

# Housing News Update

THE FEDERAL SAVINGS BANK



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## First-Time Buyers Help Push Home Sales to 9-Year High

Sales of existing homes increased in June for the **fourth consecutive month**. The National Association of Realtors® (NAR) said it was encouraged to see the month also bring a modest increase in the percentage of first-time homebuyers.

Sales of existing single-family homes, townhomes, condominiums, and cooperative apartments rose 1.1 percent from May to a seasonally adjusted annual rate of **5.57 million units**. Sales in May were at a rate of 5.51 million, a downward revision from the 5.530 million originally reported. Sales were up 3.0 percent from the June 2015 rate of 5.41 million units. Last month's sales were at the highest annual pace of any month **since February 2007**.

May sales topped analysts' expectations. Those polled by Econoday had expected sales in a range of 5.40 million to 5.56 million. The consensus was 5.475 million.

Lawrence Yun, NAR chief economist, says the impressive four-month streak of sales gains through June caps off a solid first half of 2016 for the housing market. "Existing sales rose again last month as more traditional buyers and fewer investors were able to close on a home despite many competitive areas with unrelenting supply and demand imbalances," he said. "Sustained job growth as well as this year's descent in mortgage rates is undoubtedly driving the appetite for home purchases."

Cautions Yun, "Looking ahead, it's **unclear** if this current sales pace can further accelerate as record high stock prices, near-record low mortgage rates and solid job gains face off against a dearth of homes available for sale and lofty home prices that keep advancing."

**First-time homebuyers accounted for a 33 percent share** of sales, the highest percentage since July 2012. New homeowners represented a 30 percent share and have averaged 31 percent for the first six months of 2016, up 1 percentage point from the average for all of last year.

"The modest bump in June sales to first-time buyers can be attributed to mortgage rates near all-time lows and perhaps a hopeful indication that more affordable, lower-priced homes are beginning to make their way onto the market," Yun added. "The odds of closing on a home are definitely higher right now for first-time buyers living in metro areas with tamer price growth and greater entry-level supply - particularly areas in the Midwest and parts of

## National Average Mortgage Rates



	Rate	Change	Points
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### 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%

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the South."

	Value	Change
Builder Confidence	Mar 51	+6.25%

Single-family home sales increased 0.8 percent to a seasonally adjusted annual rate of 4.92 million in June from 4.88 million in May, bringing them up 3.1 percent from the 4.77 million pace a year ago. Existing condominium and co-op sales grew 3.2 percent to a seasonally adjusted annual rate of 650,000 units in June from 630,000 in May. Sales were 1.6 percent higher than the June 2015 rate of 640,000 units.

The **median existing-home price** for all housing types in June was \$247,700 compared to \$236,300 12 months earlier, a 4.8 percent annual gain. It was the 52<sup>nd</sup> consecutive month of year-over-year appreciation and surpassed May's peak median sales price of \$238,900. The median existing single-family home price was \$249,800 in June, a 5.0 percent change from a year earlier while the median condo price rose 3.2 percent to \$231,600.

Individual **investors purchased a smaller share** of homes than at any time since July 2009, 11 percent compared to 13 percent in May. Twenty-two percent of transactions during the month were all cash, unchanged from both May and the previous June. Sixty-four percent of investor sales were all-cash.

Sales of **foreclosed** properties represented 4 percent of closed transactions and short sales had a 2 percent share. The total share of distressed sales was unchanged from May. Foreclosures sold for an average discount of 11 percent below market value in June, the discount was 12 percent in May, while short sales were discounted 18 percent (11 percent in May).

Total housing inventory at the end of June dipped 0.9 percent to 2.12 million existing homes available for sale, and is now 5.8 percent lower than a year ago (2.25 million). Unsold inventory is at a 4.6-month supply at the current sales pace, which is down from 4.7 months in May.

NAR President Tom Salome says Realtors® are thrilled that the U.S. Senate last week unanimously voted to pass **H.R. 3700, the Housing Opportunity Through Modernization Act**. "At a time of historically low mortgage rates, this is a huge win for prospective first-time and low- to moderate-income buyers interested in purchasing a condo," he said. "Eliminating overly burdensome restrictions on condos will help more of these prospective buyers access financing and take advantage of this affordable entry point into homeownership."

Properties sold in June were typically **on the market for 34 days**, two days more than in May. Short sales were on the market the longest at a median of 156 days, foreclosures sold in 49 days and non-distressed homes took 30 days. Forty-eight percent of homes sold in June were on the market for less than a month.

Existing home sales were steady or higher in **every region but the Northeast** where they were down 1.3 percent to an annual rate of 760,000 while remaining 5.6 percent higher than a year ago. The median price in the region was \$284,800, an annual gain of 1.4 percent.

In the **Midwest**, existing-home sales jumped 3.8 percent to an annual rate of 1.35 million, 4.7 percent above June 2015. The median price in the Midwest was \$199,900, up 5.7 percent from the previous June.

Existing-home sales in the **South** were unchanged from May at an annual rate of 2.26 million, and were 3.2 percent above June 2015. The median price in the South was \$217,400, up 5.5 percent year-over-year.

## 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** 