



Americans are buying homes with less than 20% down

Source: Business Insider

Putting 20 percent down on a home purchase is daunting, and rightfully so.

For many young Americans struggling with student-loan payments, higher rent costs, and relatively stagnant salaries, saving a fifth of a home's value to get a mortgage simply isn't on the radar.

Would-be homebuyers are finding it can take years to save a full 20 percent down payment, especially for anyone living near a big city, where real-estate prices are soaring. According to data from the rental-listing site HotPads, a typical renter in Los Angeles will need nine

years and 10 months to save for a full 20 percent down payment for the median home price of \$717,000, assuming they're saving a generous 20 percent of their income.

Making sense of the story:

- For many would-be home buyers, saving a 20 percent down payment for a mortgage can be a big barrier to homeownership. Consequently, more people are buying homes by putting less money down.
- Putting a full 20 percent down on mortgage ensures you won't pay private mortgage insurance and will most likely get the lowest available interest rate.
- Some real-estate agents, however, say the benefits of making a smaller down payment outweigh the consequences — it can help homeowners build wealth and equity sooner rather than later.

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Bank of Mom and Dad

Source: National Assn. of REALTORS®

There is no question: it is hard for a first-time buyer to enter the housing market today. The aspiring buyer faces record-breaking low inventory levels, rising rents, and student debt loads that make it difficult to save. But for some, there is a way that does help: they turn to the trusted bank of mom and dad.

One-third of first-time buyers used help from friends or family to purchase a home in the last year. Twenty-seven percent received a gift from friends or family and five percent took out a personal loan. Many first-time buyers combine this with savings, as 78 percent of first-time buyers did use savings to purchase.

Using family as a source of down payment help is most common among younger millennial buyers (ages 20 to 28) compared to other generations and is more common among unmarried couples. Both sets of buyers have lower household incomes so may be less likely to scrape together the funds individually.

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Millennials look forward to buying a home but feel overwhelmed by the process

Source: Housing Wire

Millennials are buying homes. This much is known. But, despite the much-discussed generation making their entrance into the housing market, many still are still very uneasy about the process.

To try to get into the minds of millennials, TD Bank surveyed more than 850 millennials (23-38 years old) who are planning to buy their first home in 2020.

According to TD Bank's First-Time Homebuyer Pulse, 68 percent said they think now is the right time to buy a home and 52 percent are actively searching home listings online.

But, 75 percent of first-time millennial homebuyers admit they're overwhelmed by the process of buying a home.

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U.S. homeownership rate at multi-year high

Source: Fox Business News

Though prospective homebuyers are likely to face continued

headwinds in the market this year, a larger share of Americans are calling themselves homeowners.

The U.S. homeownership rate in the fourth quarter of last year was 65.1 percent, according to new data from the U.S. Census Bureau. That is up slightly from the prior quarter and the highest reading in about six years.

When it comes to age groups, unsurprisingly individuals aged 65 and older had the highest homeownership rate of 79 percent. The level rose to 37.6 percent among individuals below age 35, however, from 36.5 percent a year prior and 36 percent in the fourth quarter of 2017.

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California bill to increase home building fails

Source: Los Angeles Times

After more than two years of debate, five major revisions and two tense days of counting votes, a high-profile legislative effort to dramatically increase home building across California is officially dead.

Senate Bill 50 was an effort to undo California's decades-long reliance on single-family housing and suburban sprawl stretching inland by spurring a development boom near transit and job centers. But arguments that the legislation would help reduce the housing shortage at the root of the state's affordability problems and reduce greenhouse gas emissions from cars met resistance from those who believed the measure took too much power away from local governments and failed to sufficiently address low-income housing needs.

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Super-low mortgage rates are the best ever for midwinter

Source: Moneywise

Homebuyers and homeowners in the U.S. have watched excitedly as mortgage rates spiraled to an all-time low for this time of year, according to the popular Freddie Mac survey.

If you're shopping for a new home or are looking to refinance your current mortgage, you can score a bargain rate or a lower monthly payment.

Talking points:

- For a second week in a row mortgage rates plummeted, with 30-year fixed-rate mortgages now averaging 3.51%, down from 3.6% a week ago, Freddie Mac reported on Thursday.
- A year ago at this time, 30-year fixed mortgages were almost a full percentage point higher at an average 4.46%.
- Rates haven't been this low since September, when 30-year mortgage rates nosedived to an average 3.49%, which was a three-year low.
- If rates keep dropping, they'll close in on the all-time low of 3.12% from November 2012.

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