

News Roundup

By Victor Whitman

In Brief

Real estate loan delinquencies fall to 7-year low

Delinquent real estate loan volume fell at the end of this past year to the lowest level in seven years, according to SNL Financial. The volume of loans 30 days past due declined to \$181.65 billion, which was the lowest amount in any quarter since the end of 2007, the company reported. Delinquent residential loans dropped to \$152.7 billion, down just under 19 percent compared to the end of 2013.

Home prices show signs of cooling off

Home prices cooled off at the end of this past year in many major cities. Overall the housing recovery was showing signs of slowing down, according to an S&P/Case-Shiller Home Price Index report. David M. Blitzer, managing director and chairman of the index committee at S&P Dow Jones, claimed the housing recovery was "faltering" and that home sales and new-home construction "remain weak." Year over year, prices gained 4.3 percent and 4.5 percent, respectively, however.

2015 originations predicted to reach \$1.3 trillion

Freddie Mac predicted mortgage originations for one- to four-unit homes would reach \$1.3 trillion in 2015, about \$100 billion more than previous industry forecasts. Rising home prices and lower mortgage rates should bode well for the mortgage industry, the government-sponsored enterprise reported in its February economic outlook.

Cash sales declined to a 3-year low in 2014

Fewer homes and condos were purchased last year with cash, a sign that investors continued to back away from putting money into residential real estate as prices rose. Cash purchases declined 13 percent in 2014 to 944,892 homes and condos, RealtyTrac reported. That number represented 30.3 percent of the market, and marks the first time in three years all-cash purchases fell below 1 million.

Home affordability improves for median-income buyers

Homes became more affordable to median-income buyers toward the end of this past year as both home prices and interest rates declined, according to the National Association of Home Builders/Wells Fargo Housing Opportunity Index. Nearly 63 percent of new and existing homes that sold in this past fourth quarter were affordable to families earning the U.S. median income of \$63,900, the study said. This rate was up 1 percent from the previous quarter when 62 percent were affordable.

Millennials are moving back home

The nation's millennials — a group counted on to become the next wave of first-time homebuyers — are tending to leave their parents' homes by their mid-20s, but most move back in with family at some point, the U.S. Department of Labor reported. The department studied 9,000 people born between 1980 and 1984. Some 90 percent left their parents' homes for at least three months between the ages of 23 and 27. Of that group, however, more than half returned home at least once, a phenomenon called "boomeranging." ■

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In Numbers



Delinquent residential loan volume in December, down nearly 19 percent year over year

Source: SNL Financial

105,278

Number of properties sold to institutional investors in 2014, down 31 percent from 2013

Source: RealtyTrac



Year-over-year decline in foreclosures reported this past December

Source: CoreLogic



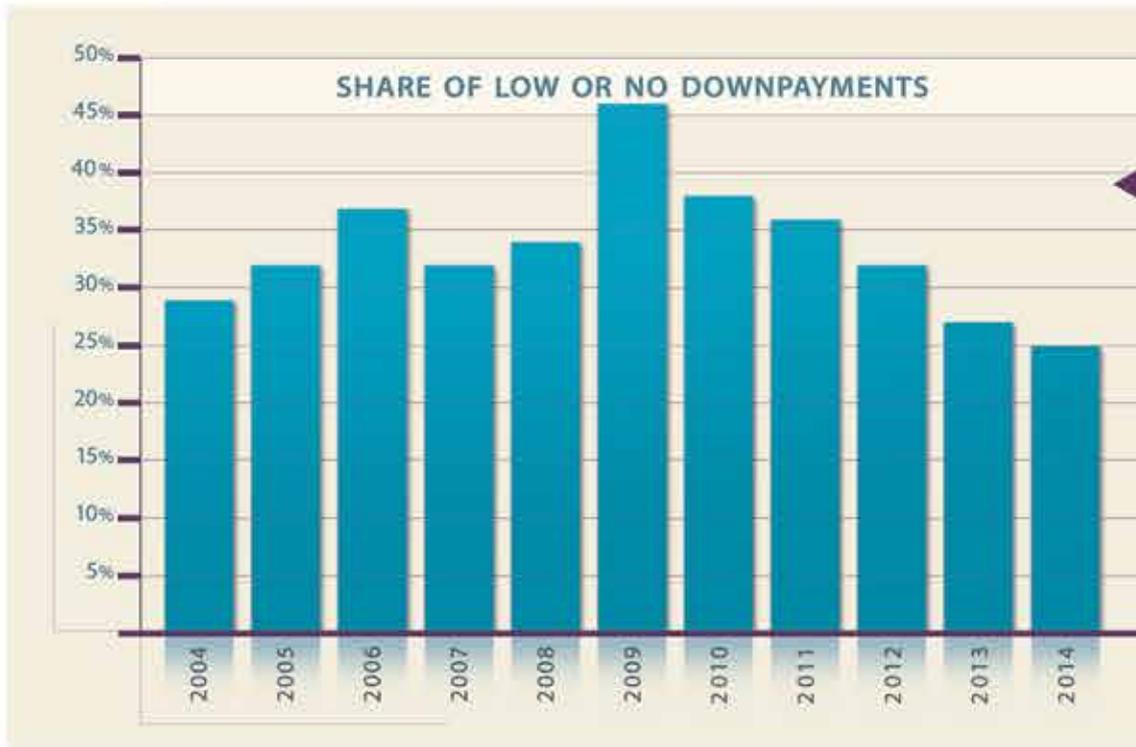
January's adjusted annual rate of housing starts, up 19 percent year over year

Source: U.S. Census Bureau

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In View



Low- and no-downpayments loans lose ground

Although Fannie Mae and Freddie Mac recently began backing mortgages with as little as 3 percent down, the percentage of borrowers using low-downpayment programs has been declining in recent years. In 2014, 25 percent of conventional or Federal Housing Administration loans had lower than 3 percent downpayments, down from a peak of 46 percent in 2009 when the federal government offered a tax credit to first-time homebuyers.

Source: RealtyTrac

In Words

“Overall, if you look at the total [housing] starts rate, 1,065,000 for total starts, we are in a good position.”

Robert Dietz

Economist, National Association of Home Builders

“We are bullish. It is a much better start to the year than we have seen in a long time.”

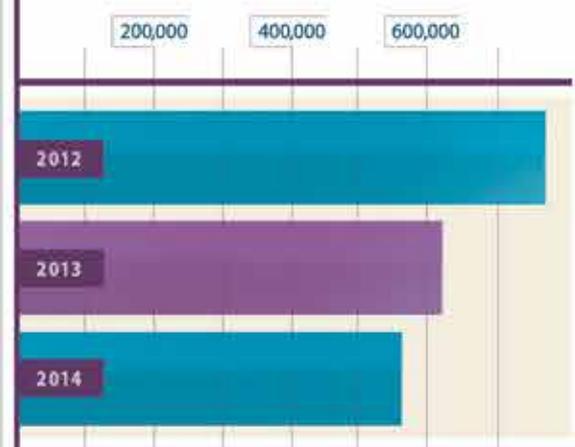
Jay Ralstin

President, Mortgage Bankers Association of Florida

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In Focus

Completed foreclosures declined by 13.7 percent in 2014 compared to 2013, and have dropped sharply over the past three years. The seriously delinquent rate was at 4.1 percent in December, the lowest level since June 2008.



Source: CoreLogic

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