

# Housing News Update

THE FEDERAL SAVINGS BANK



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## Pending Home Sales Second Highest in 10 Years

Despite some predictions that pending home sales would fall in July, they actually rose modestly to reach their **second highest level** in over a decade. The National Association of Realtors® reported that its Pending Home Sales Index (PHSI) was up 1.3 percent to 111.3 from a downwardly revised (from 111.0) 109.9 in June and was up 1.4 percent compared to July 2015.

The index had reached its highest level since February 2006 this past April when it hit 115.0. The July index was second only to that number. NAR pronounced the increase in purchase contracts as **broad-based**; only the Midwest failed to improve on its June numbers.

Analysts surveyed by Econoday had projected the index could be in the range of a 1.8 percent decline to a 1.4 percent gain. The consensus was a positive move of 0.6 percent.

NAR's index is a **forward-looking** indicator based on contract signings for the purchase of homes. Those transactions are generally expected to close within two months.

Lawrence Yun, NAR chief economist, says a **sizable jump in the West** lifted pending home sales higher in July. "Amidst tight inventory conditions that have lingered the entire summer, contract activity last month was able to pick up at least modestly in a majority of areas," he said. "More home shoppers having success is good news for the housing market heading into the fall, but buyers still have few choices and little time before deciding to make an offer on a home available for sale. There's little doubt there'd be more sales activity right now if there were more affordable listings on the market."

Adds Yun, "The index in the West last month was the **highest in over three years**, largely because of stronger labor market conditions. If homebuilding increases in the region to tame price growth and alleviate the ongoing affordability concerns, the healthy rate of job gains should support more sales."

As Yun noted, the PHSI in the West surged 7.3 percent in July to 108.7, and is now 6.2 percent above a year ago. The index in the Northeast rose 0.8 percent to 96.8, putting it 1.1 percent higher than a year ago. It also rose 0.8 percent in the South to 123.9, up 0.4 percent year-over-year. The Midwest was an outlier, falling 2.9 percent to 105.8, leaving it down 1.1 percent from a year earlier.

## 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%

Yun noted there has been a **downward trend in the size and cost of new homes** over the last year and says this could be an early indication that builders are starting to focus more on properties for buyers in the middle and lower price tiers rather than on the larger and more expensive homes they have been building.

Builder Confidence

Mar

31 +6.25%

"Realtors® in several high-cost areas have been saying for **quite a while** that there is robust demand for single-family starter homes and townhomes at an affordable price point for young buyers," adds Yun. "The homeownership rate won't move up from its over 50-year low without a meaningful boost from first-time buyers, whose participation has yet to noticeably increase so far this year despite mortgage rates near all-time lows."

NAR forecasts that existing-home sales will finish the year at around 5.38 million units, a 2.8 percent increase from 2015 and the highest annual pace since 6.48 million homes sold in 2006. After accelerating to 6.8 percent a year ago, national median existing-home price growth is forecast to slightly moderate to around 4 percent.

## 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 