News Roundup

By Victor Whitman

In Brief

Single-family home starts slow

Single-family home starts dropped for the second-straight month this past October, to an annual pace of 865,000 units — in part the result of a slowdown in the Midwest and South regions, the U.S. Census Bureau reported. Single-family home starts were down 1.8 percent over the month and 2.6 percent year over year, according to the Census Bureau. The National Association of Home Builders has estimated that the U.S. housing market could absorb 1.1 million to 1.2 million single-family housing starts annually, but construction-worker shortages, rising material costs and restrictive zoning will likely keep single-family home starts below the 1 million mark for the next couple of years.

Mortgage delinquencies tick up in third quarter

The mortgage-delinquency rate edged up 11 basis points in third-quarter 2018, reaching 4.47 percent of all loans outstanding at the end of September. Delinquencies moved higher in several states in the South in the wake of Hurricane Florence and Tropical Storm Gordon, the Mortgage Bankers Association reported. Those storms swept through the Carolinas, Mississippi, Arkansas and Alabama this past September. Hurricane Michael, which made landfall on Oct. 10, 2018, also was expected to push delinquencies up in the Florida Panhandle. MBA analysts expect the fallout from the storms to elevate delinquency numbers for several quarters going forward.

Homebuyers and sellers are losing confidence

Homebuyers and sellers were growing increasingly pessimistic about the U.S. housing market this past fall. Fannie Mae's home-purchase sentiment index fell to its lowest level in a year in October 2018, as both buyers and sellers showed less confidence in the market. Fannie surveys 1,000 consumers each month in six areas to get a read on consumer confidence. Overall confidence has steadily declined since hitting a record level this past spring. Fannie analysts said the increasing pessimism has come with rising interest rates, which have created an affordability crunch and slowed home sales.

Home prices rise in most markets

Sales prices for existing homes in 2018 were up compared to 2017 in nearly all major markets during this past summer and early fall, the National Association of Realtors (NAR) reported. The U.S. median existing-home price stood at $266,900 as of third-quarter 2018, which was up 4.8 percent compared to the same quarter in 2017, the trade group said. The annual growth in prices has slowed. Still, home prices were up on an annual basis as of this past third quarter in 166 out of 178 U.S. markets tracked, or 93 percent of the metros, NAR said.

U.S. homeownership rate edges up

The overall U.S. homeownership rate hit 64.4 percent this past third quarter, up 50 basis points year over year, the U.S. Census Bureau reported. The homeownership rate has generally risen since 2015, after a nearly decade-long decline. The millennial-age homeownership rate rose at the fastest pace among generational groups, reaching a 36.8 percent this past third quarter, up 1.2 percentage points year over year. ■

Continued >>

In Numbers

The median price of a new home this past September, down 3.5 percent year over year

Source: U.S. Census Bureau

The foreclosure rate for single-family mortgages in third-quarter 2018, the lowest rate since 1985

Source: Mortgage Bankers Association

The annual increase in single-family home rents as of this past September, up from 2.7 percent as of September 2017

Source: CoreLogic

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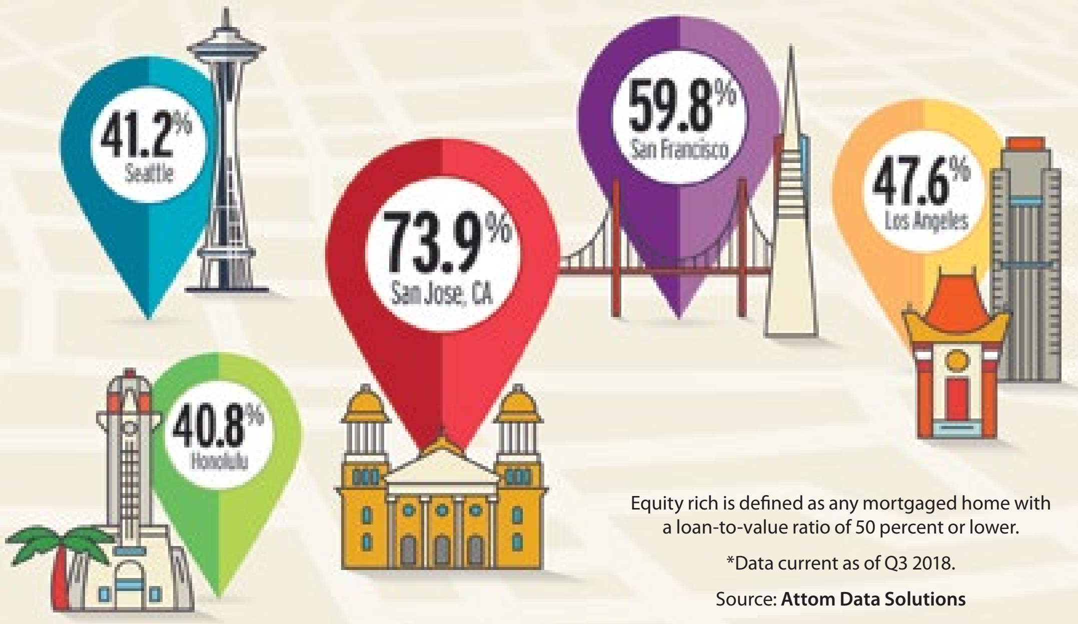
In View

Top Cities Ranked by the Percentage of Equity-Rich Properties*



Equity rich is defined as any mortgaged home with a loan-to-value ratio of 50 percent or lower.

*Data current as of Q3 2018.

Source: **Attom Data Solutions**

Equity-rich properties increases

Nearly 14.5 million property owners as of the end of this past September had built at least a 50 percent equity stake in their homes, and thereby could rightly call themselves "equity rich," according to Attom Data Solutions. Among cities, San Jose, California, had the most equity-rich properties. Among the states, California was tops — with 42.5 percent of mortgaged properties having a value that is at least 50 percent more than the loan balance, Attom Data said.

In Words

"While economic growth posted the fastest back-to-back pace in four years in the third quarter [of 2018], residential investment [sales] declined for the third-consecutive quarter."

Doug Duncan,
Chief economist, Fannie Mae

"What is going to drive the builder perspective is both the demographics and the fact that more and more millennials are going to be moving into the new-home market."

Robert Dietz
Chief Economist, National Association of Home Builders

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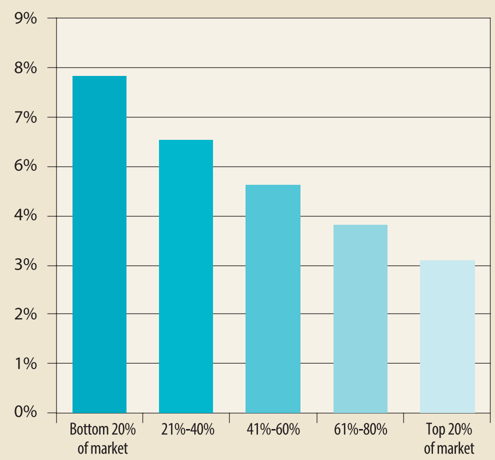
In Focus

Year to date through August 2018, home-price growth continued to rise at the fastest pace in the lowest-price tier, although the rate of growth was slowing, Black Knight reported. Bottom-tier properties averaged 7.5 percent price growth over the period, whereas prices rose by 3.4 percent in the highest price tier, the company said.

Six-month Home-Price Gains by Price Tier Through August 2018



Source: **Black Knight**

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