



## beyond the headlines



### **Pending home sales tumble to a 3-year low as housing ‘crisis’ worsens**

*Source: Market Watch*

Pending home sales fell 4.7 percent to 104.6 in January, the National Association of Realtors said Wednesday. That’s the lowest reading since October 2014, after the biggest monthly decline since 2010, when the recovery was just getting started.

Making sense of the story:

- The NAR’s index of pending home sales, which tracks real-estate transactions in which a contract has been signed, but the transaction hasn’t closed, had been grinding slowly higher. But December’s reading was revised down, and the index is now 3.8 percent below year-ago levels. The Econoday consensus was for a 0.3 percent increase.
- NAR called the lack of housing-market inventory a “crisis” when it reported on existing-home sales in January. Realtors are seeing lots of traffic, the industry group said, even as the number of available listings at the end of January was at an all-time low for the month and 9.5 percent lower than a year earlier. The NAR called the number “startling.”
- Contract signings precede sales by approximately 45 to 60 days, so the January figures don’t bode well for February sales data, nor the overall economy.
- Sales throughout 2017 were only 1.1 percent higher than in 2016, and the REALTORS® expect the recent tax-law changes affecting the deductibility of property taxes and mortgage interest to take a bite out of home sales in 2018.

Read the full story:

<https://www.marketwatch.com/story/pending-home-sales-tumble-to-a-3-year-low-as-housing-crisis-worsens-2018-02-28>

## **In other news...**

### **More Buyers Gamble with sight-unseen offers**

*Source: Realtor Mag*

Thirty-five percent of home buyers who purchased a home in November and December said they made an offer on the home without seeing it first in person, according to a newly released survey of more than 1,500 home purchasers conducted by the real estate brokerage Redfin. That is up from 33 percent in May 2017 and from 19 percent in June 2016.

By age group, millennial home buyers are the most likely to make an offer on a home without visiting it first, at 45 percent, researchers found. Younger adults may be more comfortable with relying on information they find online about properties for sale and the neighborhoods, researchers note

Californian cities recorded some of the highest percentages of buyers making an offer sight-unseen, with Los Angeles recording 57 percent, San Diego 46 percent, San Francisco 44 percent and Sacramento 30 percent.

Full story: <http://realtormag.realtor.org/daily-news/2018/02/27/more-buyers-gamble-sight-unseen-offers>

### **If California's the future, why are so many leaving?**

*Source: Curbed*

California, many say, is the future. A center for creative industries and new technology—look at its impressive rollout of electric vehicles and autonomous cars—it's also a diverse state, pushing progressive policies that could be models for the rest of the country.

And people are leaving in droves for opportunities elsewhere.

The actual migration patterns in California aren't quite as bad as that sounds—at least not yet. But a recent report by the California Legislative Analyst's office looking at domestic migration patterns shows that cracks continue to form in the state's bright facade. Between 2007 and 2016, a million more people have left the state than have moved in from other states.

Spread over a decade, that's not terrible. It's actually less severe than domestic out-migration during the previous decade. But the patterns of who's moving in, and who's moving out, underline some of the social and economic pressure that have made California, and other coastal areas, so prohibitively expensive.

Full story: <https://www.curbed.com/2018/2/27/17058006/california-housing-crisis-rent-migration-texas>

## **More browsers, fewer home buyers in hot Bay Area real estate market**

*Source: The East Bay Times*

The New Year brought lots of home shoppers, but not so many home buyers.

Bay Area residents continued to show strong interest in home ownership in January, despite rising mortgage rates and home prices, according to a study by real estate brokerage Redfin. Demand hit record levels across the country for the typically slow winter month.

“This is the highest level we’ve seen to lead off the year,” said Nela Richardson, chief economist at Redfin. Even the surging home prices, she added, haven’t dampened demand.

But the strong interest may show more people browsing, not buying. Redfin saw home tour requests jump nearly 14 percent from the previous year, while actual offers on homes dropped about 10 percent.

Demand in the Oakland metropolitan area hit levels typically seen in the early summer, while San Francisco also hit a January high for the last three years, according to Redfin. The brokerage’s housing demand index, which has tracked demand for four years, factors in the number of buyers requesting home tours and making offers.

Full story: <https://www.eastbaytimes.com/2018/02/28/more-browsers-fewer-home-buyers-in-hot-real-estate-market/>

## **Hidden cost of housing: How a shortage of construction workers is making our crisis worse**

*Source: The Mercury News*

As the Bay Area scrambles to find housing for its growing population, developers are running into another kind of shortage: There aren’t enough construction workers to build the homes the region needs.

Builders throughout the area say they are struggling to recruit skilled laborers. Some bring in employees from Southern California or even Seattle, putting them up in hotels. Others hire workers from the Central Valley who spend hours driving to job sites in the wee hours of the morning only to arrive exhausted, forced to squeeze in quick naps before the workday starts.

The challenge of finding workers only exacerbates the Bay Area’s housing shortage. Despite a dramatic increase in permits for residential construction since 2009, construction jobs have increased at less than one tenth the pace of permits. As a result, wages and the overall cost of building are increasing, forcing some developers to delay projects or, in some cases, not build at all.

Full story: <https://www.mercurynews.com/2018/02/25/hidden-cost-of-housing-how-a-shortage-of-construction-workers-is-making-our-crisis-worse/>

## **As home prices soar, buyers turn to riskier mortgages**

*Source: CNBC*

With interest rates on home loans climbing, homebuyers — or homeowners looking to refinance — might be tempted by the lower initial cost of an adjustable-rate mortgage.

At last count, 6.7 percent of mortgage loan applications were for ARMs. While that's still a relatively small portion, it's up from 5 percent in early January.

At the same time, the average rate on a traditional 30-year mortgage ticked up to 4.64 percent from 4.23 percent, according to data from the Mortgage Bankers Association. This marks the highest it's been since January 2014.

The average interest rate on one popular ARM — one whose interest rate is fixed for five years and then adjusts yearly — has gone to 3.85 percent from 3.5 percent during that time.

Full story: <https://www.cnbc.com/2018/03/01/as-home-prices-soar-buyers-turn-to-riskier-mortgages.html>

### **What you should know**

- Total mortgage application volume increased 2.7 percent from the previous week, the Mortgage Bankers Association said Wednesday in its seasonally adjusted report
- Compared with a year ago volume was 2.4 percent lower.
- Mortgage applications to purchase a home rose 6 percent for the week but were just 3 percent higher than a year ago