



Tom Payne

Senior Loan Consultant, loanDepot
 NMLS# 1017004 #174457 Licensed in all 50 States
 2835 St. Rose Parkway, Suite 120 Henderson, NV 89052

Office: 702-303-0243
 Mobile: 702-303-0243
tompaynemortgage@gmail.com
[View My Website](#)

Housing Market Ended Summer With a Bang

Looking at the calendar (and the weather, depending on where you live), summer may seem like an increasingly distant memory, but for housing market data, things are just heating up.

Whether we're talking about the housing market or almost any other aspect of the economy, the biggest economic reports tend to be released **long after** the days when the underlying economic activity was actually taking place. Case in point, among this week's reports was the final GDP figure for the months of April through June!

The housing-related reports released this week are more timely by comparison. Taken together, they suggest the housing market had a fantastic summer. The Census Bureau reported a 7.1% surge in New Home Sales for August on top of a revision that increased July's total by 4.8%. The annual pace of 713k units is very close to a post-crisis high and the **3rd highest in more than a decade**.

New Home Sales



National Average Mortgage Rates



| | Rate | Change | Points |
|----------------------------|-------|--------|--------|
| Mortgage News Daily | | | |
| 30 Yr. Fixed | 6.89% | 0.00 | 0.00 |
| 15 Yr. Fixed | 6.33% | +0.01 | 0.00 |
| 30 Yr. FHA | 6.33% | +0.01 | 0.00 |
| 30 Yr. Jumbo | 7.05% | 0.00 | 0.00 |
| 5/1 ARM | 6.58% | 0.00 | 0.00 |
| Freddie Mac | | | |
| 30 Yr. Fixed | 6.77% | -0.09 | 0.00 |
| 15 Yr. Fixed | 6.05% | -0.11 | 0.00 |

Rates as of: 7/22

Market Data

| | Price / Yield | Change |
|----------------|---------------|---------|
| MBS UMBS 5.5 | 99.39 | -0.01 |
| MBS GNMA 5.5 | 99.78 | +0.00 |
| 10 YR Treasury | 4.2379 | -0.0146 |
| 30 YR Treasury | 4.4561 | -0.0164 |

Pricing as of: 7/23 12:40AM EST

Recent Housing Data

| | | Value | Change |
|---------------------|--------|-------|---------|
| Mortgage Apps | Jul 10 | 206.1 | -0.19% |
| 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% |
| Builder Confidence | Mar | 51 | +6.25% |

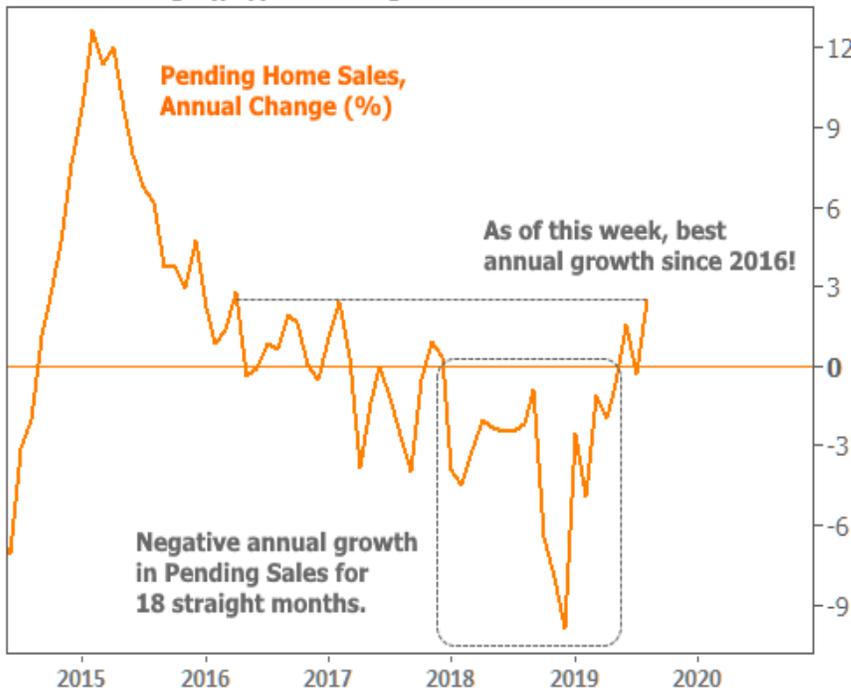
The National Association of Realtors' Pending Home Sales data also spoke to summer ending on a high note for housing. While the 1.6% increase isn't that impressive, the gains are important as they **solidify a recovery** from 2018's home sales slump.

