

# Housing News Update

THE FEDERAL SAVINGS BANK



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## New Home Sales Surge to 7-Year High, but Context Remains Important

Sales of newly constructed single-family houses, unlike their existing home counterparts, **continued to rise** in August. While existing home sales overall fell by 4.8 percent in August and single family sales by 5.3 percent, new homes sold at a seasonally adjusted annual rate of 552,000 units, an increase of 5.7 percent from July's sales and **21.6 percent higher** than sales in August 2014 of 454,000. The August sales rate was the highest in more than 7 years and was far above analysts' expectations of 515,000. Context is important though...



The *New Residential Sales* report, jointly produced by the U.S. Census Bureau and the Department of Housing and Urban Development also contained revised July sales numbers. These were raised to 522,000 from the 507,000 estimate originally provided. The revision put July in third place for sales over the last 12 months, exceeded only by August and by February 2015's rate of 545,000 units.

On a non-seasonally adjusted basis the report estimates there were **45,000 newly constructed homes** sold in August compared to 44,000 in July and 36,000 a year earlier.

## National Average Mortgage Rates



|                                | Rate  | Change | Points |
|--------------------------------|-------|--------|--------|
| <b>Mortgage News Daily</b>     |       |        |        |
| 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   |
| <b>Freddie Mac</b>             |       |        |        |
| 30 Yr. Fixed                   | 6.35% | -0.51  | 0.00   |
| 15 Yr. Fixed                   | 5.51% | -0.65  | 0.00   |
| <b>Mortgage Bankers Assoc.</b> |       |        |        |
| 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%  |

The median price of a new home sold in August was **\$292,700** and the average price was **\$353,400**. A year earlier, the median and mean prices were \$291,700 and \$356,200 respectively.

Builder Confidence

Mar

51

+6.25%

At the end of August there were approximately 216,000 new homes available for sale, an estimated **4.7 month supply** at the current rate of sales. Homes that sold during the month were on the market a median of 3.7 months. Two-thirds of the homes sold during August were either under construction or not yet started.

Sales in the **Northeast** were 24.1 percent higher than in July as well as in August 2014. The **Midwest** was the only region where sales declined for the month, down 9.1 percent, however they remained 15.4 percent higher than the previous August. Sales rose 7.4 percent month-over-month in the **South** and 27.6 percent year-over-year and in the **West** they were up 5.4 percent and 11.4 percent for the two periods.

## 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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