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Strong Q4 Fuels More Price Peaks -NAR

Prices in more than half of major metropolitan markets with available data are now **at or above their previous price peaks** after what the National Association of Realtors® (NAR) calls the best quarterly sales pace of the year. Existing home sales in the fourth quarter of 2016 brought housing inventories to record lows and helped to push single family prices higher. NAR reports that the median price of a single family home increased year-over-year in 89 percent of the 178 metropolitan markets it tracks. Only 20 metro areas, 11 percent, had median prices below those of a year earlier.

The number of rising markets exceeded those in the third quarter by 2 percentage points and the number of metro areas with double-digit price gains increased from 31 or 14 percent to 17 percent. Of the 150 markets which NAR has tracked since before the housing crisis, 78 (or **52 percent)** now have a median sales price at or above their previous all-time highs.

Lawrence Yun, NAR chief economist, says home-price gains didn't let up throughout 2016. "Buyer interest stayed elevated in most areas thanks to mortgage rates under 4 percent for most of the year and the creation of 1.7 million new jobs edging the job market closer to full employment," he said. "At the same time, the inability for supply to catch up with this demand drove prices higher and continued to put a tight affordability squeeze on those trying to reach the market."

"Depressed new and existing inventory conditions led to several of the largest metro areas seeing near or above double-digit appreciation, which has pushed home values to record highs in a slight majority of markets. The exception for the most part is in the Northeast, where price growth is flatter because of healthier supply conditions."

NAR says there was a **5.7 percent annual increase** in the national median existing single-family home price, rising from $222,300 in the fourth quarter of 2015 to $235,000. The year-over-year gain in the third quarter was 5.4 percent.

The existing home **inventory of 1.65 million homes** for sale at the end of the year was 6.3 percent below the inventory of 1.76 million homes a year earlier and the lowest supply since NAR began tracking it in 1999. At the present rate of sales, that is estimated to be a 3.9-month supply. A year earlier there was a 4.6-month supply.

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%

Housing News Update

		Value	Change
Builder Confidence	Mar	51	+6.25%

Given the current shortage of homes for sale and the potential for rising interest rates, NAR President William E. Brown is advising homebuyers to get a jump on the spring market. "There are fewer listings on the market, but also a little less competition than what's expected this spring. Buyers may find just the home they're looking for at a good price and without the possibility of having to outbid others."

Prices for condo and cooperatives, reported for 61 metro areas, increased 6.1 percent in the fourth quarter compared to a year earlier, from **$209,300 to $222,000**. Median condo prices were higher in 93 percent of the markets covered by NAR.

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.

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