



The Arizona Loan Baron

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Another Post-Crisis Peak for Existing Home Sales

While first-time buyers fell back, existing home sales scored their third consecutive monthly gain in July. The National Association of Realtors® (NAR) reports that completed sales of pre-owned single-family homes, townhomes, condominiums, and coops were up 2.0 percent from June to a seasonally adjusted annual rate of **5.59 million units**. June's sales figures were revised down from 5.49 million units to 5.48 million. Stubbornly low inventory levels and rising prices were blamed in the existing home sales report for a share of first time buyers that was the lowest since January.

The July numbers again set a **post-crisis peak**, the fastest rate of sales since 5.79 million units in February 2007. Sales of existing homes have increased year-over-year for ten consecutive months and are 10.3 percent higher than the July 2014 level of 5.07 million.

Sales of **single-family** houses increased 2.7 percent to a seasonally adjusted annual rate of 4.96 million in July (highest since February 2007 at 5.08 million) from 4.83 million in June, and are now 11.0 percent above the 4.47 million pace a year ago. Existing condominium and co-op sales dipped 3.1 percent to a seasonally adjusted annual rate of 630,000 units from 650,000 in June, but are still up 5.0 percent from July 2014's 600,000 units.

Lawrence Yun, NAR chief economist, says the increase in sales in July solidifies what has been an **impressive growth** in activity during this year's peak buying season. "The creation of jobs added at a steady clip and the prospect of higher mortgage rates and home prices down the road is encouraging more households to buy now," he said. "As a result, current homeowners are using their increasing housing equity towards the downpayment on their next purchase."

The median price for all existing home types sold in July was **\$234,000**, a 5.6 percent annual increase and the 41st consecutive month of year-over-year gains. The median price of a single-family home was up 5.8 percent from July 2014 to \$235,500 and condos sold for a median of \$221,800, a 3.2 percent gain.

"Despite the strong growth in sales since this spring, **declining affordability** could begin to slowly dampen demand," adds Yun. "Realtors® in some markets reported slower foot traffic in July in part because of low inventory and concerns about the continued rise in home prices without commensurate income gains."

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 | 6.95% | +0.09 | 0.00 |
| 15 Yr. Fixed | 6.25% | +0.09 | 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% |

Total housing inventory at the end of July declined 0.4 percent to 2.24 million existing homes, 4.7 percent lower than a year ago (2.35 million). This represents a **4.8-month supply** of homes for sale at the current sales pace, down from 4.9 months in June. Value **31** Change **+6.25%**

The percent share of **first-time buyers** declined in July for the second consecutive month, falling from 30 percent in June back to the January level of 28 percent. A year ago, first-time buyers represented 29 percent of all buyers.

"The fact that first-time buyers represented a lower share of the market compared to a year ago even though sales are considerably higher is indicative of the challenges many young adults continue to face," adds Yun. "Rising rents and flat wage growth make it difficult for many to save for a downpayment, and the dearth of supply in affordable price ranges is limiting their options."

Thirteen percent of sales were to **investors**, up 1 percentage point from June but down 3 points from a year earlier. All-cash sales increased slightly to 23 percent from 22 percent of transactions as 64 percent of investors bought with cash during the month.

Distressed sales declined to a 7 percent share in July compared to 8 percent in June and 9 percent in July 2014. It was the lowest share of distressed sales since NAR began tracking those numbers in October 2008. Five percent July sales were foreclosures which sold with an average discount of 17 percent and 2 percent were short sales, discounted an average of 12 percent.

Marketing time rose from a typical 34 days in June to 42 days but still improved from the 48 days on the market a year earlier. Short sales were, as usual, on the market the longest at a median of 135 days in July, while foreclosures sold in 49 days and non-distressed homes took 41 days. Forty-three percent of homes sold in July were on the market for less than a month.

NAR President Chris Polychron says the housing market is in a much better place and has come a long way since the depths of the recession. "Five years ago, distressed sales represented 33 percent of the market in July," he said. "For many previously distressed homeowners throughout the country, rising home values in recent years have helped recover equity and the vast improvement in several local job markets means fewer are falling behind on their mortgage payments."

Existing-home sales in the **Northeast** decreased 2.8 percent to an annual rate of 700,000, but are still 9.4 percent above a year ago. The median price in the Northeast was \$277,200, 1.3 percent higher than the previous July. In the **Midwest** the pace of annual sales was 1.32 million, unchanged from June and 10.9 percent above a year earlier. The median price rose 6.6 percent to \$186,500.

The **South** saw a 4.1 percent increase in existing home sales to 2.29 million in July and a 9.6 percent year-over-year gain. The median price rose 7.0 percent to \$203,500. Sales in the **West** rose 3.2 percent to an annual rate of 1.28 million in July, and are 11.3 percent above a year ago. The median price in the West was \$327,400, an 8.4 percent gain.

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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.

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