Real estate daily market update: December 7, 2017

We'll add more market news briefs throughout the day. Check back to read the latest.

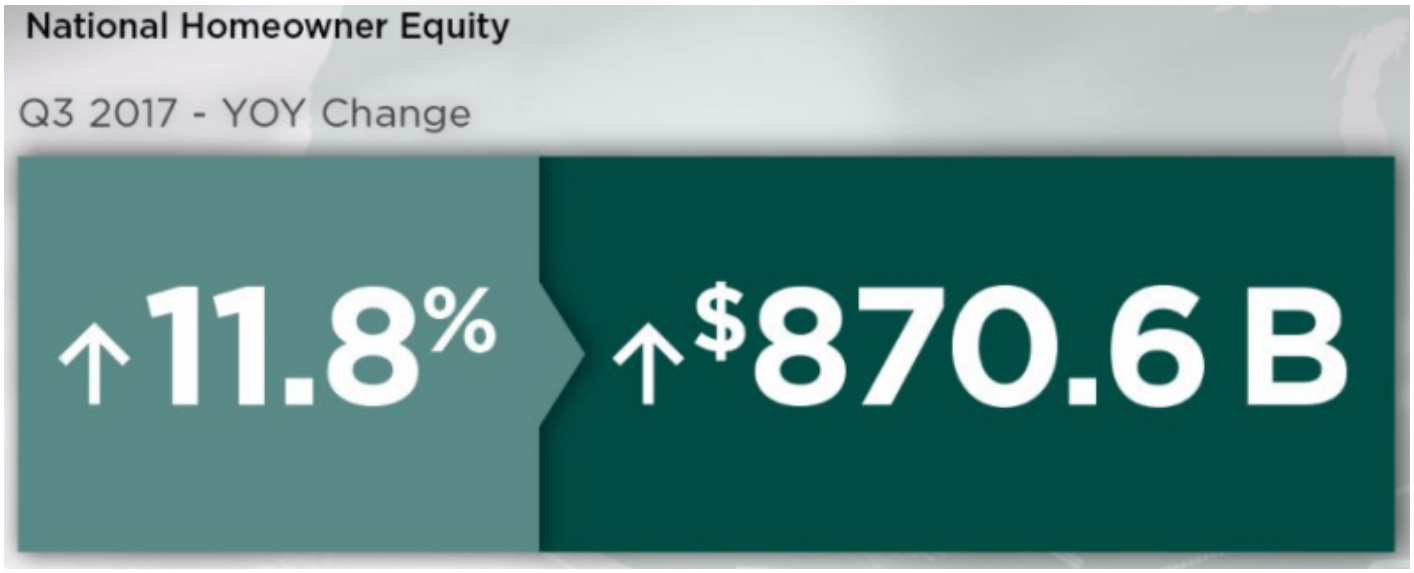
Most recent market news

Thursday, December 7

CoreLogic National Homeowner Equity Insights Report

- U.S. homeowners with mortgages (roughly 63 percent of all homeowners) have seen their equity increase by a total of $870.6 billion since Q3 2016, an increase of 11.8 percent, year over year.
- In Q2 2017, the total number of mortgaged residential properties with negative equity decreased 9 percent from Q2 2017 to 2.5 million homes, or 4.9 percent of all mortgaged properties.
- Compared to Q3 2016, negative equity decreased 22 percent from 3.2 million homes, or 6.3 percent of all mortgaged properties.
- The national aggregate value of negative equity was approximately $275.7 billion at the end of Q3 2017. This is down quarter over quarter by approximately $9.1 billion, or 3.2 percent, from $284.8 billion in Q2 2017 and down year over year by approximately $9.5 billion, or 3.3 percent, from $285.2 billion in Q3 2016.
- In Q3 2017, the average homeowner gained approximately $14,900 in equity during the past year.
- Washington had the highest year-over-year average increase at $40,000. No states posted a decrease.

Source: CoreLogic



Source: CoreLogic

“Homeowner equity increased by almost $871 billion over the last 12 months, the largest increase in more than three years,” said Frank Nothaft, chief economist at CoreLogic.