Pending Home Sales

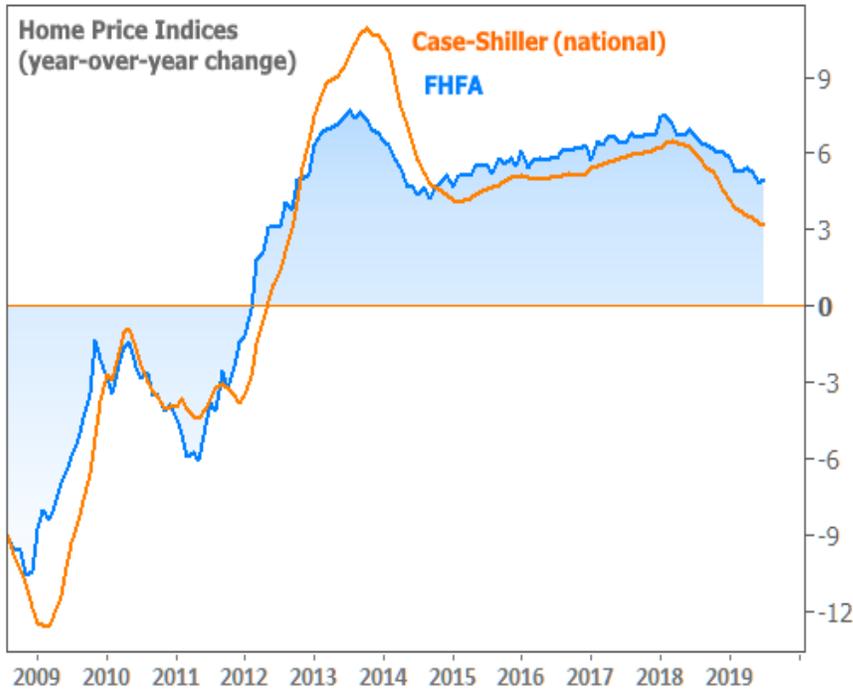


Perhaps even more importantly, this pushes the annual growth rate farther into positive territory after 18 months in the red, and to the **highest levels since 2016**.

Percent Change (y/y) in Pending Sales



Slightly less timely and slightly more open to interpretation were the two major home price indices, which were updated to cover July as of this week. Both Case-Shiller and the FHFA agree that **home prices are still moving higher** in annual terms, but that's about it. Whereas Case-Shiller said prices were unchanged from June to July and only 3% higher from last year, the FHFA reported a 0.4% monthly increase and a year-over-year total of 5.0%. Neither report is necessarily better than the other. They just have slightly different methodologies.



Discrepancies aside, the merits of annual home price appreciation of 3% versus 5% are debatable. On the one hand, higher home values are generally good for the housing market, but a **SUSTAINABLE** pace of improvement is also important. With other economic reports showing inflation running between 1.8% and 2.4%, the lower of the two home price reports may arguably be the better news, as long as it's not flashing a warning about further deceleration in price growth.

2019's big drop in mortgage rates could certainly help with that. The cost of financing is a huge but stealthy factor in home price appreciation. It definitely played a role in 2013's deceleration (seen in the chart above). Then, falling rates in 2014 helped momentum shift back in the other direction. Notably, rates had been falling for at least 9 months before the home price data showed any effects. If history repeats itself, that bodes well for home prices at least being able to avoid much more deceleration, all other things being equal.

Subscribe to my newsletter online at: <http://housingnewsletters.com/thomaspayne>

Recent Economic Data

| Date | Event | Actual | Forecast | Prior |
|------------------------|-----------------------------|--------|----------|-------|
| Monday, Sep 23 | | | | |
| 9:45AM | Sep U Markit Svcs PMI Flash | 50.9 | 51.3 | 50.7 |
| 9:45AM | Sep U Markit Mfg PMI Flash | 51.0 | 50.3 | 50.3 |
| 9:45AM | Sep U Markit Comp Flash PMI | 51.0 | | 50.7 |
| Tuesday, Sep 24 | | | | |

Event Importance:

