Real estate daily market update: January 19, 2018

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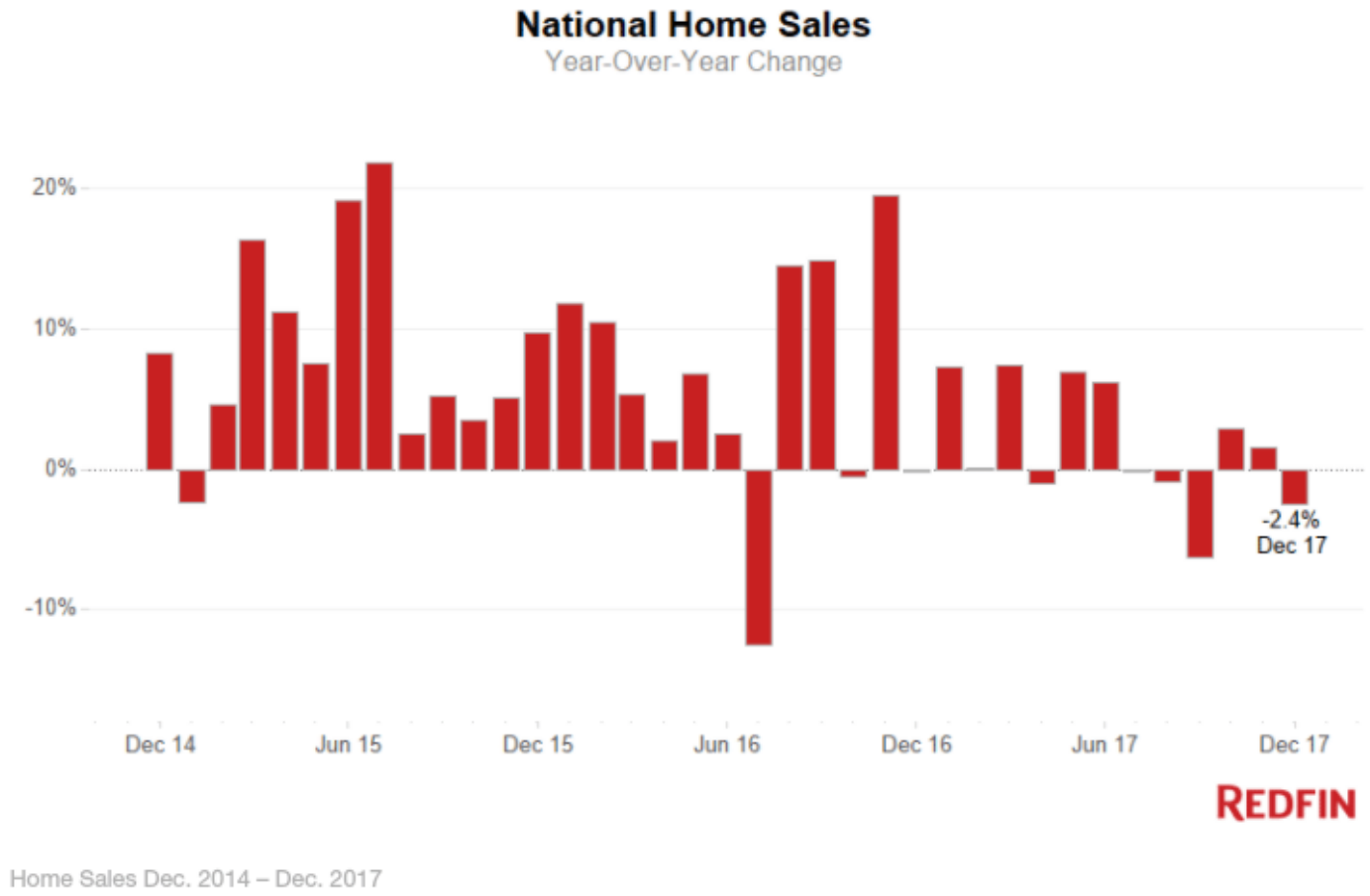
Most recent market news

Thursday, January 18

Redfin: 2017 Closed with Strong Home Price Growth, Up 7 Percent in December

- *Home prices finished the year strong, up 6.8 percent in December from last year.*
- *The median sale price was $287,000 across the markets Redfin serves.*
- *Sales were down 2.8 percent ending a year of fluctuating sales growth.*
- *The number of homes for sale declined 14.5 percent compared to a year ago, marking 27 months in a row of inventory declines.*
- *The typical home that sold in December found a buyer after 49 days on the market, five days fewer than 2016.*
- *The number of homes newly listed for sale in December decreased 3.0 percent.*
- *With just 2.6 months of supply in December, the market was far below the six months of supply that represents balance between buyers and sellers.*



“Like last year, low inventory will be the biggest driver of the 2018 real estate market,” said Redfin chief economist Nela Richardson. “Major housing market dynamics don’t shift dramatically when the clock strikes midnight on Jan. 1.

