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NAR: Home Price Gains at a "Healthier" Pace

An asset bubble can burst, or it can develop a slow leak, and **float more or less gradually back to normal levels**. The National Association of Realtors'® (NAR's) quarterly report on existing homes and metro home sales seems to indicate that the housing market, where skyrocketing prices were a concern not that long ago, is following the latter pattern. Not only are sales slowing, but inventories are growing, and appreciation appears to be gradually decelerating.

The NAR said the median price of a single-family home sold in the fourth quarter of 2018 was \$257,600, a 4.0 percent increase from the median of \$247,800 a year earlier. The year-over-year gain in the fourth quarter of 2017 was 5.3 percent.

Home prices increased on an annual basis in 163 of the 178 metropolitan statistical areas (MSAs) tracked by the report, unchanged from a year ago. But while increases were in the double digits for 26 areas at that point and 18 in the third quarter of 2018, only 14 saw that kind of strong gain in the fourth quarter.

Lawrence Yun, NAR chief economist, says in light of the various hurdles for 2018, the close of the fourth quarter was promising. **"Home prices continued to rise in the vast majority of markets** but with inventory steadily increasing, home prices are, on average, rising **at a slower and healthier pace,**" he said.

Sales of existing homes decreased 1.8 percent to a seasonally adjusted annual rate of 5.180 million in the fourth quarter, compared to 5.273 million the third quarter. Sales were down 7.4 percent year-over-year.

At the end of the fourth quarter, there were 1.55 million existing homes available for sale, 6.2 percent more than at the end of the fourth quarter in 2017. The inventory across the quarter averaged 4.0 months at the current rate of sales. A year earlier the supply averaged 3.5 percent.

Yun said the West Coast needs more homes built. "The region, where home prices have nearly doubled in six years, is undergoing the biggest shift with the slowest price gain and large buyer pullback," he said.

National Average Mortgage Rates



	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	7.20%	+0.01	0.00
15 Yr. Fixed	6.66%	+0.02	0.00
30 Yr. FHA	6.64%	+0.02	0.00
30 Yr. Jumbo	7.41%	0.00	0.00
5/1 ARM	7.33%	+0.03	0.00

Freddie Mac

30 Yr. Fixed	7.22%	-0.22	0.00
15 Yr. Fixed	6.47%	-0.29	0.00

Mortgage Bankers Assoc.

30 Yr. Fixed	7.24%	+0.11	0.66
15 Yr. Fixed	6.75%	+0.11	0.64
30 Yr. FHA	7.01%	+0.11	0.94
30 Yr. Jumbo	7.45%	+0.05	0.56
5/1 ARM	6.64%	+0.12	0.87

Rates as of: 5/8

Recent Housing Data

		Value	Change
Mortgage Apps	Apr 24	196.7	-2.67%
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%