No Stars = Insignificant

☆ Low

★ Moderate

★★ Important

★★★ Very Important

| Date | Event | Actual | Forecast | Prior |
|--------------------------|----------------------------------|--------|----------|--------|
| 9:00AM | Jul Monthly Home Price yy (%) | 5.0 | | 4.8 |
| 9:00AM | Jul CaseShiller 20 yy (%) | 2.0 | 2.2 | 2.1 |
| 9:00AM | Jul CaseShiller 20 mm SA (%) | 0.0 | 0.1 | 0.0 |
| 9:00AM | Jul Monthly Home Price mm (%) | 0.4 | | 0.2 |
| 10:00AM | Sep Consumer confidence | 125.1 | 133.5 | 135.1 |
| 1:00PM | 2-Yr Note Auction (bl) | 40 | | |
| Wednesday, Sep 25 | | | | |
| 7:00AM | w/e MBA Purchase Index | 261.4 | | 269.7 |
| 7:00AM | w/e Mortgage Refinance Index | 1928.0 | | 2274.1 |
| 10:00AM | Aug New home sales-units mm (ml) | 0.713 | 0.660 | 0.635 |
| 10:00AM | Aug New home sales chg mm (%) | 7.1 | 3.5 | -12.8 |
| 1:00PM | 5-Yr Note Auction (bl) | 41 | | |
| Thursday, Sep 26 | | | | |
| 8:30AM | Q2 GDP Final (%) | 2.0 | 2.0 | 2.0 |
| 8:30AM | w/e Jobless Claims (k) | 213 | 212 | 210 |
| 10:00AM | Aug Pending Sales Index | 107.3 | | 105.6 |
| 10:00AM | Aug Pending Home Sales (%) | 1.6 | 0.9 | -2.5 |
| 1:00PM | 7-Yr Note Auction (bl) | 32 | | |
| Friday, Sep 27 | | | | |
| 8:30AM | Aug Core PCE Inflation (y/y) (%) | 1.8 | 1.8 | 1.6 |
| 8:30AM | Aug Durable goods (%) | 0.2 | -1.0 | 2.0 |
| 8:30AM | Aug Nondefense ex-air (%) | -0.2 | 0.0 | 0.2 |
| 10:00AM | Sep Consumer Sentiment (ip) | 93.2 | 92.0 | 92.0 |
| Monday, Sep 30 | | | | |
| 9:45AM | Sep Chicago PMI | 47.1 | 50.2 | 50.4 |
| Tuesday, Oct 01 | | | | |
| 10:00AM | Sep ISM Manufacturing PMI | 47.8 | 50.1 | 49.1 |
| 10:00AM | Aug Construction spending (%) | 0.1 | 0.4 | 0.1 |
| Wednesday, Oct 02 | | | | |
| 7:00AM | w/e MBA Purchase Index | 263.8 | | 261.4 |
| 7:00AM | w/e Mortgage Refinance Index | 2202.6 | | 1928.0 |
| 8:15AM | Sep ADP National Employment (k) | 135 | 140 | 195 |
| 9:45AM | Sep ISM-New York index | 875.4 | | 879.0 |
| Thursday, Oct 03 | | | | |
| 7:30AM | Sep Challenger layoffs (k) | 41.557 | | 53.480 |
| 8:30AM | w/e Jobless Claims (k) | 219 | 215 | 215 |
| 10:00AM | Sep ISM N-Mfg PMI | 52.6 | 55.0 | 56.4 |
| 10:00AM | Aug Factory orders mm (%) | -0.1 | -0.2 | 1.4 |
| Friday, Oct 04 | | | | |

| Date | Event | Actual | Forecast | Prior |
|--------|------------------------------|--------|----------|-------|
| 8:30AM | Sep Non-farm payrolls (k) | 136 | 145 | 130 |
| 8:30AM | Sep Unemployment rate mm (%) | 3.5 | 3.7 | 3.7 |
| 8:30AM | Sep Average earnings mm (%) | 0.0 | 0.3 | 0.4 |

Update: Buyer Broker Agreement

After requests from real estate companies, a nonprofit consumer watchdog group the Consumer Federation of America has developed a list of factors to consider when creating a buyer contract in preparation for upcoming practice changes in the industry.

CFA released its “Proposed Criteria for Evaluating Home Buyer Contract Forms” on Tuesday. The 15 criteria focus on the contracts’ form – whether the documents are readable and understandable – and content – whether they are fair to homebuyers.

- the document’s expiration date (CFA recommends buyers asks for a three-month contract and never sign one longer than six months)
- the right to terminate the contract
- the disclosure that compensation is negotiable
- the broker’s compensation clearly stated and that the buyer broker can’t receive additional compensation for facilitating a sale
- that any additional fees, such as for showing a home, will be deducted from the broker’s commission if there is a successful sale
- that the commission is due only if there is a successful closing
- that buyers have an obligation – for no longer than 60 days, CFA recommends – to pay a broker who earlier showed them a home they purchased after the contract ended
- seller concessions paid directly to buyers
- dual agency not pre-approved by the contract
- an explanation of how a broker treats different buyer clients interested in the same property
- that buyers should not be required to first go through mediation or arbitration if they have a complaint

Contact me for more information. 702-303-0243 or TPayne@loandepot.com

We are a direct nationwide lender.
EQUAL HOUSING LENDER

Tom Payne

