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
View My Website

Existing Home Sales Post Largest Gains Since 2015

Existing home sales pulled off a hat trick in November, and the **third successive monthly increase** was a substantial one. The National Association of Realtors® (NAR) says sales rose 5.6 percent from October to November, reaching their strongest pace in nearly 11 years.

Sales of existing single-family homes, townhomes, condos, and cooperative apartments were at a seasonally adjusted annual rate of 5.81 million, up from a revised (from 5.48 million) 5.50 million sales in October. The increase brought sales to a level **3.8 percent higher** than in November 2015, and the highest since December 2006.

(As a technical aside, NAR says the November increase is the **largest monthly gain since December 2015** when the rate of sales jumped 12.1 percent. This was due in part to delayed closings resulting from the rollout of the Know Before You Owe initiative.)

Analysts polled by Econoday were **not expecting such strong results** following the previous two months of gains. They were looking for results in the range of 5.43 million to 5.77 million with a consensus of 5.44 million.

There was a 4.5 percent increase in **single-family home sales** to an annual rate of 5.09 million from 4.87 million in October. Those sales are now up 3.2 percent from last November's 4.93 million-unit pace. Sales of existing **condominium and co-op** units jumped by 14.3 percent to a seasonally adjusted annual rate of 720,000 units in November, and are now 7.5 percent ahead of last year.

Lawrence Yun, NAR chief economist, says home sales in most of the country expanded at a tremendous clip in November. "Faster economic growth in recent quarters, the booming stock market and continuous job gains are fueling substantial demand for buying a home as 2017 comes to an end," he said. "As evidenced by a subdued level of first-time buyers and increased share of cash buyers, move-up buyers with considerable down payments and those with cash made up a bulk of the sales activity last month. The odds of closing on a home are much better at the upper end of the market, where inventory conditions continue to be markedly better."

The median existing-home price for all housing types in November was $248,000, a 5.8 percent annual rate of appreciation, from the $234,400 median in November 20. It was the 69th straight month of year-over-year

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%

gains.

		Value	Change
Builder Confidence	Mar	51	+6.25%

The median price of an existing single-family home was $248,800, up 5.4 percent from November 2016. The median price of an existing condo unit rose 8.8 percent to $242,500.

The market continues to tighten as the available **inventory dropped another 7.2 percent** by the end of November. Total housing inventory is considered to be a 3.4-month supply at the existing rate of sales, with 1.67 million existing homes for sale. The inventory shrunk year-over-year by 9.7 percent, the 30th consecutive month of annual decreases. In November 2016 there were 1.85 million homes for sale and a 4.0-month supply.

"The anticipated rise in mortgage rates next year could further cut into affordability if these staggeringly low supply levels persist," said Yun. "Price appreciation is too fast in a lot of markets right now. The increase in homebuilder optimism must translate to significantly more new construction in 2018 to help ease these acute inventory shortages."

Distressed sales represented 4 percent of sales, as they had for the previous three months. One year ago, foreclosures and short sales accounted for 6 percent of sales. This November, 3 percent of sales were foreclosures and 1 percent were short sales.

First-time buyers accounted for 29 percent of sales in November, down 3 percentage points both from October and a year ago. Individual investors bought 14 percent of the homes sold, up from 13 percent in October. Twenty-two percent of home sale transactions were all cash, the highest share since May and 2 points more than in October.

"The elevated presence of investors paying in cash continues to add a layer of frustration to the supply and affordability headwinds aspiring first-time buyers are experiencing," said Yun. "The healthy labor market and higher wage gains are expected to further strengthen buyer demand from young adults next year. Their prospects for becoming homeowners will only improve if more lower-priced and smaller-sized homes come onto the market."

Typical marketing time in November was 40 days, up from 34 days in October. Forty-four percent of homes sold in November were on the market for less than a month.

On the topic of tax reform, NAR President Elizabeth Mendenhall, says it's good news that homeowners can continue to count on tax incentives such as the **mortgage interest deduction** and the **state and local tax deduction** if the proposed bill becomes law.

"Only 6 percent of homeowners have mortgages exceeding $750,000, and only 5 percent pay more than $10,000 in property taxes, but most homeowners won't itemize under the new regime," she said. "While we're pleased that important homeownership incentives such as the capital gains exclusion survived in conference, additional changes are required to truly incentivize homeownership in the tax code."

Sales were strong in every region but the West. Sales of existing homes jumped 6.7 percent in the **Northeast**, to an annual rate of 800,000, matching the November 2016 rate. The median price in the region was $273,600, a 4.0 percent annual increase.

The **Midwest** performed even better, with sales surging 8.4 percent to an annual rate of 1.42 million. Sales are now 6.8 percent above a year ago. The median price was $196,100, up 8.8 percent.

Existing-home sales in the **South** expanded 8.3 percent to an annual rate of 2.34 million, a 4.0 percent year-over-year gain. The median price grew 4.8 percent to $216,200.

The **West saw sales decline** by 2.3 percent to an annual rate of 1.25 million, remaining 2.5 percent above a year ago. The median price was $375,100, up 8.2 percent from November 2016.

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