



Steve Chizmadia

Mortgage Advisor - MLO-244902, Home Loans With Steve

NMLS ID: 1845124- CA BRE: 01524985 -
141 Providence Road Charlotte, NC 28207

Office: (760) 715-9688
Mobile: (760) 715-9688
steve@homeloanswithsteve.com
[View My Website](#)

Low Inventories, Rising Prices Hit February Home Sales

"Fizz" was the description the National Association of Realtors® (NAR's) used for existing home sales in February. Those sales, which had increased to a six-month high annual pace in January fell "amidst **unshakably low supply** levels and steadfast price growth." All four regions had lower sales.

Existing home sales, including closed transactions on single-family homes, townhomes, condominiums, and cooperative apartments **fell 7.1 percent** to a seasonally adjusted annual rate of 5.08 million but did remain 2.2 percent above sales in February 2015. January's rate of sales was estimated at 5.47 million.

Single-family home sales were down 7.2 percent and condo and coop sales fell 6.6 percent from January numbers. The annual pace for single family sales was **4.51 million** compared to 4.86 million a month earlier and condo/coops sold at a rate of 570,000 units compared to fell 610,000. Sales of both remained higher than a year earlier, single family homes by 2.0 percent and condo/coops by 3.6 percent.

Lawrence Yun, NAR chief economist, says existing sales disappointed in February and failed to keep pace with what had been a strong start to the year. "Sales took a considerable step back in most of the country last month, and **especially in the Northeast and Midwest**," he said. "The lull in contract signings in January from the large East Coast blizzard, along with the slump in the stock market, may have played a role in February's lack of closings. However, the main issue continues to be a supply and affordability problem. Finding the right property at an affordable price is burdening many potential buyers."

Yun said that while the job creation picture remains strong there seems to be **some uneasiness among households** that the economy is losing some steam. NAR's latest quarterly Home Survey earlier this month showed that fewer respondents feel the economy is improving and fewer renters said they thought it was a good time to buy a home.

"The overall demand for buying is **still solid** entering the busy spring season, but home prices and rents outpacing wages and anxiety about the health of the economy are holding back a segment of would-be buyers," says Yun.

National Average Mortgage Rates



	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	6.43%	+0.02	0.00
15 Yr. Fixed	5.95%	0.00	0.00
30 Yr. FHA	5.82%	+0.02	0.00
30 Yr. Jumbo	6.62%	0.00	0.00
5/1 ARM	6.28%	-0.01	0.00

Freddie Mac

30 Yr. Fixed	6.35%	-0.51	0.00
15 Yr. Fixed	5.51%	-0.65	0.00

Mortgage Bankers Assoc.

30 Yr. Fixed	6.44%	-0.06	0.54
15 Yr. Fixed	5.88%	-0.16	0.68
30 Yr. FHA	6.36%	-0.06	0.85
30 Yr. Jumbo	6.75%	+0.07	0.39
5/1 ARM	5.98%	-0.27	0.65

Rates as of: 8/30

Recent Housing Data

		Value	Change
Mortgage Apps	Aug 28	226.9	+0.49%
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%

Housing News Update

The median existing-home price for all housing types in February was \$210,800, **up 4.4 percent** compared to the median in February 2015 of \$201,900. February's price increase marks the **48th consecutive month** of year-over-year gains. The median price for an existing single-family home was \$213,300, a 4.3 percent annual increase and the media condo price rose 5.1 percent to \$198,900.

Value

Change

Builder Confidence

Mar

31 +6.25%

Total housing inventory at the end of February increased 3.3 percent to 1.88 million existing homes available for sale, but is still 1.1 percent lower than a year ago (1.90 million). Unsold inventory is at a **4.4-month supply** at the current sales pace, up from 4.0 months in January.

Thirty percent of home buyers in February were **buying for the first time**, down 2 percentage points from January but 1 point higher than a year earlier. The February share of first-time buyers was unchanged from the average for all of 2015. Individual investors purchased 18 percent of homes sold in February, tying the highest share since April 2014. Sixty-four percent of investors paid all cash and cash sales overall made up a quarter of purchases.

Seven percent of sales in February were **foreclosed** properties and 3 percent were short sales. This was a slight increase from a total share of distressed sales of 9 percent in January. Foreclosures sold for an average discount of 17 percent below market value in February (13 percent in January), while short sales were discounted 16 percent (12 percent in January).

"Investor sales have trended surprisingly higher in recent months after falling to as low as 12 percent of sales in August 2015," Yun said. "Now that there are fewer distressed homes available, it appears there's been a shift towards investors purchasing lower-priced homes and turning them into rentals. Already facing affordability issues, this competition at the entry-level market **only adds to the roadblocks** slowing first-time buyers."

Properties had a typical marketing time of **59 days** in February, down from 64 days in January and 62 days a year earlier. Short sales were on the market the longest at a median of 126 days in February, while foreclosures and non-distressed homes each took 57 days. Thirty-five percent of homes sold in February were on the market for less than a month.

NAR President Tom Salomone says the low inventories coming into the spring marketing season are leading to the multiple bids and short marketing times that many Realtors® are reporting as common in their markets. "It's easy for buyers to get discouraged when their offer is rejected in favor of a higher bid," he said.

February existing-home sales in the **Northeast** dropped 17.1 percent to an annual rate of 630,000, but are still 5.0 percent above a year ago. The median price in the Northeast was \$239,700, an 0.8 percent annual decline.

In the **Midwest**, existing-home sales sank 13.8 percent to an annual rate of 1.12 million in February, the same as in February 2015. The median price in the Midwest was \$162,700, up 6.3 percent from a year ago.

Both the **South** and the **West** had much smaller declines. Sales in the South were down by 1.8 percent to 2.20 million, 3.3 percent above a year earlier and the West saw a 3.4 percent decrease 1.13 million, up 0.9 percent on an annual basis. The median price in the South was \$186,400, a 5.0 percent gain. In the West the median price was 7.0 percent to \$308,800.

Service oriented, responsive, competitive rates and an in depth knowledge of todays mortgage market

After completing my degree in finance at the University of Connecticut, I started in the mortgage business right out of college in 2004. With 15+ years of experience and a primary objective of thoroughly explaining all available loan options to my clients with what is typically the largest investment in their lives, I strive to always make myself available. I constantly educate myself with respect to the mortgage industry and underwriting guidelines for FHA, VA, conventional and jumbo financing. I deliver on the expectations discussed up front and provide the service level my clients deserve from day one. I will remain in touch throughout the process and continue to follow up with you after closing. My goal is to wow you and turn you into clients for life. I want you to be so impressed that throughout and after the process you share my information with your friends, family, neighbors and co-workers who may value from my services.

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