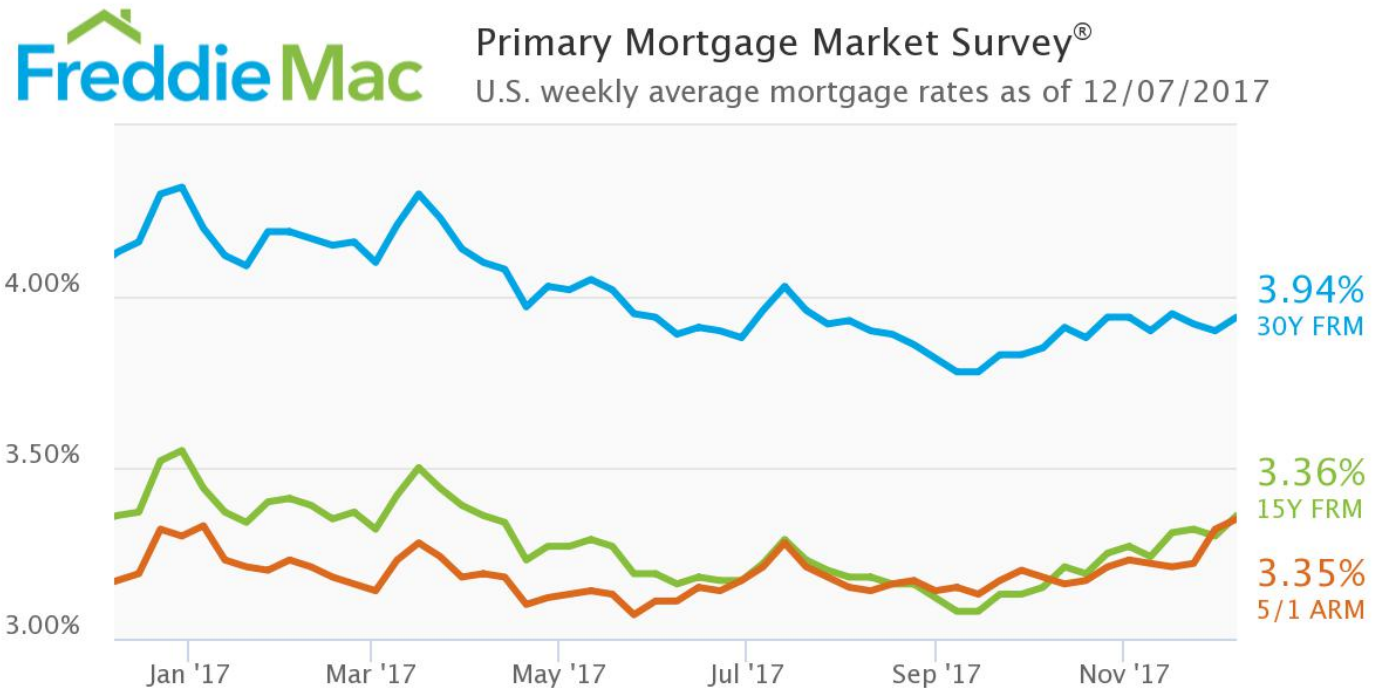
USDA loans are a great option for buyers outside the suburbs

The program features 0% down and low guarantee fees READ MORE

“This increase is primarily a reflection of rising home prices, which drives up home values, leading to an increase in home equity positions and supporting consumer spending.”

Freddie Mac Primary Mortgage Market Survey

- 30-year fixed-rate mortgage (FRM) averaged 3.94 percent with an average 0.5 point for the week ending December 7, 2017, up from last week when it averaged 3.90 percent.
- A year ago at this time, the 30-year FRM averaged 4.13 percent.
- 15-year FRM this week averaged 3.36 percent with an average 0.5 point, up from last week when it averaged 3.30 percent.
- A year ago at this time, the 15-year FRM averaged 3.36 percent.
- 5-year Treasury-indexed hybrid adjustable-rate mortgage (ARM) averaged 3.35 percent this week with an average 0.3 point, up from last week when it averaged 3.32 percent.
- A year ago at this time, the 5-year ARM averaged 3.17 percent.



“This week’s survey reflects last week’s uptick in long-term interest rates, with the 30-year fixed mortgage rate up 4 basis points to 3.94 percent,” said Len Kiefer, deputy chief economist at Freddie Mac.

