



BRETON MACDONALD

Mortgage Banker/Broker/Branch Manager, Geneva Financial LLC

174698

3155 S. Price Road, Suite 105 Chandler, Arizona 85248

Office: 949-887-7289

Mobile: 949-887-7289

bmacdonald@genevafi.com

[View My Website](#)

New Home Sales Fall Victim to Rates, Construction Woes

Applications for new home purchase mortgages **slowed significantly** in April when compared to March the Mortgage Bankers Association (MBA) said on Thursday. Its Builder Applications Survey (BAS) data shows the volume of applications declined 5 percent month-over-month, but remained 7.5 percent higher than during the previous April. The reported changes do not include any adjustments for typical seasonal patterns.

Based on the BAS report of applications, assumptions regarding market coverage, and other factors, the MBA estimates new single-family home sales were running at a seasonally adjusted annual rate of **656,000** units in April. This estimate represents a **decrease of 3.8 percent** from the March pace of 682,000 units. On an unadjusted basis, the MBA estimates that there were 63,000 new home sales in April 2018, down by 3.1 percent from the estimated 65,000 units in March.

Joel Kan, Associate Vice President of Economic and Industry Forecasting said, "Despite a strong economy and job market, the decrease in April was likely due to a combination of **rising mortgage rates** and **slow new construction** activity, as builders still face a **shortage of skilled labor** and increasing materials costs, among other challenges."

Conventional loans composed 71.6 percent of loan applications, **FHA** loans had a 15.1 percent, VA loans 12.1 percent and RHS/USDA loans 1.2 percent. The average loan size of new homes decreased from \$337,597 in March to \$336,870 in April.

MBA's Builder Applications Survey tracks application volume from mortgage subsidiaries of home builders across the country. Utilizing this data, as well as data from other sources, MBA provides an early estimate of new home sales volumes at the national, state, and metro level. Official new home sales estimates are conducted monthly by the Census Bureau. In that data, new home sales are recorded at contract signing, which is typically coincident with the mortgage application. The Census Bureau's report on new home sales in April will be released on May 23.

National Average Mortgage Rates



	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	6.87%	-0.02	0.00
15 Yr. Fixed	6.32%	-0.01	0.00
30 Yr. FHA	6.33%	0.00	0.00
30 Yr. Jumbo	7.05%	0.00	0.00
5/1 ARM	6.59%	+0.01	0.00
Freddie Mac			
30 Yr. Fixed	6.77%	-0.09	0.00
15 Yr. Fixed	6.05%	-0.11	0.00
Mortgage Bankers Assoc.			
30 Yr. Fixed	7.00%	-0.03	0.60
15 Yr. Fixed	6.63%	+0.07	0.61
30 Yr. FHA	6.87%	-0.03	0.92
30 Yr. Jumbo	7.13%	+0.02	0.38
5/1 ARM	6.22%	-0.16	0.60

Rates as of: 7/23

Recent Housing Data

		Value	Change
Mortgage Apps	Jul 10	206.1	-0.19%
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%

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Value Change

51 +6.25%

Breton is a Branch Manager & Sr Loan Officer at the top of his field for over 15 years. Transparency & treating people like family is how he has built a solid network of referral & repeat business over the years. Candor and expertise is how he communicates & consistently closes on time getting the best loan possible. With Geneva Financials' wide array of products & its seamless, straightforward process he will be able to find you the best mortgage structured the right way. With a positive attitude, Breton is consummate pro who is honest, upfront & shoots it to you straight. 949-887-7289

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