

# Housing News Update

THE FEDERAL SAVINGS BANK



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## Existing Home Sales Fall 3.4 Percent; Still Up Year-Over-Year

Pending sales, which had declined in both September and October did indeed prove to be a leading indicator for existing home sales in October. The National Association of Realtors® said on Monday that, while October sales were at a healthy pace, they did **decline by 3.4 percent** from sales in September.

Existing single-family homes, townhomes, condominiums, and co-op apartments were at a seasonally adjusted annual rate of 5.36 million units in October compared to 5.55 million in September. Despite the month-over-month dip sales were **still higher** than a year ago by 3.9 percent. Analysts were expecting sales to be at a 5.4 million annual rate.

**Single-family** home sales fell 3.7 percent to a seasonally adjusted annual rate of 4.75 million in October from 4.93 million in September, but remain 4.6 percent above the 4.54 million pace a year ago. Sales of condominiums and co-ops dropped by a less significant 1.6 percent to rate of 610,000 units compared to 620,000 in September, and were down an identical amount from October 2014 (620,000 units).

Lawrence Yun, NAR chief economist, says a sales **cooldown in October was likely** given the pullback in contract signings the last couple of months. "New and existing-home supply has struggled to improve so far this fall, leading to few choices for buyers and no easement of the ongoing affordability concerns still prevalent in some markets," he said. "Furthermore, the mixed signals of slowing economic growth and volatility in the financial markets slightly tempered demand and contributed to the decreasing pace of sales."

Adds Yun, "As long as solid job creation continues, a gradual easing of credit standards even with moderately higher mortgage rates **should support steady demand** and sales continuing to rise above a year ago."

The median existing-home price of all housing types in October was **\$219,600**, a 5.8 percent increase from \$207,200 a year earlier. The median single-family home sold for \$221,200, up 6.3 percent while condos rose 1.6 percent to \$207,100.

Total **inventory fell again**, down by 2.3 percent from the end of September. The 2.14 million homes for sale at the end of October represented a **4.8 month supply** compared to 4.7 months in September. The inventory is 4.5 percent lower than in the previous October.

## National Average Mortgage Rates



	Rate	Change	Points
<b>Mortgage News Daily</b>			
30 Yr. Fixed	6.43%	<b>+0.02</b>	0.00
15 Yr. Fixed	5.95%	<b>0.00</b>	0.00
30 Yr. FHA	5.82%	<b>+0.02</b>	0.00
30 Yr. Jumbo	6.62%	<b>0.00</b>	0.00
5/1 ARM	6.28%	<b>-0.01</b>	0.00

### Freddie Mac

30 Yr. Fixed	6.35%	<b>-0.51</b>	0.00
15 Yr. Fixed	5.51%	<b>-0.65</b>	0.00

### Mortgage Bankers Assoc.

30 Yr. Fixed	6.44%	<b>-0.06</b>	0.54
15 Yr. Fixed	5.88%	<b>-0.16</b>	0.68
30 Yr. FHA	6.36%	<b>-0.06</b>	0.85
30 Yr. Jumbo	6.75%	<b>+0.07</b>	0.39
5/1 ARM	5.98%	<b>-0.27</b>	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 percent share of **first-time buyers** increased to 31 percent in October, up from 29 percent both in September and a year ago. Individual investors purchased 13 percent of homes that sold during the month, this was the same as in September but 2 percentage points lower than a year earlier. Sixty-two percent of investors paid cash and all-cash sales accounted for 24 percent of all transactions.

Builder Confidence

Mar

31 +6.25%

Five percent of transactions were of **foreclosures** and 1 percent were **short sales**. The combined total of distressed sales was the lowest since NAR began tracking in October 2008; they were 9 percent a year ago. Foreclosures sold for an average discount of 18 percent below market value in October (17 percent in September), while short sales were discounted 8 percent (19 percent in September).

"**All-cash** and investor sales are still somewhat elevated historically despite the diminishing number of distressed properties," adds Yun. "With supply already meager at the lower-end of the price range, competition from these buyers only adds to the list of obstacles in the path for first-time buyers trying to reach the market."

NAR President Tom Salomone says Realtors® overwhelmingly applaud the Federal Housing Administration's changes to condo certification procedures. "With first-time buyers held back in several markets, affordable FHA financing needs to be a viable option in helping them achieve homeownership," he said. "The **new changes to FHA's condo policy**, including improving owner-occupancy requirements, streamlining the recertification process, and addressing restrictions on eligible property insurance for condos will go a long way in improving the ability for these young households to purchase a condo."

Properties typically stayed on the market for **57 days** in October, an increase from 49 days in September but below the **63 days in October 2014**. Short sales were on the market the longest at a median of 90 days in October, while foreclosures sold in 67 days and non-distressed homes took 57 days. One-third of homes sold in October were on the market for less than a month.

There were no month-over-month increases in existing homes sales in any of the four regions in October. In the **Northeast** sales were at an annual rate of 760,000, unchanged from September and 8.6 percent above a year ago. The median price in the Northeast was \$248,900, which is 1.3 percent above October 2014.

In the **Midwest** sales declined 0.8 percent to an annual rate of 1.30 million in October, but are 8.3 percent above October 2014. The median price was \$172,300, up 5.7 percent from a year ago.

Sales in the **South** decreased 3.2 percent to an annual rate of 2.14 million in October, but are still 0.5 percent above October 2014. The median price was \$188,800, up 6.2 percent from a year ago.

Existing-home sales in the **West** fell 8.7 percent to an annual rate of 1.16 million in October, but are still 2.7 percent above the previous October. The median price in the West was \$319,000, which is 8.0 percent above October 2014.

## 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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