“The 30-year mortgage rate has been bouncing around in a 10 basis point range since September.”

“While long-term rates have been relatively steady week-to-week, shorter term interest rates have been on the rise. The spread between the 30-year fixed mortgage and the 5/1 Hybrid ARM rate was 59 basis points this week, down 43 basis points from earlier this year.

“With a narrower spread between fixed and adjustable mortgage rates, more borrowers are opting for a fixed product. The MBA reported earlier this week that the ARM share of conventional mortgage applications was 16.7 percent, down from over 20 percent in the spring.”

Wednesday, December 6

Zillow Mortgage Rate Ticker

- The 30-year fixed mortgage rate on Zillow Mortgages is currently 3.70 percent, down three basis points from this time last week.
- The 30-year fixed mortgage rate hovered around 3.74 percent for most of the past week

before dipping to the current rate on Wednesday.
- The rate for a 15-year fixed home loan is currently 3.10 percent, and the rate for a 5-1 adjustable-rate mortgage (ARM) is 3.22 percent.
- The rate for a jumbo 30-year fixed loan is 3.95 percent.

“Mortgage rates edged higher early last week with the passage of the Senate’s tax reform bill, which would imply greater federal borrowing over the next decade, and news of two new Fed members with less-known monetary policy views,” said Aaron Terrazas, senior economist at Zillow.

“Friday’s employment report is the most important piece of economic data due this week, though markets will also closely watch the final contours of the tax reform bill as negotiations get underway between the House and Senate.

“Rates could rise sharply if Congress fails to enact a resolution to continue funding the federal government later this week,” added Terrazas.

State	Current 30-Year Fixed Rate (12/6/17)	Last Week's 30-Year Fixed Rate (11/29/17)	Change in Basis Points
California Mortgage Rates	3.67%	3.71%	-4
Colorado Mortgage Rates	3.67%	3.70%	-3
Florida Mortgage Rates	3.71%	3.72%	-1
Illinois Mortgage Rates	3.74%	3.72%	+2
Massachusetts Mortgage Rates	3.67%	3.70%	-3
New Jersey Mortgage Rates	3.66%	3.71%	-5
New York Mortgage Rates	3.77%	3.79%	-2
Pennsylvania Mortgage Rates	3.67%	3.74%	-7
Texas Mortgage Rates	3.67%	3.73%	-6
Washington Mortgage Rates	3.70%	3.75%	-5

