Parents buying homes for kids priced out of market

Source: Bloomberg

Even as the real estate market shows signs of cooling, inflation and higher interest rates are making it difficult for young house hunters to buy properties — at least on their own.

Parents are increasingly helping their adult children purchase homes, whether that means co-signing a mortgage, giving money for a down payment or buying the property outright, according to real estate agents across the country.

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Fannie Mae, Freddie Mac take steps to make it easier to buy a home

Source: USA Today

Fannie Mae and Freddie Mac announced it will implement reforms aimed at helping disadvantaged communities become homeowners and making sure homebuyers of color stay owners. Some of the initiatives include assistance with down payments, reserve funding for homeowners' emergencies and lower mortgage insurance premiums.

Additionally, to increase fairness in the underwriting process, Fannie Mae and Freddie Mac are also rolling out a new credit reporting system that factors rent payments into creditworthiness scores, one of the biggest systemic barriers experts say keep renters of color from being able to purchase a home.

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Why it’s harder for millennials to buy a home

Source: The Skimm

Buying a house can feel next to impossible these days. But it’s not just the price of homes or mortgage rates going up that’s keeping the housing market tight. Long before the pandemic made supply chain issues commonplace, millennials have had extra trouble becoming homeowners.

Some of the reasons why it’s difficult include a slowdown in homebuilding after the Great Recession, home prices that have outpaced wages, boomers who are staying in their homes longer, investors and investment firms buying up the kinds of properties that appeal to first-time buyers, and student loan debt.

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Home purchase sentiment stable but low

Source: Realtor.com

Consumer sentiment toward housing remained relatively stable in May but is near lows not seen since the start of the COVID-19 pandemic, as measured by the Fannie Mae Home Purchase Sentiment Index (HPSI). The index dropped 0.3 points to 68.2 and is 11.8 points lower than the same time last year.

Buyer confidence has been impacted by rising home prices, increasing interest rates, and inflation. While both seller confidence and the inventory of homes for sale have improved, the number of homes for sale still remains 48.5% below early pandemic levels in May 2020. However, the increase in inventory may help moderate the double-digit home price growth.

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Homebuying process causes tears

Source: Yahoo Finance

The competitive real estate market left more than half of U.S. home buyers in tears, with Gen Zers and millennials -- many of whom are first-time home buyers - far more likely to cry at least once during their home-buying journey, according to a Zillow survey. More than 65% of Gen Z buyers and 61% of millennial buyers cried at least once when going through the process of purchasing their home.

With low-inventory market, homes are receiving multiple offers and oftentimes selling for over list price; 60% of sellers report getting at

least two offers on their home, and nearly half of all homes sold in the U.S. in April 2022 went for over the asking price, up from 37% a year ago.

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Homebuyer competition falls for second straight month

Source: World Property Journal

Less than two-thirds of home offers written by Redfin agents nationwide encountered competition on a seasonally adjusted basis in April, the lowest level since March 2021. That's down from a revised rate of 63.4% a month earlier and 67.4% a year earlier and marks the second-consecutive monthly decline.

In Riverside, CA, 42.7% of home offers written by Redfin agents faced competition in April, down from 64.6% a year earlier, the largest decline among the 36 U.S. metropolitan areas in this analysis.

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