



## Mike Baker

Head Interest Rate Shopper, The Rate Shop  
 Individual NMLS: 259076 Company NMLS: 2554765 State  
 23211 W 45th St Shawnee, KS 66226

Office: 913-213-3335  
 Mobile: 913-213-3335  
[mike@rateshopkc.com](mailto:mike@rateshopkc.com)  
[View My Website](#)

## Housing Inventory Issues Stifle Pending Sales

Pending home sales were **unable to sustain** the slight upward tick experienced in July and resumed their downward trend in August, declining by 2.4 percent. It was the third time in four months that pending sales have failed to exceed the previous month's numbers.

The National Association of Realtors said its Pending Home Sales Index (PHSI), a forward-looking indicator based on home purchase contracts signed, was 108.5 in August compared to 111.2 in July and at the **lowest level** since a reading of 105.4 in January 2016. August's pending sales were also slightly (0.2 percent) lower than in August 2015.

The PHSI had been reported to have a gain of 1.3 percent in July but that was revised down to 1.2 percent with today's report.

Lawrence Yun, **again blamed the tight supply** of available homes for "taking the wind out of the momentum of the housing market." He said, "Contract activity slackened throughout the country in August, except for in the Northeast where higher inventory totals are giving home shoppers greater options and better success signing a contract. In most other areas, an increased number of prospective buyers appear to be either wavering at the steeper home prices pushed up by inventory shortages or disheartened by the competition for the miniscule number of affordable listings."

Housing **inventory has declined year-over-year for 15 straight months** and Yun said evidence is piling up that without more new home construction the current housing recovery could stall. Properties in August typically sold 11 days quicker than in August 2015 and prices have risen year-over-year for 54 consecutive months increasing 5.1 percent in August. "There will be an expected seasonal decline in new listings in coming months," Yun said, "which could accelerate price appreciation and make finding an affordable home even more of a struggle for would-be buyers."

"Given the current conditions, there's not much room for sales to march again towards June's peak cyclical sales pace," said Yun. That month existing home sales were the highest since February 2007 at a seasonally adjusted annual rate of 5.57 million units.

After the August dip in pending sales Yun expects existing-home sales in 2016 to be around **5.36 million**, a 2.1 percent increase from 2015 and the highest annual pace since 2006 (6.48 million). The national median existing-

## National Average Mortgage Rates



	Rate	Change	Points
<b>Mortgage News Daily</b>			
30 Yr. Fixed	7.07%	<b>+0.02</b>	0.00
15 Yr. Fixed	6.45%	<b>0.00</b>	0.00
30 Yr. FHA	6.51%	<b>+0.02</b>	0.00
30 Yr. Jumbo	7.26%	<b>0.00</b>	0.00
5/1 ARM	7.02%	<b>-0.01</b>	0.00

<b>Freddie Mac</b>			
30 Yr. Fixed	6.86%	<b>-0.01</b>	0.00
15 Yr. Fixed	6.16%	<b>+0.03</b>	0.00

<b>Mortgage Bankers Assoc.</b>			
30 Yr. Fixed	7.02%	<b>-0.05</b>	0.65
15 Yr. Fixed	6.60%	<b>-0.15</b>	0.55
30 Yr. FHA	6.87%	<b>0.00</b>	0.92
30 Yr. Jumbo	7.18%	<b>-0.03</b>	0.54
5/1 ARM	6.45%	<b>+0.08</b>	0.81

Rates as of: 6/28

## Recent Housing Data

		Value	Change
Mortgage Apps	Jun 12	208.5	+15.58%
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%

# Housing News Update

home price growth is forecast this year to rise around 4 percent.

	Value	Change
Builder Confidence	Mar 51	+6.25%

As Yun said, the **only bright spot** in the report was for the **Northeast** where the PHSI rose 1.3 percent to 98.1 in August, and is now 5.9 percent higher than a year earlier. In the **Midwest** the index decreased 0.9 percent to 104.7 in August, and is now 1.7 percent lower than August 2015.

Pending home sales in the **South** declined 3.2 percent to an index of 119.8 in August which is 1.5 percent lower than in August 2015. The **West** saw a fall-off of 5.3 percent from July to 102.8, 0.6 percent below the previous August.

Earlier this month, NAR released a study showing that single-family home construction is **falling behind job creation** in 80 percent of the metro areas the organization tracks. When combined with the scant supply levels for existing homes, these tight inventory conditions continue to hamper affordability in many of the largest cities in the country - especially those in the West.

The Pending Home Sales Index is a forward-looking indicator of existing home sales and is based on a large national sample typically representing about 20 percent those sales. A signed contract is generally expected to become a closed sale within one to two months. An index of 100 is equal to the average level of contract activity during 2001, which was the first year to be examined.

## Real Talk

At The Rate Shop, we're not your average mortgage banker. We specialize in bringing you ridiculously low interest rates that will make you wonder what the other guys are doing. In fact the **ONLY** objection we ever hear is "your rates sound too good to be true". Well they're not, and here is why...

After 15 years in the retail banking world I was frustrated with the high interest rates that came from that business model. As I looked around at all the bloated layers of management and their expensive salaries and the overhead of running a larger company (think rent costs, employee health and benefit costs, payroll taxes, and on and on) it dawned on me that I was a part of the problem, and the solution, for me at least, was so easy to see.

Start my own mortgage brokerage shop. No expensive executive salaries, no expensive building to pay rent at, no unnecessary employees and all the costs that are associated with that. What happens when you cut out all the fat? You can provide lower rates and lower closing costs. It's simple. Now here is the best part, you still get great service from a local Kansas City Lender. My mission is to let everyone know that low rates and great customer service are **NOT** mutually exclusive.

Thanks for coming along on this journey where Low Rates meet Great Service. The two do **NOT** have to be mutually exclusive. It's just a lie that the big box mortgage companies have been telling you for years. Don't believe me? Give me a call or shoot me a text on my personal cell phone today and compare my rates and costs up against any other lender in the country, and be prepared to be blown away.

Mike Baker