“We anticipate a continuation of the same trends we’ve been seeing for the past few years. Price growth will remain strong as many homeowners will remain deterred from selling due to the low mortgage rates they’ve locked in and the high price of their would-be move-up home.”

What to expect in the housing market in 2018

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News from earlier this week

Thursday, January 18

Zillow Mortgage Rate Ticker

- The 30-year fixed mortgage rate on Zillow Mortgages is currently 3.88 percent, unchanged from this time last week. The 30-year fixed mortgage rate hovered around the current rate for the past week.
- The rate for a 15-year fixed home loan is currently 3.32 percent, and the rate for a 5-1 adjustable-rate mortgage (ARM) is 3.40 percent. The rate for a jumbo 30-year fixed loan is 4.03 percent.

State	Current 30-Year Fixed Rate (1/17/18)	Last Week's 30-Year Fixed Rate (1/10/18)	Change in Basis Points
California Mortgage Rates	3.85%	3.85%	0
Colorado Mortgage Rates	3.88%	3.87%	+1
Florida Mortgage Rates	3.87%	3.85%	+2
Illinois Mortgage Rates	3.93%	3.88%	+5
Massachusetts Mortgage Rates	3.85%	3.89%	-4
New Jersey Mortgage Rates	3.88%	3.87%	+1
New York Mortgage Rates	3.92%	3.98%	-6
Pennsylvania Mortgage Rates	3.91%	3.86%	+5
Texas Mortgage Rates	3.86%	3.85%	+1
Washington Mortgage Rates	3.89%	3.87%	+2

Source: Zillow

"Mortgage rates were mostly flat this holiday-shortened week, stabilizing after rising to their highest levels since July earlier this month," said Aaron Terrazas, senior economist at Zillow.

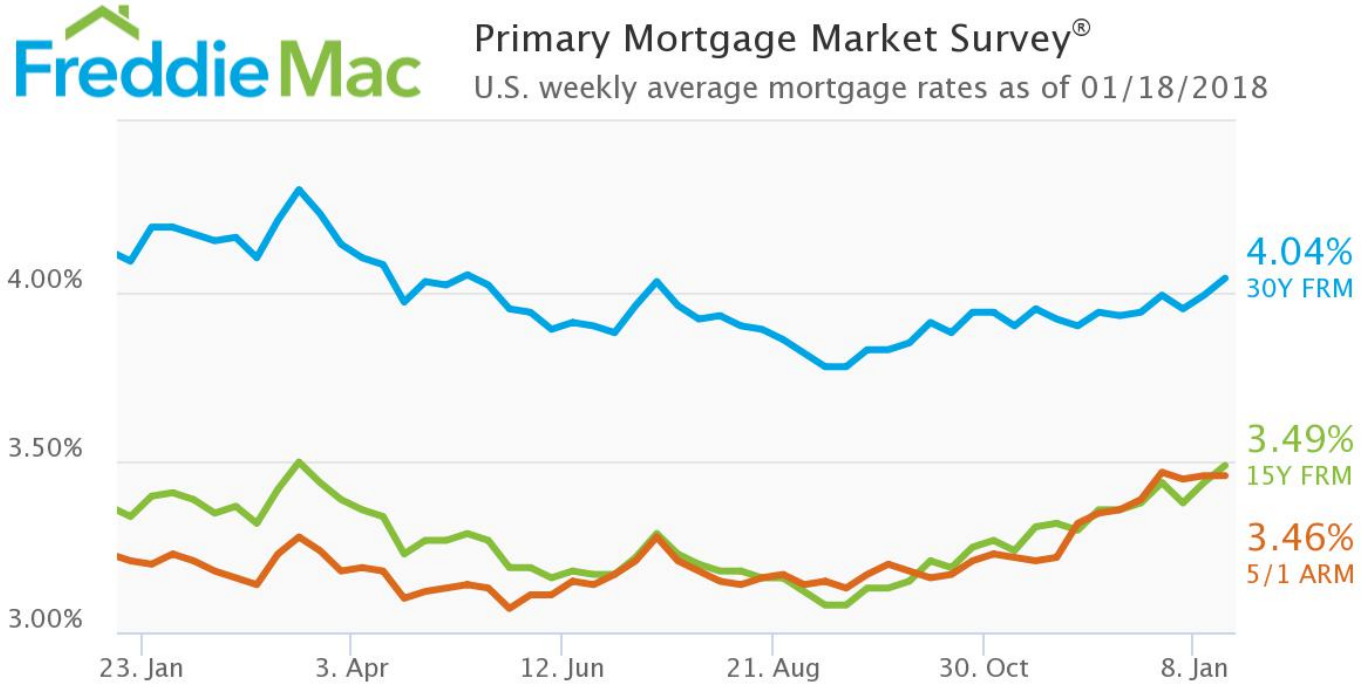
"Monetary policy decisions, incoming economic data and geopolitical news dominated headlines over the past few years, but markets are paying increasing attention to the fiscal outlook.