Current rates for 30-year fixed mortgages by state. Source: Zillow

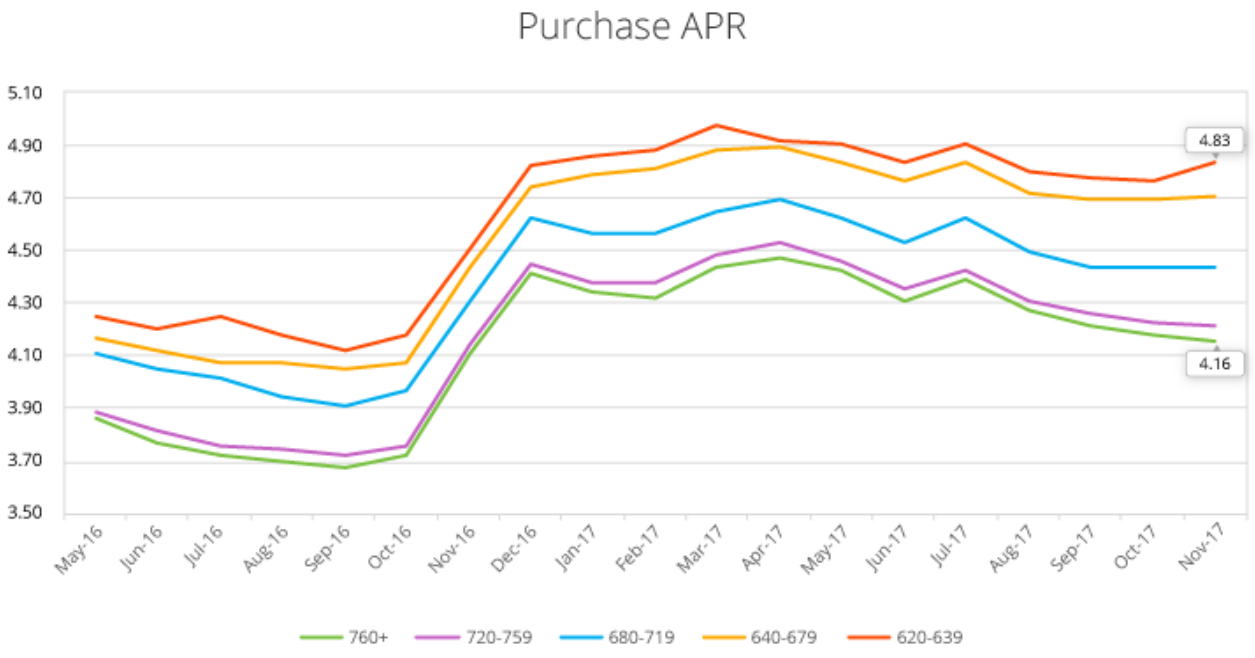
News from earlier this week

Wednesday, December 6

LendingTree Mortgage Offers Report, November 2017

- November's best offers for borrowers with the best profiles had an average APR of 3.75 percent for conforming 30-year fixed purchase loans, unchanged from October.

- Refinance loan offers were down 1 basis point to 3.69 percent. Mortgage rates vary dependent upon parameters including credit score, loan-to-value, income and property type.
- For the average borrower, purchase APRs for conforming 30-year fixed loans offered on LendingTree's platform were down 1 basis point to 4.30 percent, the lowest since November 2016. In contrast, the loan note rate of 4.18 percent was unchanged from October when it reached the highest since July.
- Consumers with the highest credit scores (760+) saw offered APRs of 4.16 percent in November, versus 4.43 percent for consumers with scores of 680-719. The APR spread of 27 basis points between these score ranges was 5 basis points wider than in October and the widest since July 2016.
- The spread represents nearly $13,400 in additional costs for borrowers with lower credit scores over 30 years for the average purchase loan amount of $233,127.
- Refinance APRs for conforming 30-year fixed loans were down 2 basis points to 4.24 percent.
- The credit score bracket spread widened to 19 from 16 basis points, amounting to $9,500 in extra costs over the life of the loan for lower credit score borrowers given an average refinance loan of $235,973.
- Average proposed purchase down payments have been rising for 8 months and reached $62,409.



Purchase APR by Credit Score Range, Source: LendingTree

Purchase

FICO Range	Average APR	Average Down Payment	Average Loan Amount	Average LTV	Lifetime Interest Paid*
All Loans	4.30%	$62,409	$233,127	82%	$182,197
760+	4.16%	$78,877	$252,508	79%	$175,418
720-759	4.21%	$58,741	$234,778	83%	$177,816
680-719	4.43%	$42,636	$216,307	86%	$188,794
640-679	4.71%	$65,239	$201,829	75%	$202,722
620-639	4.83%	$56,581	$189,326	77%	$208,935

*To enable comparison, lifetime interest is calculated for the average loan amount for all loans using the rates for each credit score bucket.

lendingtree

Purchase Mortgage Offers by Credit Score

Refi					
FICO Range	Average APR	Average Down Payment	Average Loan Amount	Average LTV	Lifetime Interest Paid*
All Loans	4.24%	$6,151	$235,973	63%	$181,434
760+	4.13%	$10,137	$239,017	60%	$176,212
720-759	4.17%	$7,300	$241,919	65%	$177,853
680-719	4.33%	$1,590	$232,044	65%	$185,713
640-679	4.52%	$1,147	$219,486	60%	$195,478
620-639	4.67%	—	$212,876	59%	$203,277

*To enable comparison, lifetime interest is calculated for the average loan amount for all loans using the rates for each credit score bucket.

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Refinance Mortgage Offers by Credit Score

Mortgage Bankers Association's (MBA) Weekly Mortgage Applications Survey

- Mortgage applications increased 4.7 percent from one week earlier. The prior week's results included an adjustment for the Thanksgiving holiday.
- The Market Composite Index, a measure of mortgage loan application volume, increased 4.7 percent on a seasonally adjusted basis from one week earlier. On an unadjusted basis, the Index increased 47 percent compared with the previous week.
- The Refinance Index increased 9 percent from the previous week. The seasonally adjusted Purchase Index increased 2 percent from one week earlier.

