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A Message from Ted Rood:

"Hi Jason. I thought of you and your builder's project when I read this. Are you still interested in discussing how I can help his clients with mortgages? Because we are a servicer, rather than brokers or correspondents, we underwrite to the actual guidelines, rather than adding lots of additional overlays to them. Thanks, Ted"

Buying Cheaper than Renting in two-thirds of Major Counties

Payments on a mortgage used to purchase a three-bedroom home were more affordable than paying rent on a similar home in 66 percent of the counties recently analyzed by RealtyTrac. The company, which looked at data in 285 U.S. counties found that buying beat out renting in 188 of them.

RealtyTrac's **"buy-or-rent" analysis** compared the percentage of median household income in 285 U.S. counties that would be needed to pay the fair market rent on a 3-bedroom property to the percentage that would be needed to make monthly house payments - including mortgage, insurance and property taxes - on a similar property.

Across all 285 counties analyzed, the average percentage of median household income needed to rent was **29.96 percent** while the average percentage of median household income needed to buy was 29.00 percent.

Areas where it was cheaper to buy than rent, however, did tend to be those that had been most impacted by foreclosures including Miami-Dade, San Bernardino County, Clark County (Las Vegas), Broward County, Florida, and Wayne County (Detroit.) The portion of income needed to buy in those counties ranged from 42 percent in Miami-Dade to 23 percent in Wayne County.

Thirteen counties switched from being more affordable to rent in 2014 to more buyer friendly in 2015. These included counties housing Seattle, Reading, Pennsylvania, Indianapolis, Olympia Washington, and Cincinnati.

There were 97 counties where **renting is more affordable** than buying and among the top three - where the income required to buy exceeded 50 percent - were in California. Rounding out the top five were the counties in which Seattle and Denver partially reside.

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	98.72	+0.01
10 YR Treasury	5.1266	-0.0076
30 YR Treasury	5.4752	-0.0006

Pricing as of: 11/16 7:19PM 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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Twelve counties moved from being more affordable to buy in 2014 to being more affordable to rent in 2015 including Sacramento County and San Joaquin County, California; Lancaster County, Pennsylvania; Spokane County, Washington; and Polk County, Iowa.

RealtyTrac also looked at properties that were what they called "Buy-to-Rent" purchased during the first five months of 2015. They found those properties are showing a **slightly decreased** return on investment than properties purchased during the same time period in 2014 in 169 of the 285 counties analyzed (59). The more recently purchased homes had a gross rental yield of 8.94 percent compared to 9.07 percent for an equivalent three-bedroom property bought a year earlier.

Average rental rates on 3-bedroom properties increased 3 percent from a year ago across all 285 counties analyzed, while average home prices on 3-bedroom properties increased 4 percent across those same counties.

"As home price appreciation moderates and aligns more closely with trends in rental rates, the returns in the buy-to-rent market are stabilizing and becoming more predictable - if not as lucrative as they were for investors who purchased a few years ago near the bottom of the market," said Daren Blomquist, vice president at RealtyTrac. "Buying rentals continues to be a **brilliant strategy** that allows investors to hedge their bets in a real estate market shifting away from homeownership and toward a sharing economy."

Returns on investment increased in **41 percent** (116) of the counties as rental rates outpaced home price appreciation. Major counties where potential buy-to-rent returns increased from a year ago included Orange County, California; King County, Washington; Santa Clara County, California; Philadelphia County, and Suffolk County.

Counties with the highest potential rental returns for 3-bedroom properties purchased in the first five months of 2015 were Clayton County, Georgia (Atlanta) (24.05 percent annual gross rental yield), Bay County, Michigan (19.23 percent), Mahoning County, (Youngstown) (19.04 percent), Bibb County (Macon) metro area (18.11 percent), and Philadelphia County, Pennsylvania (17.67 percent).

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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