"Absent spending cuts, the tax reform law enacted in December is likely to boost federal government borrowing, meaning that mortgage borrowers will increasingly be competing with Uncle

Sam for long-term loans, pushing interest rates higher. If budget negotiations in Congress stall, there could be some volatility in lending markets, but any movements should be short-lived."

Freddie Mac Primary Mortgage Market Survey

- 30-year fixed-rate mortgage (FRM) averaged 4.04 percent with an average 0.6 point for the week ending January 18, 2018, up from last week when it averaged 3.99 percent. A year ago at this time, the 30-year FRM averaged 4.09 percent.
- 15-year FRM this week averaged 3.49 percent with an average 0.5 point, up from last week when it averaged 3.44 percent. A year ago at this time, the 15-year FRM averaged 3.34 percent.
- 5-year Treasury-indexed hybrid adjustable-rate mortgage (ARM) averaged 3.46 percent this week with an average 0.3 point, unchanged from last week. A year ago at this time, the 5-year ARM averaged 3.21 percent.

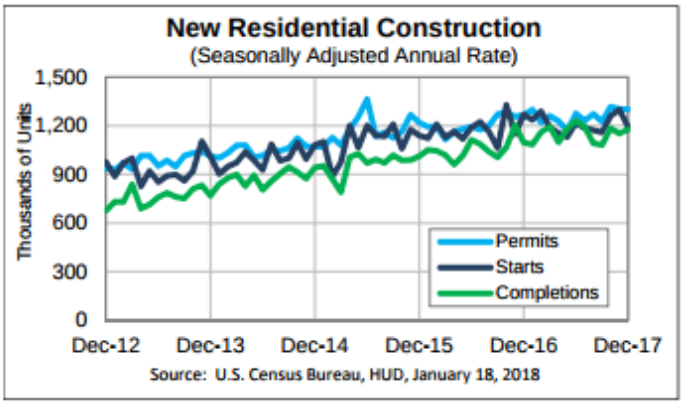


Len Kiefer, deputy chief economist at Freddie Mac, said: "The U.S. weekly average for the 30-year fixed mortgage rate rose above 4 percent for the first time since last summer to 4.04 percent in this week's survey. This is the highest weekly average for the 30-year fixed rate mortgage since May of 2017.

"Some may be wondering if this is the last time we'll see a three handle on the 30-year mortgage rate. Never say never, but inflation is firming, the Federal Reserve's Beige Book indicates broad-

based economic growth and labor markets are tightening. This means upward pressure on long-term rates, like the 30-year fixed-rate mortgage, is building."

[U.S. Census Bureau and the U.S. Department of Housing and Urban Development Monthly New Residential Construction, December 2017]



Building Permits:

- Privately-owned housing units authorized by building permits in December were at a seasonally adjusted annual rate of 1,302,000. This is 0.1 percent (±1.4 percent)* below the revised November rate of 1,303,000, but is 2.8 percent (±1.9 percent) above the December 2016 rate of 1,266,000.
- Single-family authorizations in December were at a rate of 881,000; this is 1.8 percent (±1.2 percent) above the revised November figure of 865,000. Authorizations of units in buildings with five units or more were at a rate of 382,000 in December.
- An estimated 1,263,400 housing units were authorized by building permits in 2017. This is 4.7 percent (±0.6%) above the 2016 figure of 1,206,600.

