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Pre-Lockdown Home Prices Increase by Double-Digits in Some Metros

Home **prices really ramped up in the first quarter of 2020** as inventory failed to make significant gains. The National Association of Realtors® (NAR) said the median single-family home in the quarter sold at $274,600, a 7.7 percent annual increase. Prices rose in 96 percent of the 181 metropolitan areas tracked NAR. In the fourth quarter of 2019, 94 percent posted gains.

Forty-six metros, mostly in the West and South regions, **saw prices increase by double-digits.** This included Boise City (18.1 percent), Eugene (14.5 percent), and Colorado Springs (14.4 percent), among others.

"The first quarter price jumps mostly reflect conditions prior to the coronavirus outbreak and show the strength of the housing demand prior to the pandemic," said Lawrence Yun, NAR chief economist. "Even now, due to very limited listings, home prices are showing no signs of buckling."

In March, the final month of the quarter and the first month of widespread COVID-19 shutdowns, **there was still an 8.0 percent annual price gain.** Yun says the strong desire for housing, paired with the dire inventory totals contributed to higher home prices. "Supply is extremely limited, and there are simply not as many homes for sale to meet the demand among potential buyers," he said. "More supply and more listings are needed to provide a faster recovery for the economy."

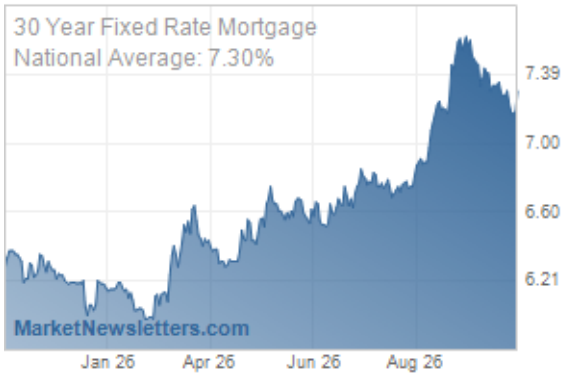
At the end of the quarter, 1.50 million existing homes were available for sale, 10.2 percent fewer than the inventory at the end of 2019's first quarter. This was estimated at a 3.4-month supply at the current sales pace.

Even some pricey West Coast communities where price increases had flattened or had even begun to decline in 2019 surged again in the first quarter of 2020. These cities notably included San Jose where prices rose 10.7 percent and Seattle at 11.5 percent.

A few metros did see small price declines, under 3 percent. These included Bloomington, Illinois; Shreveport-Bossier, Louisiana; and Bowling Green, Kentucky.

Median single-family sales prices were higher across all regions compared to one year ago. The **Northeast** saw a rise of 9.7 percent, while the **Midwest**, the **South**, and the **West** each had an individual increase of 7.5 percent.

National Average Mortgage Rates



Mortgage News Daily	Rate	Change	Points
30YR Fixed	7.30%	+0.12	0.00
15YR Fixed	6.92%	+0.09	0.00
30YR FHA	6.89%	+0.07	0.00
30YR Jumbo	7.40%	+0.03	0.00
7/6 SOFR	6.80%	+0.31	0.00
30YR VA	6.90%	+0.07	0.00

Rates as of: 11/10

MBS and Treasury

	Price / Yield	Change
MBS UMBS 6.0	99.43	-0.62
10 YR Treasury	4.9860	+0.0952
30 YR Treasury	5.3557	+0.0737

Pricing as of: 11/10 5:59PM EST

Recent Housing Data

		Value	Change
Mortgage Apps	Oct 28	192.6	-1.23%
Building Permits	Sep	1.4M	+0.43%
Housing Starts	Sep	1.22M	-4.24%
New Home Sales	Sep	676K	-1.17%
Pending Home Sales	Aug	71.2	0%
Existing Home Sales	Oct	3.99M	+0.25%
Builder Confidence	Oct	29	-9.38%

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Despite the steep price increases, homeownership became more affordable over the last two quarters thanks to lower interest rates. The 30-year fixed-rate averaged 3.57 percent in the first quarter of 2020, down from 4.62 percent one year ago. The average monthly mortgage payment on a 30-year fixed-rate mortgage with a 20 percent down payment declined from $1,048 a year ago to was $995, equivalent to 15 percent of the median family income of $79,662. NAR says the rule of thumb for affordability is spending no more than 25 percent of household income on a mortgage payment. The income that is needed for this scenario decreased to $47,760 from $50,304 one year earlier.

In 135 of the 181 metro areas, a family needed less than $50,000 to afford a home in Q1, assuming a 20 percent down payment. However, in the most expensive metro areas, such as San Jose, San Francisco, and Honolulu a given family needed of $100,000 to over $200,000.

Expert Advice | Exceptional Service | Flawless Execution

With 27+ years of expertise in mortgage banking you can be confident in my knowledge and abilities to deliver a seamless loan transaction while providing personalized service.

Rich E. Blanchard 

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