



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](#)

Pending Sales Slide on "Staggering" Lack of Inventory

Last month's resurgence in pending home sales didn't last long. Sales ended a three-month fad in June with a 1.5 percent increase in the Pending Home Sales Index (PHSI), but it dropped back by 0.8 percent in July. The National Association of Realtors®(NAR) says its PHSI registered 109.1 percent from a downwardly revised 110.0 in June. The June index was originally reported at 110.2.

The July number was 1.3 percent lower than the PHSI a year earlier and has now fallen year-over-year in three of the last four months. NAR said the West was the only region so show a slight gain.

The PHSI was at the mid-range of analysts' predictions. Econoday's poll had a consensus of a 0.4 percent gain, but estimates ranged from -2.0 percent to +0.8 percent.

Lawrence Yun, NAR chief economist, continues to blame the weak market on the lack of homes for sale and called the inventory woes throughout the country "staggering." "With the exception of a minimal gain in the West, pending sales were weaker in most areas in July as house hunters saw limited options for sale and highly competitive market conditions. The housing market remains stuck in a holding pattern with little signs of breaking through. The pace of new listings is not catching up with what's being sold at an astonishingly fast pace."

According to Yun, in the past five years, the national median sales price has risen 38 percent, while hourly earnings have increased less than a third of that (12 percent). This unsustainable trend is putting considerable pressure on affordability in some markets - especially for prospective first-time buyers - and is pricing out some households who would otherwise be looking to buy a home. Despite this growing obstacle, Yun says data and feedback from Realtors® continues to confirm that the slowdown in existing sales since spring is the result of a supply problem and not one of diminished demand.

Yun said that, since April, the typical listing has gone under contract in less than a month and, while buyer traffic continues higher than a year ago, the inventory at the end of July was down 9.0 percent. "The reality, therefore, is that sales in coming months will not break out unless supply miraculously improves. This seems unlikely given the inadequate pace of housing starts in recent months and the lack of interest from real estate investors looking to sell," he said.

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%

Yun expects existing-home sales to close out the year at around 5.49 million, which is an increase of only 0.7 percent from the 5.45 million sales in 2016. The national median existing-home price this year is expected to increase around 5 percent. In 2016, existing sales increased 3.8 percent and prices rose 5.1 percent.

He predicts the **impact of Hurricane Harvey** on the Houston market, along with the weakness in pending sales activity, will likely show up as slow overall sales growth in the coming months.

The PHSI in the **Northeast inched down** 0.3 percent to 97.7 in July but is still 2.4 percent above a year ago. In the **Midwest, the index decreased** 0.7 percent to 103.3 and is down 2.8 percent year-over-year.

Pending home sales in the **South declined** 1.7 percent to an index of 123.1 in July, putting it 0.2 percent below last July. The only gain, a **0.6 percent increase in the West**, still left the index down 4.0 percent from a year earlier.

The PHSI is a leading indicator for housing sales. A sale is listed as pending when the contract has been signed; the transaction is usually expected to close within one or two months.

The 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.

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.

Steve Chizmadia

