Real estate daily market update: March 1, 2018

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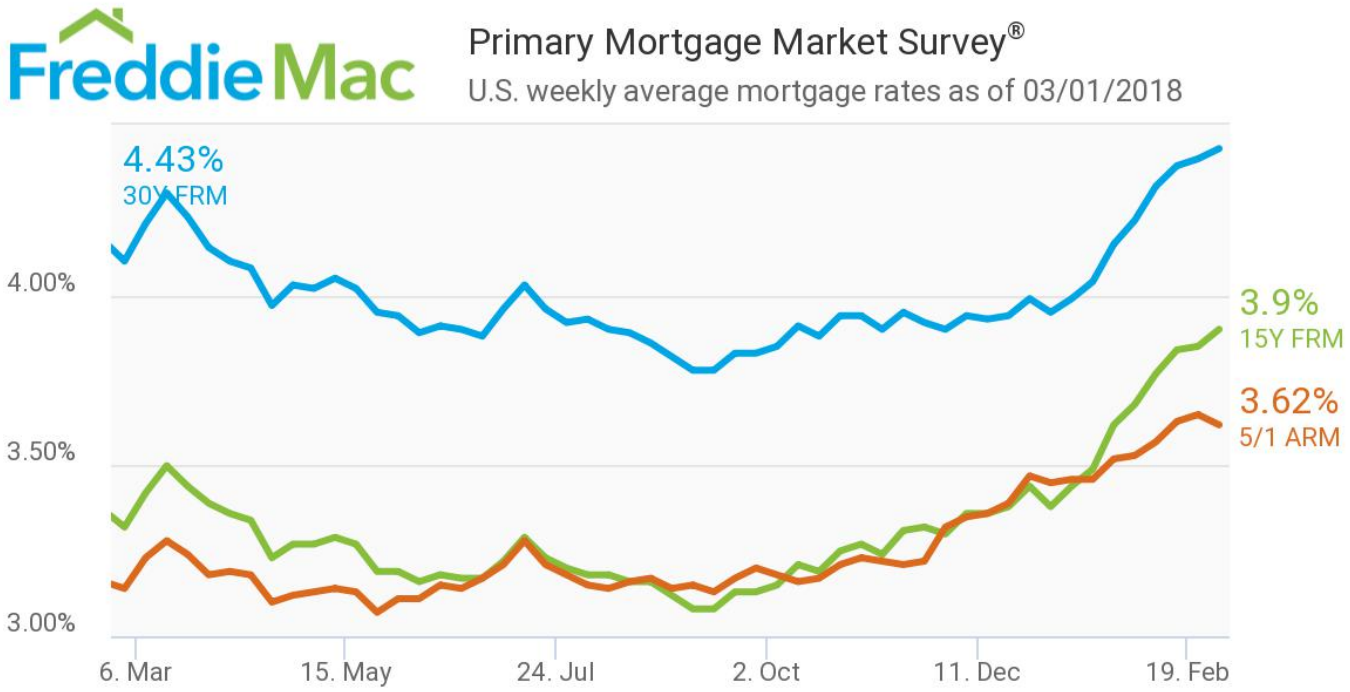
Most recent market news

Thursday, March 1

Freddie Mac Primary Mortgage Market Survey

- 30-year fixed-rate mortgage (FRM) averaged 4.43 percent with an average 0.5 point for the week ending March 1, 2018, up from last week when it averaged 4.40 percent. A year ago at this time, the 30-year FRM averaged 4.10 percent.
- 15-year FRM this week averaged 3.90 percent with an average 0.5 point, up from last week when it averaged 3.85 percent. A year ago at this time, the 15-year FRM averaged 3.32 percent.
- 5-year Treasury-indexed hybrid adjustable-rate mortgage (ARM) averaged 3.62 percent this week with an average 0.4 point, down slightly from last week when it averaged 3.65. A year ago at this time, the 5-year ARM averaged 3.14 percent.



Len Kiefer, deputy chief economist, said:

“Optimistic testimony on Capitol Hill from Federal Reserve Chairman Jerome Powell sent Treasury yields higher as Powell stated his outlook for the economy has strengthened since December. Following Treasurys, the 30-year fixed mortgage rate jumped 3 basis points to reach 4.43 percent in this week’s survey.

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“The 30-year rate has been on a tear in 2018, climbing 48 basis points since the start of the year and increasing for 8 consecutive weeks.

“As we documented, historically when mortgage rates surge, housing swoons. But we think strength in the economy and pent up housing demand should allow U.S. housing markets to post modest growth this year even with higher mortgage rates.

“We really have to wait for housing markets to heat up in spring, but early indications are that housing demand remains robust to these rate increases. The MBA reported in their latest weekly applications survey that home purchase mortgage originations were up 3 percent from a year ago.”

Zillow Mortgage Rate Ticker

- The 30-year fixed mortgage rate on Zillow Mortgages is currently 4.28 percent, up three basis points from this time last week.
- The 30-year fixed mortgage rate moved slightly lower over the past week before rebounding, briefly surpassing 4.30 percent before sliding back to the current rate.
- The rate for a 15-year fixed home loan is currently 3.73 percent, and the rate for a 5-1 adjustable-rate mortgage (ARM) is 3.65 percent.
- The rate for a jumbo 30-year fixed loan is 4.36 percent.

