



## beyond the headlines



### **Pending Home Sales Backpedal in November**

*Source: National Association of Realtors*

Pending home sales dipped in November to their lowest level in nearly a year as the brisk upswing in mortgage rates and not enough inventory dispirited some would-be buyers, according to the National Association of Realtors (NAR). Only the Northeast saw monthly and annual pending sales gains last month.

The Pending Home Sales Index, a forward-looking indicator based on contract signings, declined 2.5 percent to 107.3 in November from 110.0 in October. After last month's decrease in activity, the index is now 0.4 percent below last November (107.7) and is at its lowest reading since January (105.4).

Lawrence Yun, NAR chief economist, says ongoing supply shortages and the surge in mortgage rates took a small bite out of pending sales in November. "The budget of many prospective buyers last month was dealt an abrupt hit by the quick ascension of rates immediately after the election," he said. "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."

With 2017 at the doorstep, Yun says higher borrowing costs somewhat cloud the outlook for the housing market. This was evident in NAR's most recent HOME survey, which found that confidence amongst renters about now being a good time to buy has diminished since the beginning of the year. The good news, according to Yun, is that the impact of higher rates will be partly neutralized by stronger wage growth as a result of the 2 million net new job additions expected next year.

"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."

#### Making sense of the story

- Existing sales are still expected to close out 2016 at a pace of around 5.42 million, which will eclipse 2015 (5.25 million) as the highest since 2006 (6.48 million).
- In 2017, sales are forecast to grow roughly 2 percent to around 5.52 million.
- The national median existing-home price is expected to increase to around 5 percent this year and 4 percent in 2017. November's statewide median home price was \$501,710, down 2.3 percent from October and up 4.9 percent from November 2015.
- The index in the West fell 6.7 percent in November to 101.0 and is now 1.0 percent below a year ago.

[Read the full story](#)

<https://www.nar.realtor/news-releases/2016/12/pending-home-sales-backpedal-in-november>

## **In other news...**

### **Trump Win Could Usher in Boom for U.S. Housing, Says Shiller**

*Source: Bloomberg*

Donald Trump's unexpected victory in the November U.S. presidential election could prove a pivotal moment for the U.S. housing market, according to economist and Nobel laureate Robert Shiller.

"I think we're at a turning point. The numbers that we're reporting today are October, before the Trump election, and everything looks different now," he told Bloomberg Television. "There might be a Trump boom coming."

S&P CoreLogic Case-Shiller data released Tuesday showed that home prices in 20 U.S. cities maintained a steady pace of increases in October, rising by 5.1 percent, while a gauge of nationwide property values rose by the most since mid-2014.

Read the full story

<https://www.bloomberg.com/news/articles/2016-12-27/trump-win-could-usher-in-boom-for-u-s-housing-says-shiller>

### **The \$72,000 Question You Should Be Asking Your Real Estate Agent**

*Source: MarketWatch*

Homebuyers beware: Putting a down payment on a home could cost you your life savings.

Online criminals have been impersonating real estate agents online and tricking buyers into sending money into offshore accounts, according to *MarketWatch*. To pull it off, scammers hack into real estate agents emails and then quietly monitor communications, waiting until they are about to close on a deal. The scammer then sends buyers money wiring instructions under the identity of the agent, which routes the payment to offshore accounts.

"One mistake could cost you your life savings," said Al Sargent, senior director of product marketing at secure login company OneLogin who is familiar with the process. "And there is little-to-no recourse to be taken. Hackers are attracted to it because it's a lot of money protected by very little security — this is like banks shipping money around in a convertible instead of an armored vehicle."

Read the full story

<http://www.marketwatch.com/story/the-72000-question-you-should-be-asking-your-real-estate-agent-2016-12-27>

## **Freddie Mac: Mortgage Rates Climb for Ninth Straight Week**

*Source: HousingWire*

Mortgage interest rates remained at a two-year high this week, climbing again for the ninth straight week after the election.

But thanks to incredibly low interest rates seen earlier this year, 2016 will finish with the lowest annual average for the 30-year, fixed-rate mortgage on record, according to new data published Thursday by Freddie Mac.

Per Freddie Mac's latest Primary Mortgage Market Survey, the average interest rate for the 30-year, fixed-rate mortgage for the week ending Dec. 29, 2016, was 4.32 percent, up slightly from last week's average of 4.3 percent. A year ago, the 30-year, fixed-rate mortgage averaged 4.01 percent.

The last week's increase, albeit a small one, represents a continuation of a nine-week run of increasing interest rates since the election.

Read the full story

<http://www.housingwire.com/articles/38844-freddie-mac-mortgage-rates-climb-for-ninth-straight-week>

## **U.S. Consumers Ebullient; Home Prices Gain**

*Source: Reuters*

U.S. consumer confidence shot to its highest in more than 15 years in December as Americans saw more strength ahead in business conditions, stock prices, and the job market following the election of Donald Trump as president in November, Reuters reported.

House prices continued their steady recovery in October, although a spike in borrowing costs after Trump's Nov. 8 victory could present a headwind to sustained home value gains.

The Conference Board said on Tuesday its Consumer Confidence Index rose to 113.7 this month from an upwardly revised 109.4 in November. That topped estimates in a Reuters poll for a reading of 109.0 and was the highest since August 2001.

The gain in confidence was entirely due to rising expectations as consumers' assessments of current conditions dipped and was led by surging optimism among older Americans, Lynn Franco, director of economic indicators at The Conference Board, said in a statement. The private economic forecasting group's Expectations Index hit its highest since December 2003.

Read the full story

<http://www.reuters.com/article/us-usa-economy-confidence-idUSKBN14G18M>

## **These 5 Trends Will Shape the Housing Market in 2017**

*Source: Fortune*

If the U.S. economy is to hit escape velocity in 2017, you can expect the real estate sector to serve as its rocket fuel.

At its most broadly defined, housing can be counted on to compose 15 percent of GDP. It hasn't done that much heavy lifting lately, however. That's because in the wake of the real estate bubble, lending standards have remained tight, while the cautious builders who survived the crisis have been reluctant to dive headfirst into expanding their operations again.

Read the full story

<http://fortune.com/2016/12/29/real-estate-trends-2017-2/>

## **What you should know**

- The Southern California six-county region's median home price reached \$465,000 last month, up 5.9 percent from November 2015, real estate data firm CoreLogic said. Sales soared 24.1 percent.
- The strong sales jump happened largely because last year's new lending regulations delayed deals that otherwise would have closed in November 2015, noted CoreLogic analyst Andrew LePage.
- Median prices climbed, year-over-year, in all six counties: In Los Angeles County, the median price rose 8.4 percent to \$530,000; in Orange County, 5.9 percent to \$660,000; in Ventura County, 2.9 percent to \$525,000; in San Bernardino County, 5.7 percent to \$295,000; in Riverside County, 6.8 percent to \$340,000; and in San Diego County, 5.6 percent to \$495,000.