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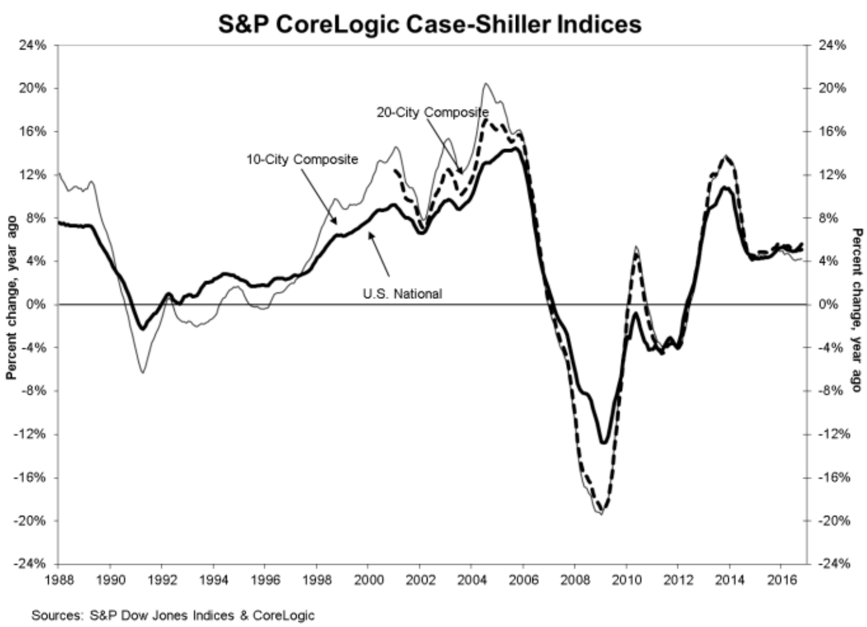
Home Prices Set Second Consecutive All-Time High

Price gains in October once again **accelerated** on an annual basis. The S&P CoreLogic Case-Shiller National Index, which covers all nine U.S. census divisions, was **up 5.6 percent** compared to October 2015. It was the largest increase year-to-date in 2016. The September-to-September increase was 5.4 percent (revised from the originally reported 5.5 percent). The Index was up 0.2 percent from September on a non-seasonally adjusted basis and 0.9 percent adjusted.

The 10-City Composite Index rose 4.3 percent compared to the previous October, and the 20-City Composite was up 5.1 percent. Both of indices' year-over-year gains were .01 percentage points larger than in September. On a monthly basis, the 10-City was unchanged and the 20-City was up 0.1 point on a non-adjusted basis while each rose 0.6 point when seasonally adjusted.



Analysts polled by *Econoday* base their forecast on the 20-City Composite. The report was in-line with their estimates of 5.1 percent with a range of 4.8 to 5.3 percent annually and a seasonally adjusted monthly increase of 0.5 percent.

National Average Mortgage Rates

	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	7.07%	+0.02	0.00
15 Yr. Fixed	6.45%	0.00	0.00
30 Yr. FHA	6.51%	+0.02	0.00
30 Yr. Jumbo	7.26%	0.00	0.00
5/1 ARM	7.02%	-0.01	0.00
Freddie Mac			
30 Yr. Fixed	6.86%	-0.01	0.00
15 Yr. Fixed	6.16%	+0.03	0.00
Mortgage Bankers Assoc.			
30 Yr. Fixed	7.02%	-0.05	0.65
15 Yr. Fixed	6.60%	-0.15	0.55
30 Yr. FHA	6.87%	0.00	0.92
30 Yr. Jumbo	7.18%	-0.03	0.54
5/1 ARM	6.45%	+0.08	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%