- The unadjusted Purchase Index increased 38 percent compared with the previous week and was 8 percent higher than the same week one year ago.
- The refinance share of mortgage activity increased to its highest level since September 2017, 51.6 percent of total applications, from 48.7 percent the previous week.
- The adjustable-rate mortgage (ARM) share of activity decreased to its lowest level since January 2017, 5.7 percent of total applications.
- The FHA share of total applications increased to 11.1 percent from 10.8 percent the week prior.
- The VA share of total applications decreased to 10.7 percent from 11.0 percent the week prior.
- The USDA share of total applications remained unchanged from the week prior at 0.8 percent.
- The average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances ($424,100 or less) decreased to 4.19 percent from 4.20 percent, with points increasing to 0.40 from 0.34 (including the origination fee) for 80 percent loan-to-value ratio (LTV) loans.
- The average contract interest rate for 30-year fixed-rate mortgages with jumbo loan balances (greater than $424,100) increased to 4.16 percent from 4.14 percent, with points increasing to 0.28 from 0.27 (including the origination fee) for 80 percent LTV loans.
- The average contract interest rate for 30-year fixed-rate mortgages backed by the FHA increased to 4.11 percent from 4.07 percent, with points increasing to 0.40 from 0.37 (including the origination fee) for 80 percent LTV loans.
- The average contract interest rate for 15-year fixed-rate mortgages increased to 3.59 percent from 3.57 percent, with points increasing to 0.48 from 0.40 (including the origination fee) for 80 percent LTV loans.
- The average contract interest rate for 5/1 ARMs increased to 3.48 percent from 3.42 percent, with points decreasing to 0.46 from 0.58 (including the origination fee) for 80 percent LTV loans.

Monday, December 4

Black Knight's Monthly Mortgage Monitor Report, October 2017

- The national delinquency rate saw its second consecutive annual rise as Hurricanes Harvey and Irma continued to impact the mortgage market.
- Overall, delinquencies ticked up 4 basis points from September (a rise that can be directly linked to the storms), while delinquencies fell 14 basis points in non-hurricane impacted areas.
- Though delinquencies fell in every state except Texas and Florida, in FEMA-declared Harvey and Irma disaster areas, they rose 24 percent (186 basis points).
- In hurricane-affected areas in Florida, delinquencies climbed an additional 36 percent from September.

- Over 229,000 past-due loans can now be attributed to Irma (163,000) and Harvey (66,000) representing over 10 percent of the national delinquent loan population.
- Prepays rebounded from September's 15 percent drop, climbing 17 percent month-over-month; even so, they were still down more than 25 percent from last year.
- The total number of loans in active foreclosure fell below 350,000 for the first time since 2006, bringing the national foreclosure rate to 0.68 percent.
- Though up 11 percent over September, October's 50,200 foreclosure starts mark the second lowest number of monthly starts since 2004.

	Oct-17	Month-over-month change	Year-over-year change	12 Month Trend
Total U.S. loan delinquency rate (loans 30 or more days past due, but not in foreclosure):	4.44%	↑ 0.94%	↑ 2.05%	
Total U.S. foreclosure pre-sale inventory rate:	0.68%	↓ -2.84%	↓ -31.42%	
Total U.S. foreclosure starts:	50,200	↑ 11.06%	↓ -11.15%	
Monthly Prepayment Rate (SMM):	1.12%	↑ 16.80%	↓ -25.05%	
Foreclosure Sales as % of 90+:	1.69%	↓ -3.43%	↓ -0.49%	
Number of properties that are 30 or more days past due, but not in foreclosure:	2,262,000	↑ 17,000	↑ 60,000	
Number of properties that are 90 or more days past due, but not in foreclosure:	589,000	↑ 13,000	↓ -88,000	
Number of properties in foreclosure pre-sale inventory:	348,000	↓ -10,000	↓ -156,000	
Number of properties that are 30 or more days past due or in foreclosure:	2,610,000	↑ 7,000	↓ -96,000	

BLACK KNIGHT

View the full report *for information on the tax reform impact on mortgage and housing markets.*

Email market reports to press@inman.com*.*

Source: click here