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A Message from Jeffrey Chalmers:

"What is your selling area like?"

Covid Impacts New Home Sales, Largest Decline in 7 Years

The Census Bureau and Department of Housing and Urban Development's report on new home sales in March is the **first real time indication of the impact the COVID-19 mitigation is having on total sales**. The report on existing homes, released a few days ago, largely reflected the closing of contracts booked in February and early March. New home sales are counted at contract signing.

That said, the report shows a significant downturn, with a seasonally adjusted annual sales rate of 627,000 homes. This is a decline of 15.4 percent from the revised (from 765,000) 741,000 units rate in February and was **down 9.5 percent from a year earlier**.

New Home Sales



The results were consistent with the wide range of forecasts from analysts polled by *Econoday* of 570,000 to 700,000 units. They were, however, well below the consensus estimate of 643,000.

National Average Mortgage Rates



	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	7.16%	+0.01	0.00
15 Yr. Fixed	6.64%	+0.01	0.00
30 Yr. FHA	6.62%	+0.01	0.00
30 Yr. Jumbo	7.40%	+0.01	0.00
5/1 ARM	7.33%	-0.01	0.00

Freddie Mac

30 Yr. Fixed	7.09%	-0.35	0.00
15 Yr. Fixed	6.38%	-0.38	0.00

Mortgage Bankers Assoc.

30 Yr. Fixed	7.24%	+0.11	0.66
15 Yr. Fixed	6.75%	+0.11	0.64
30 Yr. FHA	7.01%	+0.11	0.94
30 Yr. Jumbo	7.45%	+0.05	0.56
5/1 ARM	6.64%	+0.12	0.87

Rates as of: 5/10

Recent Housing Data

		Value	Change
Mortgage Apps	Apr 24	196.7	-2.67%
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%

	Value	Change
On a non-adjusted basis, the picture was slightly better. There were 61,000 homes sold during the month compared to 66,000 in February, but sales were up by 2,000 units compared to January. For the year-to-date (YTD) there have been 186,000 new homes sold compared to 174,000 for the first three months of 2019. This is a 6.7 percent increase.	51	+6.25%

Sales were lower in all four major regions although sales in the South maintained a slight edge year-over-year. The Northeast saw sales down 41.5 percent from February and 4.0 percent lower than in March 2019. This is not surprising as Massachusetts and New York have been among the hardest pandemic-hit states. Sales in the West reflected the impact on both California and Washington with a drop of 38.5 percent for the month and 30.8 percent on an annual basis.

The Midwest saw a decline of 8.1 percent and 9.2 percent for the two earlier periods while sales in the South dipped 0.8 percent from February but were up 1.3 percent from the prior March. Despite the March losses, YTD increases were reflected across all four regions ranging from 3.0 percent in the South to 14.7 percent in the Northeast.

There were 324,000 homes available for sale at the end of the reporting period. This was estimated at a 6.4-month supply at the current rate of sales, a big jump from the 5.2 month estimate at the end of February. The median time that a completed home was on the market was unchanged from the prior month at 3.4 months.

The median price of a new home sold in March was \$321,400 and the average was \$375,300. In March 2019, the corresponding numbers were \$310,600 and \$372,700.

Robert Dietz, chief economist for the National Association of Home Builders had the following reaction to the new home sales numbers. "The pace of new home sales will post significant declines during the second quarter due to the impacts of higher unemployment and shutdown effects of much of the U.S. economy, including elements of the real estate sector in certain markets. However, given the momentum housing construction held at the start of 2020, the housing industry will help lead the economy in the eventual recovery."

Because Integrity Matters™

Jeffrey has spent the last three decades perfecting an Honest, Open and Transparent (HOT™) loan and closing process that is laser-focused on enhancing the consumer mortgage experience. By combining old-school, trustworthy customer service with real-time, mobile-friendly technology, he has successfully built thousands of loyal, raving fans.

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