



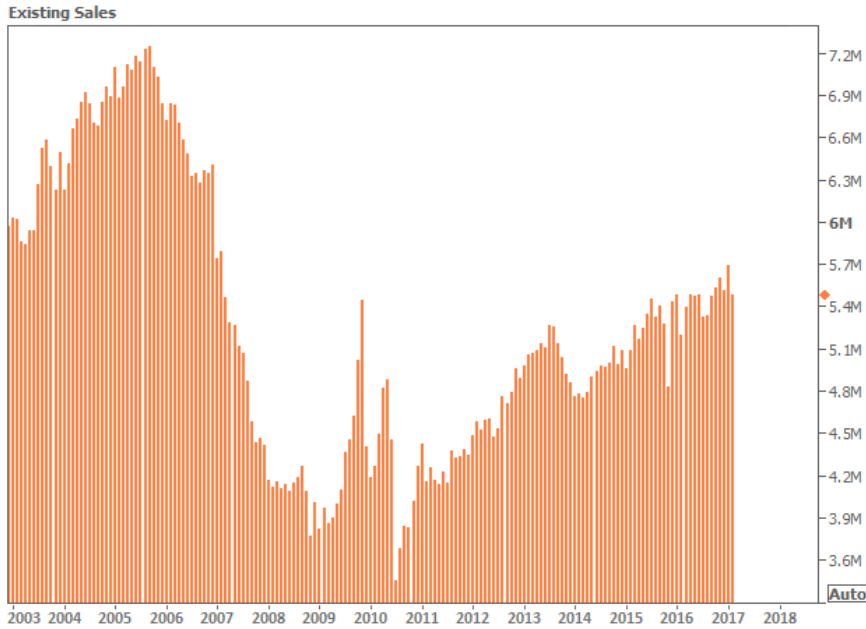
## Mike Baker

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## Existing Sales Stifled By Inventory Constraints

Existing home sales burst out of the box in January to start the year out with a 3.2 percent increase over the previous month. Those gains, however, were **wiped out in February**. The National Association of Realtors® (NAR) said on Wednesday that sales of previously owned homes, including single-family structures, townhomes, condos, and co-ops, retreated by 3.7 percent, to a seasonally adjusted annual rate of 5.48 million units. NAR did not revise their original estimate of a 5.69-million-unit pace in January. Even with the decline, sales still maintained their edge over February 2016 by 5.4 percent.



Analysts polled by *Econoday* had expected sales to pull-back, but the February number was on the low end of estimate, from 5.430 million units to 5.670 million. The consensus was 5.555 million units.

Sales of single-family homes were **down by 3.0 percent** to an annual rate of 4.89 million from 5.04 million in January, remaining 5.8 percent above the 4.62 million sales pace in February 2016. Condo and co-op apartment sales plunged month-over-month by 9.2 percent to 590,000 units from 650,000, but remained 1.7 percent higher than sales in February 2016.

## National Average Mortgage Rates



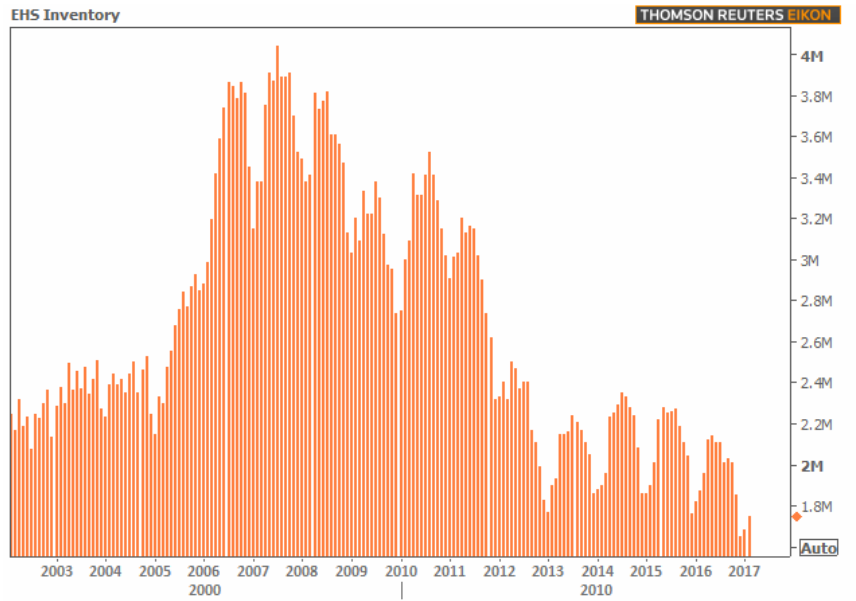
	Rate	Change	Points
<b>Mortgage News Daily</b>			
30 Yr. Fixed	7.07%	+0.02	0.00
15 Yr. Fixed	6.45%	0.00	0.00
30 Yr. FHA	6.51%	+0.02	0.00
30 Yr. Jumbo	7.26%	0.00	0.00
5/1 ARM	7.02%	-0.01	0.00
<b>Freddie Mac</b>			
30 Yr. Fixed	6.86%	-0.01	0.00
15 Yr. Fixed	6.16%	+0.03	0.00
<b>Mortgage Bankers Assoc.</b>			
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%

