homes for sale at the end of May grew by 3.2 percent from the end of April to 2.29 million homes. This was 1.8 percent more than the 2.25 million available homes in May 2014. Unsold inventory is at a **5.1-month supply** at the current sales pace, down from 5.2 months in April.

NAR President Chris Polychro, says Realtors® **overwhelmingly** support the Consumer Financial Protection Bureau's proposal of a two-month delay for the implementation of the new Truth in Lending Act and Real Estate Settlement Procedures Act Integrated Disclosure, or TRID, regulation. "NAR has long advocated the need to avoid implementing the new regulation during the peak buying season," he said. "With interest rates on the rise, many families wanting to buy are looking to lock-in at current rates and move into their new home before the school year starts. Holding off on TRID implementation through the summer helps these buyers avoid any disruption or delays in closings that could develop once the regulation goes into effect."

All-cash sales were 24 percent of transactions in May for the third straight month and are down considerably from a year ago (32 percent). Individual investors, who account for many cash sales, purchased 14 percent of homes in May, unchanged from last month and down from 16 percent in May 2014. **Sixty-seven percent** of investors paid cash in May.

Foreclosures made up 7 percent of sales and short sales another 3 percent. It was the third consecutive month that distressed shares had a combined 10 percent share. Foreclosures sold for an average discount of 15 percent below market value in May (20 percent in April), while short sales were also discounted 16 percent (14 percent in April).

Tight inventories kept marketing time down with the typical property taking **40 days** to sell in May compared to 39 days in April; the third shortest time since NAR began tracking in May 2011. Short sales were on the market the longest at a median of 131 days in May, while foreclosures sold in 56 days and non-distressed homes took 38 days. Forty-five percent of homes sold in May were on the market for less than a month.

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Every region saw increased sales in May compared to April led by the **Northeast** where existing-home sales jumped 11.3 percent to an annual rate of 690,000, and are now 11.3 percent above a year ago. The median price in the Northeast was $269,000, which is 4.8 percent higher than May 2014.

Sales in the **Midwest** rose 4.1 percent to an annual rate of 1.27 million in May, 12.4 percent higher than a year earlier. The median price in the Midwest was $181,900, up 9.4 percent from a year ago.

In the **South** there was a 4.3 percent gain to an annual rate of 2.18 million, 6.9 percent above May 2014. The median price in the South was $198,300, up 8.2 percent from a year ago.

Existing-home sales in the **West** climbed 4.3 percent month-over-month and 9.0 percent year-over-year to an annual rate of 1.21 million in May. The median price in the West was $324,000, which is 10.2 percent above May 2014.

Responsive service, experienced expertise

I've dedicated my 26 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.

Ted Rood

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