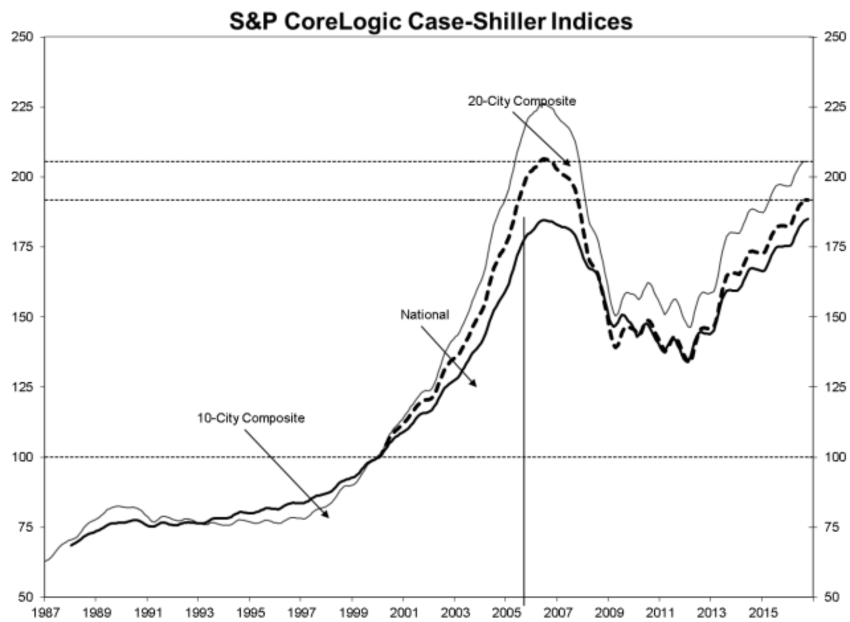
		Value	Change
Builder Confidence	Mar	51	+6.25%

Seattle, Portland, and Denver reported the highest year-over-year gains among the 20 cities as they have for each of the last nine months. In October, Seattle led the way with a 10.7% increase, followed by Portland with 10.3%, and Denver with an 8.3% increase. 10 cities reported greater price appreciation in the year ending October 2016 versus the year ending September 2016. Thirteen of 20 cities reported monthly increases before seasonal adjustment; after seasonal adjustment, all 20 cities saw prices rise.

"Home prices and the economy are both enjoying robust numbers," says David M. Blitzer, Managing Director & Chairman of the Index Committee at S&P Dow Jones Indices. "However, mortgage interest rates rose in November and are **expected to rise further** as home prices continue to outpace gains in wages and personal income. Affordability measures based on median incomes, home prices and mortgage rates show declines of 20-30% since home prices bottomed in 2012. With the current high consumer confidence numbers and low unemployment rate, affordability trends do not suggest an immediate reversal in home price trends. Nevertheless, home prices cannot rise faster than incomes and inflation indefinitely."

"After the S&P CoreLogic Case-Shiller National Index bottomed in February 2012, its year-over-year growth accelerated to a **peak rate of 10.9% in October 2013** and then gradually fell to its current rate of approximately 5%. During the same period, the highest year-over-year rate from any city was 29% in August and September 2013; currently the highest single city gain declined to approximately 11%. Both national and city growth in home prices slowed but remains above the growth rate of incomes and inflation."

Prices reflected in the National Index broke through to establish a new high in September and are now **0.2 percent above the peak reached in July 2006**. Since the low-water mark reached in February 2012 prices have risen by 38.1 percent. The two city composites are still lagging their July 2006 peaks, the 20-City by 7.1 percent and the 10-City by 9.2 percent. As of October, average home prices for the metropolitan areas within the 10-City and 20-City indices are back to winter 2007 levels having recovered by 43.1 percent and 40.4 percent respectively from their March 2012 troughs.



Sources: S&P Dow Jones Indices & CoreLogic

Housing News Update

The S&P CoreLogic Case-Shiller Home Price Indices are constructed to accurately track the price path of typical single-family home pairs for thousands of individual houses from the available universe of arms-length sales data. The National U.S. Home Price Index tracks the value of single-family housing within the United States. The indices have a base value of 100 in January 2000; thus, for example, a current index value of 150 translates to a 50 percent appreciation rate since January 2000 for a typical home located within the subject market.

The National Index in September was at 185.06 compared to 184.0 in September. The 10- and 20-City Composites had readings of 205.56 and 191.79 respectively. Los Angeles has the highest index reading at 252.58 and Detroit the lowest at 109.79.

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