Lawrence Yun, NAR chief economist, said buyers in most of the country were "stifled" by the lack of properties for sale and weakening affordability. He said, "Realtors are reporting stronger foot traffic from a year ago, but low supply in the affordable price range continues to be the pest that's pushing up price growth and pressuring the budgets of prospective buyers. Newly listed properties are being snatched up quickly so far this year and leaving behind minimal choices for buyers trying to reach the market."



Yun added that a growing share of homeowners who responded to NAR's recent HOME survey believe it is a **good time to sell**, "But, but until an increase in listings occurs, home prices will continue to move hastily."

The median price for all types of existing housing was **\$228,400, up 7.7 percent** from the February 2016 median of \$212,100. This was the fastest rate of increase since January 2016 when prices rose 8.1 percent. It also marks the 60<sup>th</sup> consecutive month of year-over-year gains. The median existing single-family home price was \$229,900 in February, up 7.6 percent from February 2016. Existing condo prices were up 8.2 percent to a median of \$216,100.

**Total housing inventory** increased slightly in February, up 4.2 percent to 1.75 million homes compared to 1.69 million at the end of January, but it is still 6.4 percent lower than in February 2016 and has fallen year-over-year for 21 straight months. Unsold inventory is estimated at a 3.8-month supply at the current sales pace compared to a 3.5-month supply in January.

**First time buyers** continue to represent a lower share of sales than their historic levels. Those buyers accounted for 32 percent of sales in February compared to 33 percent in January. First-timers averaged a 35 percent share through most of 2016 and have had a near-40 percent share historically.

Individual **investors** purchased 17 percent of homes in February, two percentage points more than in January but down from 18 percent a year earlier. Seventy-one percent of investors paid cash for their purchases, tying the most recent high in April 2015. Overall, all cash was employed in 27 percent of all transactions during the month.

Six percent of February sales were **foreclosures** and 1 percent were short sales. The percentage of distressed sales has remained at 7 percent for three straight months and is down from 10 percent a year earlier. Foreclosures sold for an average discount of 18 percent below market value in February (14 percent in January), while short sales were discounted 17 percent (10 percent in January).

# Housing News Update

"The **affordability constraints** holding back renters from buying is a signal to many investors that rental demand will remain solid for the foreseeable future," said Yun. "Investors are still making up an above average share of the market right now despite steadily rising home prices and few distressed properties on the market, and their financial wherewithal to pay in cash gives them a leg-up on the competition against first-time buyers."

Properties typically stayed on the market for **45 days** in February, down from 50 days in January and considerably more than last February (59 days). Short sales were on the market the longest at a median of 214 days, foreclosures sold in 49 days, and non-distressed homes in 45 days. Forty-two percent of homes sold in February were on the market for less than a month.

Among **metro areas** the pace of sales was the fastest on the West Coast. The marketing time in the San Jose area was 23 days, in San Francisco- Oakland it was 27 days, and homes in Seattle-Tacoma-Bellevue property stayed on the market a median of 36 days.

NAR President William E. Brown says being fully prepared is the right strategy for prospective buyers this spring. "Seek a preapproval from a lender, know what your budget is and begin discussions with a Realtor early on about your housing wants and needs," he said. "Homes in many areas are selling faster than they were last spring. A buyer's idea of a dream home in a popular neighborhood is probably the same as many others. That's why they'll likely have to decide quickly if they see something they like and can afford."

The national decline in existing home sales was wide-spread with only the South seeing an increase in February. In the Northeast sales of existing homes slumped 13.8 percent to a seasonally adjusted annual 690,000 units, remaining 1.5 percent higher than a year ago. The median home price in the **Northeast** was \$250,200, up 4.1 percent from February 2016.

Sales fell 7.0 percent in the **Midwest**, to an annual rate of 1.20 million, an annual increase of 2.6 percent. The median price gained 6.1 percent to \$171,700.

Existing-home sales in the **South** in January rose 1.3 percent to 2.34 million, and are now 5.9 percent above February 2016. The median price in the South was \$205,300, up 9.6 percent on an annual basis.

There was a 3.1 percent decline in sales in the **West**, to an annual rate of 1.25 million. Sales however were up 9.6 percent from the previous February. The median price increased 9.6 to \$339,900.

## 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**

