

Housing News Update

THE FEDERAL SAVINGS BANK



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Existing Home Sales, Prices hit Multi-Month Highs

Existing home sales and home prices both increased in January, the latter again driven by a tight supply of available houses in many markets. The National Association of Realtors® said home sales were at the fastest pace in six months and prices increased more rapidly than at any time since the last spring market.

Sales of existing single-family homes, townhouses, condominiums, and cooperative apartments were at a seasonally adjusted annual rate of 5.47 million in January. This was an increase of 0.4 percent from a downwardly revised pace of **5.45 million** (from 5.46 million) in December. Transactions were up in all regions except the West. Sales were 11.0 percent higher than in January 2015, the largest monthly gain since the 16.3 percent increase posted in July 2013.

Analysts polled by Econoday and reported by Bloomberg had predicted that sales would be in a range of 5.130 to 5.555 million. The consensus was 5.320 million.

Lawrence Yun, NAR chief economist, said the level of existing sales kicked off the New Year on a solid footing, coming in at the highest level since the July 2015 sales pace of 5.48 million units. "The housing market has shown promising resilience in recent months, but home prices are still rising too fast because of ongoing supply constraints," he said. "Despite the global economic slowdown, the housing sector continues to recover and will likely help the U.S. economy avoid a recession."

Single-family home sales were at a seasonally adjusted annual rate of 4.86 million in January, a 1.0 percent increase from 4.81 million in December. The January rate was up 11.2 percent from the 4.37 million pace of January 2015. Existing condominium and co-op sales fell 4.7 percent to a seasonally adjusted annual rate of 610,000 units in January from 640,000 in December, but are still 8.9 percent above January 2015 (560,000 units).

The median **existing-home price** for all housing types in January was \$213,800 compared to \$197,600 a year earlier, a gain of 8.2 percent and the largest positive gain since a +8.5 change in April 2015. It was the 47th consecutive month of annual price gains. The median existing single-family home price was \$215,000 in January, an 8.3 percent annual increase and the median existing condo price rose 7.4 percent to \$203,900.

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% |

Total housing **inventory** at the end of January rose 3.4 percent to 1.82 million existing homes available for sale, a 4.0 month supply at the current absorption rate. The December inventory represented a 3.9 percent supply. There were 1.86 million homes for sale in January 2015.

"The spring buying season is right around the corner and current supply levels aren't even close to what's needed to accommodate the subsequent growth in housing demand," says Yun. "Home prices ascending near or above double-digit appreciation aren't healthy - especially considering the fact that household income and wages are barely rising."

The share of **first-time buyers** remained at 32 percent in January for the second consecutive month and is up from 28 percent a year ago. First-time buyers in all of 2015 represented an average of 30 percent, up from 29 percent in both 2014 and 2013. Individual investors purchased 17 percent of homes during the month compared to 15 percent in December and the highest share since the previous January. The share of cash sales rose slightly from 24 percent in December to 26 percent in January. Sixty-seven percent of investors paid cash for houses purchased during the month.

Sales of foreclosures made up 7 percent of January home sales and 2 percent were short sales. Foreclosures sold for an average discount of 13 percent below market value in January (16 percent in December), while short sales were discounted 12 percent (15 percent in December).

The typical **marketing time** for a house sold in January was 64 days, up from 58 days in December but a five-day shorter period than in January 2015. Short sales were on the market the longest at a median of 77 days in January, while foreclosures sold in 57 days and non-distressed homes took 61 days. Thirty-two percent of homes sold in January were on the market for less than a month.

January existing-home sales in the **Northeast** increased 2.7 percent to an annual rate of 760,000, and are now 20.6 percent above a year ago. The median price in the region was \$247,500, which is 0.9 percent above January 2015.

In the **Midwest**, existing-home sales rose 4.0 percent to an annual rate of 1.30 million in January, and are now 18.2 percent above January 2015. The median price was \$164,300, up 8.7 percent from a year ago.

Existing-houses sold in the **South** at an annual rate of 2.24 million in January, the same rate as in December but up 5.7 percent from a year earlier. The median price in the South was \$184,800, an 8.5 percent annual gain.

The **West** was the only region posting a decline in sales, down 4.1 percent to an annual rate of 1.17 million in January. The rate remained 8.3 percent higher than a year ago. The median sales price was \$309,400, which is 7.4 percent above January 2015.

NAR President Tom Salomone said the passage by the House of Representatives of H.R. 3700, the "Housing Opportunity Through Modernization Act" would be a positive for home sales. "This legislation contains a number of initiatives that put homeownership in reach for more families, including several reforms to current Federal Housing Administration restrictions on condominium financing." The bill must still pass the Senate.

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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