

Housing News Update

THE FEDERAL SAVINGS BANK



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Existing Sales Best Since Feb 2007; Up 15.4% From Last Year

Existing home sales rose for the **third consecutive month** in November. The increase was fueled by condo sales and a surge of sales in the Northeast. Two of the four regions saw sales decline.

The National Association of Realtors® (NAR) said sales of previously owned single-family houses, condos, townhouses, and cooperative apartments were up 0.7 percent compared to October. This brought sales to a seasonally adjusted annual rate of 5.61 million units, up from a revised (from 5.60 million) rate of 5.57 million the previous month. November's sales pace is now the **highest since February 2007** (5.79 million) and is 15.4 percent higher than a year ago (4.86 million).

Analysts polled by Econoday had expected sales to slip in November, anticipating annual sales would be 5.54 million annualized, a decline of 1.2 percent. The range of predictions was 5.40 million to 5.65 million.

Single-family home sales **declined 0.4 percent** to a seasonally adjusted annual rate of 4.95 million in from 4.97 million in October, but are still 16.2 percent above the 4.26 million pace in November 2015. Existing condominium and co-op sales jumped 10.0 percent to a seasonally adjusted annual rate of 660,000 units in November, and are now 10.0 percent higher than the previous November.

Lawrence Yun, NAR chief economist, says it's been an outstanding three-month stretch for the housing market as 2016 nears the finish line. "The **healthiest job market** since the Great Recession and the anticipation of some buyers to close on a home before mortgage rates accurately rose from their historically low level have combined to drive sales higher in recent months," he said. "Furthermore, it's no coincidence that home shoppers in the Northeast - where price growth has been tame all year - had the most success last month."

The median existing-home price. for all housing types in November was **\$234,900**, up 6.8 percent from November 2015 (\$220,000). It was the 57th consecutive month of year-over-year gains. The median existing single-family home price was \$236,500, up 6.8 percent year-over-year. The median existing condo price was \$222,600 in November, a 5.8 percent annual increase.

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 **inventory** of available homes for sale continued to fall, down 8.0 percent in November to 1.85 million units. This is estimated as a 4.0-month supply at the current rate of sales. The inventory is 9.3 percent lower than a year earlier, and has fallen year-over-year for 18 straight months.

"Existing housing supply at the beginning of the year was **inadequate** and is now even worse heading into 2017," added Yun. "Rental units are also seeing this shortage. As a result, both home prices and rents continue to far outstrip incomes in much of the country."

First-time buyers bought 32 percent of homes sold during the month, down from 33 percent in October but up from 30 percent a year ago. NAR says first-time borrowers will probably make up 35 percent of buyers in 2016 compared to 32 percent in 2015.

"First-time buyers in higher priced cities will be most affected by rising prices and mortgage rates next year and will likely have to stretch their budget or make compromises on home size, price or location," said Yun.

Investors purchased 12 percent of homes sold during the month, down 1 percentage point from investor sales in October and 4 points from the year before. Fifty-eight percent of investors paid in cash in November, which matches the lowest share since August 2009. All-cash sales accounted for 21 percent of total sales during the month compared to **22 percent** the previous month.

Typical **marketing time increased** from October by 2 days to 43 days but were substantially lower than the 54 typical days a year earlier. Short sales were on the market the longest at a median of 110 days, while foreclosures sold in 55 days and non-distressed homes took 41 days. Forty-two percent of homes sold in November were on the market for less than a month.

NAR President William E. Brown suggests consumers looking to buy in 2017 should find a Realtor®, seek a preapproval from a lender and start their home search now. "It's never too early to begin viewing listings online and in person with a Realtor® to identify what's available within the budget and where," he said. "There are fewer available homes during the winter months but also fewer buyers. With mortgage rates and prices expected to increase as the year goes on, the first few months of 2017 could be an opportune time close on a home."

Distressed sales - foreclosures and short sales - rose to 6 percent of all sales in November, up from 5 percent in October but down from 9 percent in November 2015. Four percent of November sales were foreclosures and 2 percent were short sales. Foreclosures sold for an average discount of 17 percent below market value in November (18 percent in October), while short sales were discounted 16 percent, the same as reported for October.

Sales in the **Northeast** rose 8.0 percent to an annual rate of 810,000, and are now 15.7 percent above a year ago. The median price in the Northeast was \$263,000, an annual increase of 3.3 percent.

Sales were also up in the **South**, rising 1.4 percent month-over-month and 11.6 percent year-over-year to an annual rate of 2.22 million. The median price in the South was \$206,900, up 9.2 percent.

The other two regions saw sales decline, the **Midwest** by 2.2 percent to an annual rate of 1.33 million and the **West** by 1.6 percent to 1.25 million. Both regions still maintained gains from a year earlier, the Midwest by 18.8 percent and the West by 19.0 percent.

The median home price in the Midwest was up 6.5 percent from November 2015 at \$180,300. Prices in the West gained 8.5 percent to a median of \$345,400.

NAR's existing home sales numbers are based on transactions closing from an estimated 40 percent sample of Multiple Listing Services. NAR says the information is representative of 90 percent of total home sales.

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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