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A Message from Jeffrey Chalmers:
"What is the state of the housing market? Here's some great insight."

Harvard Report Raises Housing Supply, Affordability Issues

The Joint Center for Housing Studies (JCHS) at Harvard University has released its latest report on the *State of the Nation's Housing*. The report, is a snapshot of housing and housing issues.

By many measures, the report says, the **national housing market has returned to normal**. Home prices and sales are on the rise and measures of housing distress have retreated far from their recession era peaks. Construction is rising. Multi-family construction has been particularly strong; multi-family housing starts were the highest in 2015 and 2016 since 1987. Remodeling is strong and expected to remain so over the next decade as older Americans make their homes suitable for aging in place, Gen Xers make up for lost time during the recession by undertaking discretionary projects, and Millennials, once they settle into homeownership, update their homes for energy efficiency and invest in home automation.

The contribution housing services makes to the GDP has increased above its historic levels, but the contribution of residential fixed investment lags. The report expresses special concern on weak recover in single-family home building, which has not yet crossed the one-million-unit mark, a space it occupied the majority nearly continuously from 1971 until the housing crisis. That is just one of the downsides that the report also underlines.

- Tight inventories are **pushing up both rents and the selling prices**, leading to concerns about affordability. At last count, in 2015, nearly 19 million households paid more than half of their income for housing.
- National home prices finally surpassed their pre-crisis peak, and were up last year in 97 of 100 major markets. But the gains are **not uniform**. Some markets have had home appreciation of 50 percent or more since 2000 while others have had only modest gains, or in some cases, declines.
- While the decade long decline in homeownership rates appears to be leveling off, the gap between white households and minority ones is growing larger.
- Affordability is an issue. On average, only **45 percent of renters in metro areas could afford to buy a median-priced home in their area**

National Average Mortgage Rates



	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	7.09%	+0.07	0.00
15 Yr. Fixed	6.56%	+0.03	0.00
30 Yr. FHA	6.62%	+0.07	0.00
30 Yr. Jumbo	7.35%	+0.04	0.00
5/1 ARM	7.30%	+0.06	0.00
Freddie Mac			
30 Yr. Fixed	7.02%	-0.42	0.00
15 Yr. Fixed	6.28%	-0.48	0.00
Mortgage Bankers Assoc.			
30 Yr. Fixed	7.08%	-0.10	0.63
15 Yr. Fixed	6.61%	+0.01	0.65
30 Yr. FHA	6.89%	-0.03	0.94
30 Yr. Jumbo	7.22%	-0.09	0.58
5/1 ARM	6.56%	-0.04	0.66

Rates as of: 5/17

Recent Housing Data

		Value	Change
Mortgage Apps	May 15	198.1	+0.51%
Building Permits	Mar	1.46M	-3.95%
Housing Starts	Mar	1.32M	-13.15%
New Home Sales	Mar	693K	+4.68%
Pending Home Sales	Feb	75.6	+1.75%
Existing Home Sales	Feb	3.97M	-0.75%

and in some pricey areas that number is under 25 percent. Credit is an issue as well; access to mortgage financing remains restricted primarily to those with excellent credit. Mar 51 +6.25%

- Despite the recent boom in multi-family construction, the **rental vacancy rate was at a 30-year low last year**. This has led to rent increases that outpace inflation in most markets. There is also a mismatch with rental stock not keeping pace with demand at the low end.

"While the recovery in home prices reflects a welcome pickup in demand, it is also being driven by very tight supply," Chris Herbert, the Center's managing director said. Even after seven straight years of construction growth, the US added less new housing over the last decade than in any other ten-year period going back to at least the 1970s. The rebound in single-family construction has been particularly weak. According to Herbert, "Any excess housing that may have been built during the boom years has been absorbed, and a stronger supply response is going to be needed to keep pace with demand-particularly for moderately priced homes."

The report sees many challenges ahead, with the provision of affordable housing one of the key issues. The aging of the Millennials into the late 20s and early 30s will drive a soaring demand for a broad range of both rental units and properties to buy, especially in cities and suburbs. Baby Boomers will continue to play a role, driving up investment in both existing and new homes to meet their changing needs as they age. "Meeting this growing and diverse demand will require concerted efforts by the public, private, and nonprofit sectors to expand the range of housing options available," says McCue.

The Center will release State of the Nation's Housing through a live webcast Friday at noon at www.jchs.harvard.edu. The report itself can be downloaded at www.jchs.harvard.edu/research/state-nations-housing-2017.

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Jeffrey has spent the last three decades perfecting an Honest, Open and Transparent (HOT™) loan and closing process that is laser-focused on enhancing the consumer mortgage experience. By combining old-school, trustworthy customer service with real-time, mobile-friendly technology, he has successfully built thousands of loyal, raving fans.

Jeffrey Chalmers

