

Housing News Update

THE FEDERAL SAVINGS BANK



Co. NMLS# 411500



Ted Rood

Mortgage Banker, Homesite Mortgage LLC

NMLS #543290

2299 Technology Drive, Suite 2A5 O Fallon, Missouri

Office: 3147400004

Mobile: 314-740-0004

ted_rood@yahoo.com

Pending Home Sales Hit 9-Year Highs

Pending home sales hit their highest level in over nine years in May, indicating that the strong existing and new home sales announced last week are likely to be repeated again for June and **maybe even July** activity. The National Association of Realtors® (NAR) said that its Pending Home Sales Index (PHSI) rose 0.9 percent from April's level of 11.6 to 112.6 in May. The report came in ahead of one survey's expectations of a 0.6 percent increase, but behind the Reuters poll of 1.2 percent.

The rise in the PHSI put it **10.4 percent higher** than in May 2014 and marked its ninth straight year-over-year gain. It is now at its highest point since April 2006 when it hit 113.7.

It was also the fifth straight month-over-month increase and NAR's chief economist Lawrence Yun said this increases the likelihood the home are heading into their best year since the housing crisis began. "The steady pace of **solid job creation** seen now for over a year has given the housing market a boost this spring," said Yun. "It's very encouraging to now see a broad based recovery with all four major regions showing solid gains from a year ago and new home sales also coming alive."

The PHSI is a **leading indicator** based on contract signings for home purchases including single family homes, condos, co-ops, and townhouses. These contracts general result in a sale within 60 days.

Yun does warn that this year's stronger sales amidst similar housing supply levels from a year ago have caused home prices to rise to an unhealthy and unsustainable pace. "Housing affordability remains a pressing issue with home-price growth increasing around four times the pace of wages," adds Yun. "Without meaningful gains in new and existing supply, there's **no question** the goalpost will move further away for many renters wanting to become homeowners."

Month-over-month performance was **mixed** by region but all four areas scored year-over-year growth. The index increased in the **Northeast** by 6.3 percent for the month and 10.6 percent on an annual basis while the **Midwest** was down 0.6 percent from April but remained 7.8 percent above the May 2014 level.

Pending home sales in the **South** decreased 0.8 percent to an index of 127.8 in May but are still 10.6 percent above last May. The index in the **West** rose 2.2 percent in May to 104.5, and is 13.0 percent above a year ago.

National Average Mortgage Rates



	Rate	Change	Points
--	------	--------	--------

Mortgage News Daily

30 Yr. Fixed	6.43%	+0.02	0.00
15 Yr. Fixed	5.95%	0.00	0.00
30 Yr. FHA	5.82%	+0.02	0.00
30 Yr. Jumbo	6.62%	0.00	0.00
5/1 ARM	6.28%	-0.01	0.00

Freddie Mac

30 Yr. Fixed	6.35%	-0.51	0.00
15 Yr. Fixed	5.51%	-0.65	0.00

Mortgage Bankers Assoc.

30 Yr. Fixed	6.44%	-0.06	0.54
15 Yr. Fixed	5.88%	-0.16	0.68
30 Yr. FHA	6.36%	-0.06	0.85
30 Yr. Jumbo	6.75%	+0.07	0.39
5/1 ARM	5.98%	-0.27	0.65

Rates as of: 8/30

Recent Housing Data

		Value	Change
Mortgage Apps	Aug 28	226.9	+0.49%
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%

Bloomberg said that solid momentum appears to be building inside of the housing market. "Today's report points to further strength for the existing home sales report which surged in data posted last week. Housing is getting a boost from the strong jobs market together perhaps with the prospect of rising mortgage rates which may be pushing buyers into the market."

	Value	Change
Builder Confidence	51	+6.25%
Mar		

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.

Ted Rood 