Real estate daily market update: January 8, 2018

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Most recent market news

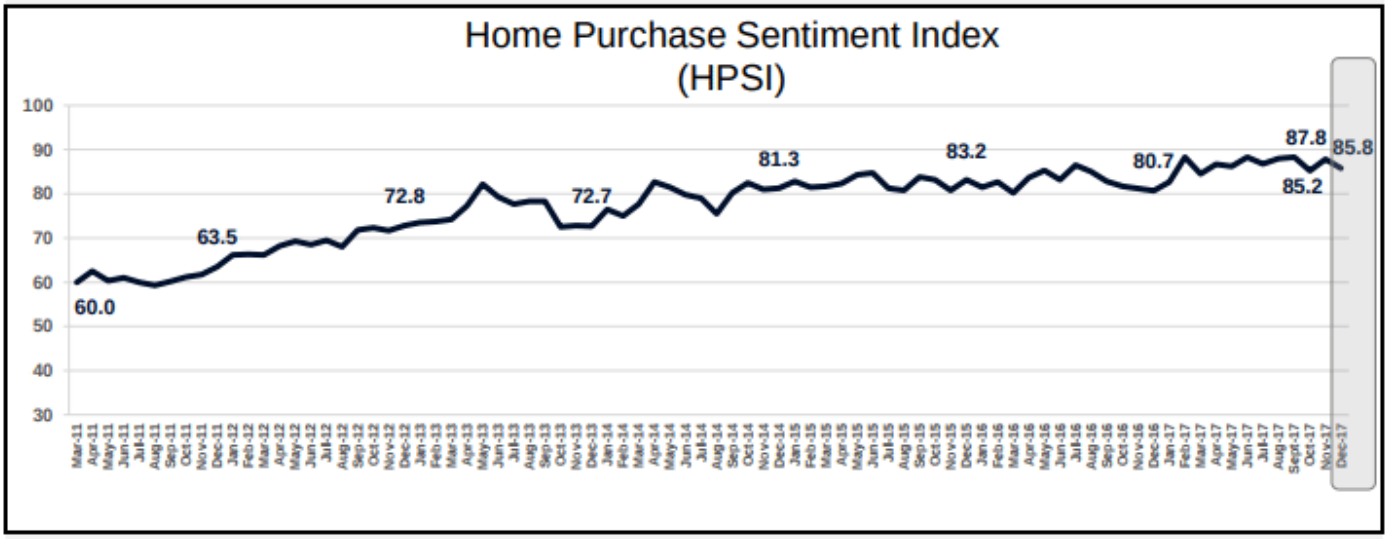
Monday, January 8

Fannie Mae Home Purchase Sentiment Index (HPSI)

- The Fannie Mae Home Purchase Sentiment Index (HPSI) decreased 2.0 points in December to 85.8, reversing last month's rise. The decrease can be attributed to decreases in four of the six HPSI components.
- The net share of respondents who said now is a good time to buy a home decreased 5 percentage points compared to November and is down 8 percentage points compared to the same period last year.
- Meanwhile, the net share who reported that now is a good time to sell a home remained flat and is up 21 percentage points year-over-year.
- The net share who said home prices will go up in the next 12 months decreased 2 percentage points in December, while Americans also expressed a weakened sense of job security, with the net share who say they are not concerned about losing their job decreasing 6 percentage points.
- Finally, the net share of consumers who said mortgage rates will go down over the next 12 months fell 1 percentage point in December, while the net share reporting that their income is significantly higher than it was 12 months ago rose 2 percentage points.

The Home Purchase Sentiment Index

The HPSI fell 2.0 points in December to 85.8, reversing the rise seen last month.



Source: Fannie Mae

Components of the HPSI

The decrease in the HPSI can be attributed to decreases in four of the six HPSI components: "Confidence About Not Losing Job" (-6), "Good Time to Buy" (-5), "Home Prices Will Go Up" (-2), and "Mortgage Rates Will Go Down" (-1).

	December 2017*	Change Since Last Month	Change Since Last Year
December 2017 HPSI	**85.8**	**-2.0**	**+5.1**
Good Time To **Buy**	24	-5	-8
Good Time To **Sell**	34	0	+21
Home Prices Will Go Up (next 12 months)	44	-2	+9
Mortgage Rates Will Go Down (next 12 months)	-52	-1	+3
Confidence About Not Losing **Job** (next 12 months)	68	-6	0
Household **Income** Is Significantly Higher (past 12 months)	16	+2	+6

* Net percentages of the component questions used to calculate HPSI, e.g. (Percent Good Time to Buy – Percent Bad Time to Buy) = 24

Source: Fannie Mae

“Consumers remained cautious in their housing outlook at the end of 2017, as tax reform discussions continued,” said Doug Duncan, senior vice president and chief economist at Fannie Mae. “In December, mirroring the other major consumer sentiment benchmarks, the HPSI reflected this caution and declined slightly.

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“Entering 2018, housing affordability remains a persistent challenge, particularly in rental markets,

where consumer expectations for price increases over the next 12 months reached a new survey high."

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Source: click here