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New Home Sales Defy Holiday Lull, Rising in December

Despite the usual holiday lull in overall mortgage applications, the demand for newly constructed homes increased in December. The Mortgage Bankers Association (MBA) said its Builder Applications Survey (BAS) found those applications were up 18 percent from November. The change does not include any adjustment for typical seasonal patterns. **The applications were 7.8 percent higher** than in December 2016.

Based on data from the BAS, conducted among mortgage subsidiaries of new home builders, augmented by assumptions about market coverage and other factors, MBA estimates new single-family home sales were running at a seasonally adjusted annual rate of 554,000 units in December. This is a decline of 16.4 percent from the November pace of 663,000 units. On an unadjusted basis, there were an estimated 40,000 units sold, down 14.9 percent from 47,000 new home sales in November.

"After playing catch-up for 2 months following the **slowdown caused by hurricanes Harvey, Irma and Maria**, mortgage applications for new homes declined in December to a **more normal growth rate** of 7.8% on a year over year basis," said Lynn Fisher, MBA Vice President of Research and Economics. "Looking at all of 2017, applications increased by 7.1 percent compared to 2016. Based on December applications, we forecast that new home sales fell in December but remained nearly 16 percent higher than a year ago, and we are anticipating only modest year over year growth for new home sales in 2018. Despite robust demand, a lack of labor and land will continue to constrain homebuilders."

Of the applications submitted in December, **72.5 percent were for conventional loans**. **FHA loans had a 15.1 percent share**, **VA loans 10.1 percent**, and **RHS/USDA accounted for 2.3 percent** of the total. The average size of new home purchase loans increased from \$337,427 in November to \$339,203.

MBA uses its survey as well as other data to provide an early estimate of new home sales volumes at the national, state, and metro level as well as information regarding the types of loans used by new home buyers. Official new home sales estimates are provided 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 will release December statistics on January 25.

National Average Mortgage Rates



	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	6.43%	+0.02	0.00
15 Yr. Fixed	5.95%	0.00	0.00
30 Yr. FHA	5.82%	+0.02	0.00
30 Yr. Jumbo	6.62%	0.00	0.00
5/1 ARM	6.28%	-0.01	0.00
Freddie Mac			
30 Yr. Fixed	6.35%	-0.51	0.00
15 Yr. Fixed	5.51%	-0.65	0.00
Mortgage Bankers Assoc.			
30 Yr. Fixed	6.44%	-0.06	0.54
15 Yr. Fixed	5.88%	-0.16	0.68
30 Yr. FHA	6.36%	-0.06	0.85
30 Yr. Jumbo	6.75%	+0.07	0.39
5/1 ARM	5.98%	-0.27	0.65

Rates as of: 8/30

Recent Housing Data

		Value	Change
Mortgage Apps	Aug 28	226.9	+0.49%
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%

		Value	Change
Builder Confidence	Mar	51	+6.25%