Housing Starts:

- Privately-owned housing starts in December were at a seasonally adjusted annual rate of 1,192,000. This is 8.2 percent (±7.7 percent) below the revised November estimate of 1,299,000 and is 6.0 percent (±11.7 percent)* below the December 2016 rate of 1,268,000.
- Single-family housing starts in December were at a rate of 836,000; this is 11.8 percent (±6.5 percent) below the revised November figure of 948,000.
- The December rate for units in buildings with five units or more was 352,000. An estimated 1,202,100 housing units were started in 2017. This is 2.4 percent (±2.3%) above the 2016 figure of 1,173,800.

Housing Completions:

- Privately-owned housing completions in December were at a seasonally adjusted annual rate of 1,177,000. This is 2.2 percent (±17.8 percent)* above the revised November estimate of 1,152,000 and is 7.4 percent (±13.0 percent)* above the December 2016 rate of 1,096,000.
- Single-family housing completions in December were at a rate of 818,000; this is 4.3 percent (±20.5 percent)* above the revised November rate of 784,000.
- The December rate for units in buildings with five units or more was 346,000. An estimated 1,152,300 housing units were completed in 2017. This is 8.7 percent (±3.1%) above the 2016 figure of 1,059,700.

Wednesday, January 17

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

- The Market Composite Index, a measure of mortgage loan application volume, increased 4.1 percent on a seasonally adjusted basis from one week earlier. On an unadjusted basis, the Index increased 32 percent compared with the previous week.
- The Refinance Index increased 4 percent from the previous week. The seasonally adjusted Purchase Index increased 3 percent from one week earlier. The unadjusted Purchase Index increased 35 percent compared with the previous week and was 7 percent higher than the same week one year ago.
- The refinance share of mortgage activity decreased to 52.2 percent of total applications from 52.9 percent the previous week. The adjustable-rate mortgage (ARM) share of activity increased to 5.2 percent of total applications.
- The FHA share of total applications increased to 11.7 percent from 11.1 percent the week prior. The VA share of total applications decreased to 10.7 percent from 11.4 percent the week prior. The USDA share of total applications increased to 0.8 percent from 0.7 percent the week prior.
- The average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances ($453,100 or less) increased to its highest level since March 2017, 4.33 percent, from 4.23 percent, with points increasing to 0.54 from 0.35 (including the origination fee) for 80 percent loan-to-value ratio (LTV) loans. The effective rate increased from last week.
- The average contract interest rate for 30-year fixed-rate mortgages with jumbo loan balances (greater than $453,100) increased to its highest level since March 2017, 4.25 percent, from 4.16 percent, with points increasing to 0.36 from 0.23 (including the origination fee) for 80 percent LTV loans. The effective rate increased from last week.
- The average contract interest rate for 30-year fixed-rate mortgages backed by the FHA increased to its highest level since March 2017, 4.30 percent, from 4.16 percent, with points increasing to 0.65 from 0.42 (including the origination fee) for 80 percent LTV loans. The effective rate increased from last week.
- The average contract interest rate for 15-year fixed-rate mortgages increased to its highest level since January 2014, 3.77 percent, from 3.66 percent, with points increasing to 0.44

from 0.42 (including the origination fee) for 80 percent LTV loans. The effective rate increased from last week.
- The average contract interest rate for 5/1 ARMs increased to its highest level since April 2011, 3.62 percent, from 3.50 percent, with points decreasing to 0.48 from 0.51 (including the origination fee) for 80 percent LTV loans. The effective rate increased from last week.

Tuesday, January 16

January 2018 RE/MAX National Housing Report

- While sales dropped slightly from a year ago, December capped off a 2017 of record home prices, speedy sales and low inventory.
- The median home price rose 8.1 percent year-over-year, with 50 of the report's 54 markets posting increases. At the same time, December sales dropped 3.3 percent from December 2016, with 39 markets reporting fewer transactions.
- Making sales harder was a Months Supply of Inventory of 3.7 which is the lowest December figure in the nine-year history of the report. That corresponds with a 14.6 percent decline in inventory, lengthening a streak of monthly declines that began in November 2008.
- Also setting a report record for December was the speed of home sales: 57 days. That figured into an overall 2017 median for Days on Market of 52.5 — nearly a week less than the 2016 median of 58.5 days.
- Homebuyers paid record prices in 2017, led by June's Median Price Sold of $245,000. Prices increased year-over-year in every month of 2017, with December marking the 21st consecutive month of year-over-year price increases dating back to April 2016.

