



## The Arizona Loan Baron

Timothy Baron, VP Senior Loan Officer Loan Baron, V.I.P. Mortgage, Inc.

Timothy Baron NMLS #184671 V.I.P. Mortgage, Inc. does 6390 E Tanque Verde Rd. Suite #200 Tucson, AZ 85715

Office: 520-275-5956  
 Mobile: 520-275-5956  
[timothybaron@vipmtginc.com](mailto:timothybaron@vipmtginc.com)  
[View My Website](#)

## Pending Sales Gained Ground in June, Continued Year-Over-Year Slump

Pending home sales rose marginally again in June, beating the National Association of Realtors® (NAR's) Pending Home Sale Index (PHSI) for the previous month by 0.9 percent. The index, based on contracts for existing home purchases, rose from 105.9 in May to 106.9 in June. The June gain is slightly better than the 0.5 percent increase from April to May, but the PHSI remains behind the corresponding month a year earlier for the sixth consecutive month. **The annual shortfall for June was 2.5 percent.**

The June index was higher than May's in all four regions. However, like the national index, those regions are all running behind their year earlier numbers.

Results were in line with the consensus estimate from analysts polled by *Econoday*, 0.8 percent. Their predictions ranged from 0.3 to 1.0 percent.

Pending sales are a leading indicator of existing sales of single-family homes, townhomes, condominiums, and cooperative apartments and are counted as of the **date the purchase contract is signed**. In general, purchases are expected to close within two months of the contract date.

Lawrence Yun, NAR chief economist, credited a recent uptick of 4.3 percent in the existing home inventory for helping to lift contract signings in June. The inventory rose to 1.95 million homes and marked the first time the inventory had been higher year-over-year (growing by 0.5 percent) since June 2015.

"After two straight months of pending sales declines, home shoppers in a majority of markets had a little more success finding a home to buy last month," Yun said. "The positive forces of faster economic growth and steady hiring are being met by the negative forces of higher home prices and mortgage rates. Even with slightly more homeowners putting their home on the market, inventory is still subpar and not meeting demand. As a result, affordability constraints are pricing out some would-be buyers and **keeping overall sales activity below last year's pace.**"

Yun said the good news is that the increase in listings last month may mean the worst of the supply crunch is over. Several large metro areas saw big jumps in their inventories, including Portland, Oregon (24 percent), Providence, Rhode Island (20 percent), Seattle (19 percent), Nashville, Tennessee (17 percent) and San Jose, California (15 percent).

## National Average Mortgage Rates



	Rate	Change	Points
--	------	--------	--------

### Mortgage News Daily

30 Yr. Fixed	7.08%	-0.05	0.00
15 Yr. Fixed	6.45%	-0.02	0.00
30 Yr. FHA	6.55%	-0.05	0.00
30 Yr. Jumbo	7.25%	-0.04	0.00
5/1 ARM	7.07%	-0.03	0.00

### Freddie Mac

30 Yr. Fixed	6.86%	-0.01	0.00
15 Yr. Fixed	6.16%	+0.03	0.00

### Mortgage Bankers Assoc.

30 Yr. Fixed	7.03%	+0.09	0.62
15 Yr. Fixed	6.56%	+0.09	0.54
30 Yr. FHA	6.90%	+0.11	0.95
30 Yr. Jumbo	7.11%	-0.01	0.50
5/1 ARM	6.38%	+0.11	0.54

Rates as of: 7/3

## Recent Housing Data

		Value	Change
Mortgage Apps	Jun 12	208.5	+15.58%
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
Builder Confidence	51	+6.25%

"Home price growth remains swift and listings are still going under contract at a robust pace in most of the country, which indicates that even with rising inventory in many markets, demand still significantly outpaces what's available for sale," added Yun. "However, if this trend of increasing supply continues in the months ahead, prospective buyers will hopefully begin to see more choices and softer price growth."

The PHSI in the **Northeast** increased 1.4 percent to 93.7 in June but is still 4.1 percent below a year ago. The index in the **Midwest** was up 0.5 percent to 101.9, but lags behind the June 2017 index by 2.1 percent.

Pending home sales in the **South** climbed 1.1 percent to an index of 124.2 in June, and is now only slightly behind last year, down 0.3 percent. The index for the **Western** region is at 95.4 percent, 0.7 percent higher than in May but 5.6 percent below a year ago.

For the second time in as many months Yun has revised his forecast for 2018 existing home sales. His April estimate was for an 0.5 percent increase from 2017 to 5.54 million sales. He lowered that estimate to an 0.4 percent decline based on May numbers and is now predicting the year will finish down 1.0 percent to 5.46 million compared to 5.51 million last year. He is still forecasting a 5.0 percent gain in national home prices. In 2017, existing sales increased 1.1 percent and prices rose 5.7 percent.

The PHSI is based on a large national sample, typically representing about 20 percent of transactions for existing-home sales. In developing the model for the index, it was demonstrated that the level of monthly sales-contract activity **parallels the level of closed existing-home sales in the following two months.**

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.

## The Arizona Loan Baron

The Arizona Loan Baron is at your service!

I would appreciate the opportunity to share with you my extensive mortgage lending experience. My client focused approach has allowed me to build long lasting relationships and partnerships throughout Arizona. I know this market. I live here and work here. Please allow me the opportunity to be your mortgage lending partner.

**The Arizona Loan Baron**

