November Existing Home Sales and Median Price Accelerate From Year Ago

Source: CALIFORNIA ASSOCIATION OF REALTORS®

Following last year’s new mortgage industry regulations that delayed some escrow closings, double-digit annual sales increases across every major region of the state propelled California existing home sales higher in November on a year-over-year basis, according to the CALIFORNIA ASSOCIATION OF REALTORS® (C.A.R.).

Closed escrow sales of existing, single-family detached homes in California totaled a seasonally adjusted annualized rate of 442,320 units in November, according to information collected by C.A.R. from more than 90 local REALTOR® associations and MLSs statewide. The statewide sales figure represents what would be the total number of homes sold during 2016 if sales maintained the November pace throughout the year. It is adjusted to account for seasonal factors that typically influence home sales.

“November’s strong sales gain from last year can be partly attributed to weak sales caused by the Consumer Financial Protection Bureau’s implementation of Know Before You Owe TILA-RESPA Integrated Disclosure (TRID) last October, which cut into sales that would have occurred last November,” said C.A.R. President Geoff McIntosh. “Additionally, near-universal expectation of the Federal Reserve’s rate increase may have given many buyers a sense of urgency to get into the market before rates rise further.”

Making sense of the story

- Existing, single-family home sales totaled 442,320 in November on a seasonally adjusted annualized rate, down 0.1 percent from October and up 17.7 percent from November 2015.
- November’s statewide median home price was $501,710, down 2.3 percent from October and up 4.9 percent from November 2015.
- Demand for homes continued to outstrip supply, causing the Unsold Inventory Index to decline to 3.1 months in November from 4.2 months in November 2015.
- Home sales remained above the 400,000 pace for the eighth straight month and were up year-over-year for the third consecutive month.
- The seasonally-adjusted annualized sales figure was the third highest level since December 2012, and the year-over-year increase was the largest since 2009, when first-time home buyer tax credits fueled home sales.

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http://www.car.org/newsstand/newsreleases/2016releases/nov2016sales
**In other news…**

**It Hasn’t Been This Difficult to Get a Home Loan Since 2000**  
*Source: MarketWatch*

People who secured a mortgage in the third quarter of 2016 had the highest credit scores since 2000, which could make it tougher for those looking to buy a new home, according to a MarketWatch report.

The third quarter of 2016 saw its highest quality home loans since 2000 – good news for banks holding the mortgages. But, it could make it more difficult for those looking to buy a home.

MarketWatch said loans originating in this year’s third quarter saw credit scores increase by five points over the same period last year. Meanwhile, the number of homebuyers with a credit score under 640 has dropped more than 75 percent since 2001, according to Irvine, Calif.-based analytics company CoreLogic’s Housing Credit Index, which measures mortgages based on homebuyers’ credit risks. The index also found homebuyers’ debt-to-income ratio, which compares how much a person owes to their income, and the loan-to-value ratio, which is how much the mortgage is worth compared to the price of the home, fell, though barely.

Read the full story

**Silicon Valley ZIP Codes Top List of 2016’s Highest U.S. Home Prices**  
*Source: KQED News*

An updated tally of U.S. home prices finds that 38 of the 100 most expensive ZIP codes in the nation are in the nine-county region that makes up Silicon Valley, according to a real estate research firm.

PropertyShark.com says ZIP code 94027, in the Silicon Valley suburb of Atherton, is the Bay Area’s most expensive based on 2016 sales prices. That puts Atherton at No. 2 in the entire country with a median property price of $5.425 million.

The top area on the national list, 11962, is Sagaponack, New York, in Long Island’s wealthy Hamptons, with a 2016 median sales price of $5.5 million.

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**Housing Experts: The Downside to Home Sales Increase**  
*Source: HousingWire*

November’s existing home sales came in at their highest point since 2007, according to a report from the National Association of Realtors, however, experts say there could still be a problem as we head into 2017.
Rising interest rates are catching experts’ attention, along with an inventory shortage that continues to plague the market as it struggles against increasing demand.

“Sales continue to grind upward, buoyed by a healthier job outlook that has led consumers to get off the fence and buy the home of their dreams,” Quicken Loans Vice President Bill Banfield told HousingWire. “However, this increase in demand has continued to constrain a market that is already experiencing a shortage of inventory, and rising prices as a result.”

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L.A.’s Top 10 Real Estate Sales in 2016
Source: The Hollywood Reporter

Even if, as many experts anticipate, 2016 goes down in history as the high-water mark for the current boom in Los Angeles’ luxury real estate market, it will have been one heckuva run. It’s been five years of scorching-hot growth for L.A.’s residential market and things have barely cooled with the median home price on track to increase 7 percent in 2016 over the previous year.

The year started off strong and held steady through each fiscal quarter. But it was the waning months that will be remembered as redefining what constitutes a momentous real estate sale, at least in the high end of the market. Capping off 2016 were a trifecta of astronomically huge deals that started with the record-setting sale of the Playboy Mansion in August and went on to include a few other choice parcels of real estate that bear some of the city’s most remarkable history.

Read the full story

Tax Breaks for Second Homes Could End Under Lawmaker's Proposal
Source: The Los Angeles Times

In their quest for more money for low-income housing construction, state lawmakers are now turning to Californians who own more than one home.

Assemblyman David Chiu (D-San Francisco) introduced a bill Friday to end a tax break that allows homeowners to deduct the interest from the mortgage on their second home from their state taxes. About 31,000 Californians received the tax break last year, costing the state about $300 million, Chiu said. The bill, AB 71, would direct those funds to an existing program that finances low-income housing construction through tax credits.

Read the full story
What you should know

- Zillow expects existing home sales (as reported by the National Association of Realtors on Dec. 21) to fall 1.7 percent in November from October, to 5.51 million unit at a seasonally adjusted annual rate. This would place existing home sales up 13.3 percent compared to last November – one of the strongest year-over-year gains of 2016.

- These figures could be “somewhat misleading,” Zillow said, because some closings were likely delayed last October because of regulatory changes, which resulted in very low sales figures reported in November 2015 and exceptionally high numbers in surrounding months as closings were pushed forward or back.

- Zillow’s forecast points to a 5.8 percent monthly decline in new home sales in November, to 530,000 units (SAAR), a figure that would nevertheless represent a 4.4 percent year-over-year bump.

- Looking out over the next year, Zillow forecasts point to relatively flat existing and new home sales. For November 2017, analysts expect existing home sales to total 5.45 million units (SAAR), unchanged from their previous 12-month ahead forecast last month and toward the lower end of the range in which they have hovered for much of 2016.

- For new home sales, Zillow economists expect 525,000 sales (SAAR) in November 2017.

- The Census Bureau will report new home sales numbers on Dec. 23.