

# News Roundup

By Victor Whitman

## In Brief

### Report: The pool of homes with negative equity is rising

After years of steady declines, the number of underwater homes in the U.S. is expanding again, Attom Data Solutions reported. Seriously underwater U.S. properties — or homes whose mortgage balances exceed their market value by 25 percent or more — rose to 5.59 million in the second quarter of 2018, the fourth consecutive quarter with an increase, according to Attom Data. The U.S. saw a net gain of 390,322 seriously underwater properties this past second quarter. There were a total of 5.2 million underwater homes as of the first quarter of 2018.

### Loan delinquencies and foreclosures remain low

Foreclosure starts on residential mortgages dropped to the lowest point since 1987 at the midway point of 2018, but mortgage delinquencies were ticking upward, compared to the prior year, the Mortgage Bankers Association (MBA) reported. Foreclosure starts as a percentage of all single-family mortgages fell 4 basis points in the second quarter of 2018, to 0.24 percent — the lowest level since the second quarter of 1987, MBA said. The loan-delinquency rate declined 27 basis points over the quarter to an adjusted rate of 4.36 percent. Delinquencies were still elevated in areas affected by last year's hurricanes, however, and rose 12 basis points year over year on a nationwide basis, however.

### Homebuilding inches ahead during the summer

U.S. homebuilding kept to a sluggish pace in the summer, with overall starts rising only marginally in July of this year from a weak June. Overall housing starts increased by 90 basis points over the month to reach a projected annual pace of 1.17 million, coming off a nine-month low this past June, the U.S. Census Bureau reported. This year's July figure was down by 1.4 percent compared to the July 2017 figure, however. Single-family home starts ticked up over the month by 90 basis points, to 862,000 on an annualized basis, rebounding from a six-month low in June of this year. Single-family home starts in July 2018 were running 2.7 percent higher than the annual pace in July 2017. Housing experts said roughly 1.1 million to 1.2 million single-family homes are needed to keep pace with demand.

### Home affordability falls to lowest point in a decade

Home affordability fell to a 10-year low this past second quarter, but the majority of the nation's homes still remain in the affordable category, the National Association of Home Builders (NAHB)/Wells Fargo Housing Opportunity Index reported. NAHB said 57 percent of homes sold in the April-June 2018 period were affordable to families earning the U.S. median income of \$71,900, down from 61.6 percent in the first quarter. It was the lowest reading since mid-2008. Mortgage rates moved up 33 basis points, to 4.67 percent, during this period. ■

## In Numbers



**The annualized pace of permits issued for new homes this past July, up 4.2 percent year over year**

Source: U.S. Census Bureau



**The percentage gain in home prices above the 2006 peak, as of this past May**

Source: S&P CoreLogic Case-Shiller Indices



**The annualized pace of new-home sales in July of this year, a two-month high**

Source: Mortgage Bankers Association

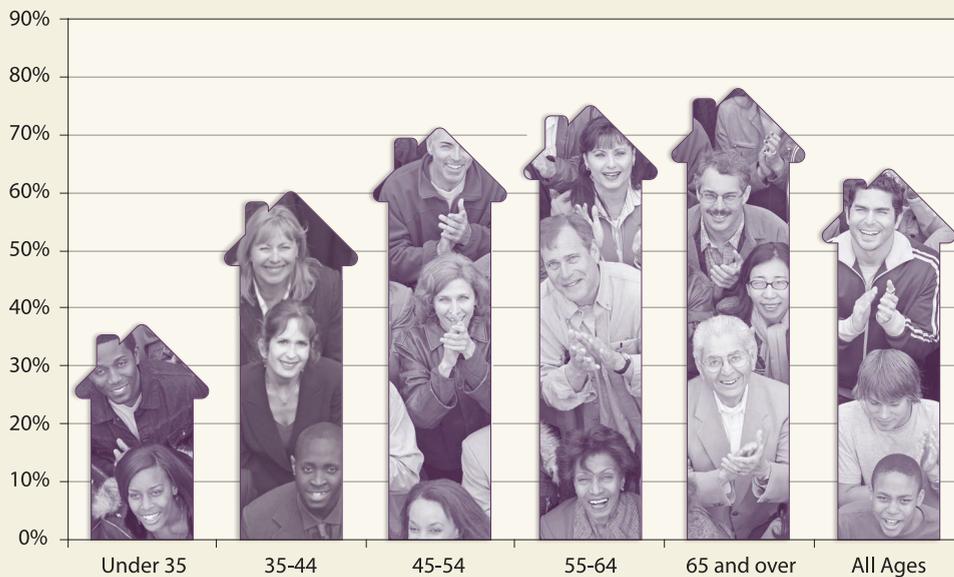
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## In View

U.S. Homeownership Rates by Age, Q2 2018



Source: U.S. Census Bureau

### Millennial homeownership rises to the top in Q2

All generational groups under the age of 54 saw an uptick in their homeownership rates in the second quarter of 2018, the U.S. Census Bureau reported. The 55-64 and the over-65 age groups recorded a slight decline. The rate for millennials, or people under the age of 35, however, posted the largest quarterly increase, 1.2 percentage points, to reach a 36.5 percent homeownership rate.

## In Words

“It doesn’t seem like the inventory woes are going to be over anytime soon, but there are a couple of data points that give us a glimmer of hope.”

**Cheryl Young**  
Senior economist, Trulia

“The economic outlook continues to support good loan performance.”

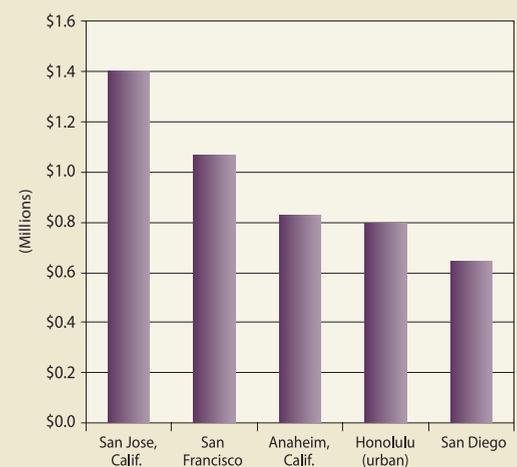
**Marina Walsh**  
Vice president of industry analysis,  
Mortgage Bankers Association

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## In Focus

The median single-family home price hit a new national peak of \$269,000 this past second quarter. Home prices rose in 90 percent of the 178 markets tracked, the National Association of Realtors reported. In the nation’s most expensive cities, home prices also rose to new heights.

Metros with Highest Median Home Prices as of Q2 2018



Source: National Association of Realtors

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