"We see the median sales price of homes across the country rising every month, year-over-year, but the days on market and the supply of homes for sale hit record lows in December," said Adam Contos, Re/Max Co-CEO. "If inventory keeps getting tighter across the country it'll be interesting to see how it might affect sales."

Closed Transactions:

- Of the 54 metro areas surveyed in December 2017, the overall average number of home sales decreased 2.5 percent compared to November 2017 and decreased 3.3 percent compared to December 2016.
- Fifteen of the 54 metro areas experienced an increase in sales year-over-year including, Trenton, NJ, +13.9 percent, Richmond, VA, +10.9 percent, Burlington, VT, +8.1 percent, and Raleigh-Durham, NC, +5.4 percent.

Median Sales Price – Median of 54 metro median prices:

- In December 2017, the median of all 54 metro Median Sales Prices was $232,500, up 3.1

percent from November 2017 and up 8.1 percent from December 2016.
- Only four metro areas saw a year-over-year decrease in Median Sales Price; Anchorage, AK, -6.5 percent, Wichita, KS, -3.9 percent, Fargo, ND, -1.8 percent and Wilmington/Dover, DE, -.90 percent. Ten metro areas increased year-over-year by double-digit percentages, with the largest increases seen in San Francisco, CA, +17.8 percent, Las Vegas, NV, +17.1 percent, Seattle, WA, +13 percent and Boise, ID, +12.8 percent.

Days on Market – Average of 54 metro areas:

- The average Days on Market for homes sold in December 2017 was 57, up three days from the average in November 2017, and down five days from the December 2016 average.
- The four metro areas with the lowest Days on Market were Omaha, NE and San Francisco, CA, at 27, Nashville, TN, at 31 and Seattle, WA, at 34.
- The highest Days on Market averages were in Augusta, ME, at 122 and Chicago, IL, and Miami, FL, at 86.
- Days on Market is the number of days between when a home is first listed in an MLS and a sales contract is signed

Months Supply of Inventory – Average of 54 metro areas:

- The number of homes for sale in December 2017 was down 14 percent from November 2017, and down 14.6 percent from December 2016.
- Based on the rate of home sales in December, the Months Supply of Inventory increased to 3.7 from November 2017 at 3.6, but decreased compared to December 2016 at 4.2.
- A 6.0-months supply indicates a market balanced equally between buyers and sellers.
- In December 2017, 52 of the 54 metro areas surveyed reported a months supply at or less than 6.0, which is typically considered a seller's market.
- The metro areas that saw a months supply above 6.0, which is typically considered a buyer's market, were Augusta, ME, at 9.5 and Miami, FL, at 8.7.
- The markets with the lowest Months Supply of Inventory continued to be in the west with San Francisco, CA, at 0.9, Seattle, WA, at 1.4, and Denver, CO, 1.5.

CoreLogic Loan Performance Insights Report

- The 30 days or more delinquency rate for October 2016 was 5.2 percent. In October 2017, 5.1 percent of mortgages were delinquent by at least 30 days or more including those in foreclosure. This represents a 0.1 percentage point decline in the overall delinquency rate compared with October 2016.
- As of October 2017, the foreclosure inventory rate was 0.6 percent down from 0.6 percent in October 2016.
- The share of mortgages that transitioned from current to 30-days past due was 1.1 percent in October 2017, up from 1 percent in October 2016.

Source: CoreLogic

Source: CoreLogic

“After rising in September, early-stage delinquencies declined by 0.1 percentage points month over month in October,” said Frank Nothaft, chief economist at CoreLogic. “The temporary rise in September’s early-stage delinquencies reflected the impact of the hurricanes in Texas, Florida and Puerto Rico, but now the impact from the hurricanes is fading from a national perspective.

“While the national impact is waning, the local impact remains. Some Florida markets continue to

see increases in early-stage delinquency transition rates in October, reaching 5 percent, on average, in Miami, Orlando, Tampa, Naples and Cape Coral.

“Texas markets such as Houston, Beaumont, Victoria and Corpus Christie peaked at over 7 percent in September, but are on the mend and improving in October.”

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