



More sellers dropping prices, but buyers see little relief

Source: Redfin

While the percentage is low, more home are sellers are dropping their asking prices than in the past six months. For the four weeks ending May 1, 15% of home sellers dropped their asking prices, up from 9% a year earlier, according to Redfin.

With the 30-year fixed-rate mortgage averaging 5.27% last week, up from 2.96% just one year ago, more home buyers may be starting to

feel priced out by the rapid rise in mortgage rates, which may be making sellers have to adjust slightly. However, even as mortgage rates climb, sellers are finding they have an advantage. Without much competition, and with low inventories, they're finding they can continue to sell for a premium.

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Asian American homeownership rebounds

Source: Realtor.com

While homeownership for Asian Americans declined early during the pandemic, it has since rebounded, even more so than for other racial groups, according to a new report from Realtor.com®.

Homeownership rates for Asian Americans were at 61.2% in the fourth quarter of 2021. Home sales have grown the most among millennial and female Asian Americans, outpacing their older or male counterparts, according to Realtor.com®'s research. The report noted one potential explanation for the strong rebound is that they have higher motivations to take advantage of the historically low mortgage rates to lower their borrowing costs.

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The impact of higher mortgage rates

Source: Lending Tree

The sharp rise in mortgage rates this year has added hundreds of dollars to new monthly mortgage payments, causing the monthly amount of a new mortgage payment to increase by an average of \$258.57, according to a Lending Tree study that puts a dollar amount on how much rates have affected mortgage costs.

Lending Tree calculated the difference between average monthly mortgage payments of a 30-year fixed-rate loan in each state based on average annual percentage rates in January and April 2022. They found that mortgage payments have risen the most in California, Washington, and Massachusetts. Mortgage payments have increased the least in Ohio, West Virginia, and Kentucky.

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Homebuyers may be reluctant to give up low rates

Source: Redfin

About half of homeowners with a mortgage have a rate under 4% — a rate that's significantly below today's rates of 5% or higher — incentivizing homeowners to stay put in their homes longer. Those who may not want to give up their ultra-low rate could cause a “lock-in effect” and may contribute to a decline in home listings moving forward, according to recent analysis by Redfin.

The 30-year fixed-rate mortgage averaged 5% last week, the highest rate in more than a decade, according to Freddie Mac. Since the beginning of the year, mortgage rates have jumped by 1.8 percentage

points and added about \$400 to the average monthly mortgage payment for a median-priced home, according to the National Association of REALTORS®.

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More buyers opting for adjustable-rate mortgages

Source: NBC News

With rapidly rising mortgage rates and record-high home prices, adjustable-rate mortgages (ARMs) are making a comeback along with concerns that some homeowners may be taking on for more risk than they can handle. Recent data from the Mortgage Bankers Association shows that such loans now make up almost 10 percent of mortgage applications, compared to just 3 percent at the beginning of the year.

As rates have moved higher, ARM loans have gotten more attractive to borrowers because it gives them a lower monthly payment.

Adjustable-rate mortgages offer introductory rates below rates for conventional mortgages, that typically adjust after five to 10 years, at intervals of one to two years.

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Mortgage applications increase from prior week

Source: CNBC

Mortgage applications to purchase a home rose 5% last week compared with the previous week, according to the Mortgage Bankers Association's seasonally adjusted index. Demand was still 8% lower than the same week one year ago, but that annual drop is now shrinking.

The average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances increased to 5.53% from 5.36%, with points rising to 0.73 from 0.63 for loans with a 20% down payment. The rate on a 5-year ARM was 4.47%.

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