State	Current 30-Year Fixed Rate (2/28/18)	Last Week’s 30-Year Fixed Rate (2/21/18)	Change in Basis Points
California Mortgage Rates	4.24%	4.22%	+2
Colorado Mortgage Rates	4.27%	4.25%	+2
Florida Mortgage Rates	4.25%	4.22%	+3
Illinois Mortgage Rates	4.29%	4.28%	+1
Massachusetts Mortgage Rates	4.27%	4.21%	+6
New Jersey Mortgage Rates	4.26%	4.22%	+5
New York Mortgage Rates	4.35%	4.27%	+9
Pennsylvania Mortgage Rates	4.28%	4.25%	+4
Texas Mortgage Rates	4.26%	4.24%	+2
Washington Mortgage Rates	4.29%	4.25%	+4

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

“Mortgage rates dipped briefly late last week before rising back to the four-year highs reported last Wednesday,” said Aaron Terrazas, senior economist at Zillow.

“The jump early this week was driven by comments from Federal Reserve Chair Jerome Powell suggesting that four Fed rate hikes could be in store for the remainder of 2018 rather than the three that had been previously anticipated. Markets will look for clarification when Powell speaks again tomorrow before the Senate Banking Committee. Comments from the Presidents of the New York and Atlanta Reserve Banks early next week could also move rates.”

News from earlier this week

Wednesday, February 28

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

- The Market Composite Index, a measure of mortgage loan application volume, increased 2.7 percent on a seasonally adjusted basis from one week earlier. On an unadjusted basis, the Index decreased 6 percent compared with the previous week. The Refinance Index decreased 1 percent from the previous week. The seasonally adjusted Purchase Index increased 6 percent from one week earlier. The unadjusted Purchase Index decreased 1 percent compared with the previous week and was 3 percent higher than the same week one year ago.
- The refinance share of mortgage activity decreased to 41.8 percent of total applications from 44.4 percent the previous week. The adjustable-rate mortgage (ARM) share of activity increased to 6.7 percent of total applications.
- The FHA share of total applications increased to 10.3 percent from 9.9 percent the week prior. The VA share of total applications increased to 10.7 percent from 10.0 percent the week prior. The USDA share of total applications remained unchanged at 0.8 percent from the week prior.
- The average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances ($453,100 or less) remained unchanged from last week at 4.64 percent, with points increasing to 0.63 from 0.61 (including the origination fee) for 80 percent loan-to-value ratio (LTV) loans. The effective rate remained unchanged from last week.
- The average contract interest rate for 30-year fixed-rate mortgages with jumbo loan balances (greater than $453,100) decreased to 4.57 percent from 4.62 percent, with points increasing to 0.51 from 0.50 (including the origination fee) for 80 percent LTV loans. The effective rate decreased from last week.

- The average contract interest rate for 30-year fixed-rate mortgages backed by the FHA increased to its highest level since April 2011, 4.68 percent, from 4.58 percent, with points increasing to 0.75 from 0.71 (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 April 2011, 4.07 percent, from 4.02 percent, with points decreasing to 0.59 from 0.66 (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 February 2011, 3.85 percent, from 3.72 percent, with points increasing to 0.59 from 0.39 (including the origination fee) for 80 percent LTV loans. The effective rate increased from last week.

Tuesday, February 27

Freddie Mac February 2018 Outlook

- Little has changed in our forecast for 2018 from last month, however, we now expect the 30-year fixed mortgage rate to average 4.6 percent for 2018, up from 4.5 percent in our January Outlook.
- Our analysis confirms that the direct impact of the Tax Cuts and Jobs Act of 2017 will be limited in terms of national house prices.
- Certain markets with higher average incomes (and thus more households likely to itemize deductions) and property tax rates may see larger direct impacts on house prices ranging as high as around two percentage points. But the largest effect will come through higher mortgage rates, which impacts all households.
- Adjusted for inflation in 2017 dollars, in the fourth quarter, an estimated $14.8 billion in net home equity was cashed out during the refinance of conventional prime-credit home mortgages, down from $19.0 billion a year earlier and substantially less than the peak cash-out refinance volume of $102.3 billion during the second quarter of 2006.

Forecast Snapshot (February 2018)

Summary (annualized)	2017	2018	2019
30-year PMMS (%)	4.0	4.6	5.1
Total home sales (M)	6.12	6.35	6.45
House price growth (%)	7.1	5.7	4.6
Total originations ($B)	1,850	1,740	1,780

Source: Freddie Mac

Said Len Kiefer, deputy chief economist at Freddie Mac:

“While existing home sales may struggle to top their best-in-over-a-decade 2017 performance, new home sales should provide enough growth to push total home sales in the U.S. modestly higher in 2018.

“Housing construction continues to lag demand by a wide margin, so we expect to see housing starts grind higher in 2018. House prices have also been accelerating. The most recent release of the Freddie Mac House Price Index shows U.S. house prices increased 7.1 percent from December 2016 to December 2017.

“With construction ramping up slowly to meet demand, house prices should continue to increase, though the pace of growth may moderate as higher interest rates pinch affordability and the tax bill shifts the balance between buy and rent.”

Monday, February 26

Bankrate mortgage rates

- The 30-year fixed mortgage rate on Bankrate.com is currently 4.31 percent — up from 4.30 percent last Monday.
- The 15-year fixed mortgage rate is currently 3.74 percent — up from 3.69 percent last Monday.

Today's Current Mortgage Rates

Loan Term	Rate	Change	Last Week
30-year fixed mortgage rate	4.310	0.01	4.300
15-year fixed mortgage rate	3.740	0.05	3.690
5/1 ARM mortgage rate	4.140	-0.01	4.150
7/1 ARM mortgage rate	4.170	-0.01	4.180
30-year fixed jumbo mortgage rate	4.620	0.07	4.550
30 Year FHA mortgage rate	4.100	0.02	4.080

Source: Bankrate

Source: click here