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Pending Home Sales Reflect "Dispirited" Buyers

Pending sales, which were widely expected to make a good showing in November, **pulled back sharply** instead. The National Association of Realtors® (NAR) said its Pending Home Sales Index (PHSI), a forward-looking indicator based on contracts for existing home purchases, declined 2.5 percent to 107.3 in November from 110.0 in October. NAR said "the brisk upswing in mortgage rates and not enough inventory dispirited some would-be buyers." The decrease brought the PHSI to its lowest level since January of this year and it is now 0.4 percent below the index last November which stood at 107.7.

Analysts polled by Econoday **had been upbeat** about the November outlook. The consensus was for an increase of 0.5 percent with some analysts predicting as much as a 2.0 percent gain.

Lawrence Yun, NAR chief economist said, "The budget of many prospective buyers last month was dealt an abrupt hit by the **quick ascension of rates** immediately after the election. Already faced with climbing home prices and minimal listings in the affordable price range, fewer home shoppers in most of the country were successfully able to sign a contract."

Only one of the four regions displayed any strength in November. Pending sales in the **Northeast** were up 0.6 percent to 97.5 and are 5.7 percent higher than in November 2015.

The **Midwest** saw contract signings decline 2.5 percent to 103.5, falling behind the previous November by 2.4 percent. Sales in the South were down 1.2 percent to an index of 118.7, this is 1.3 percent behind the level a year earlier. The **West** posted the largest loss, 6.7 percent, and a year-over-year drop of 1.0 percent.

Yun says higher borrowing costs somewhat **cloud the outlook** for the housing market in 2017. NAR's most recent HOME survey, found that renters have less confidence about the present being a good time to buy than they had at the beginning of the year. On the other hand, Yun says that the impact of higher rates will be partly neutralized by stronger wage growth because of the 2 million net new job additions expected next year.

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%

"Healthy local job markets amidst tight supply means many areas will remain competitive with prices on the rise. Those rushing to lock in a rate before they advance even higher will probably have **few listings** to choose from," said Yun. "Some buyers will have to expand the area of their home search or be forced to delay in order to save a little more money for their down payment."

NAR continues to forecast that existing home sales will close out 2016 at a pace of about **5.42 million** units, up from the 5.25 million sales in 2015, becoming the best year since 2006 with its 6.48 million sales. Sales will increase by about 2.0 percent in 2017 to 5.52 million and the median existing home price will increase by about 5 percent this year and 4 percent next year.

"Much more robust new home **construction is needed** to relieve inventory shortages and lessen the affordability pressures present throughout the country," added Yun.

The Pending Home Sales Index is based on a large national sample, typically representing about 20 percent of transactions for existing-home sales. An index of 100 is equal to the average level of contract activity during 2001, which was the first year to be examined. By coincidence, the volume of existing-home sales in 2001 fell within the range of 5.0 to 5.5 million, which is considered normal for the current U.S. population. Pending sales are generally expected to close within two months of contract signing.

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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