



## Top Housing Market News

### Mortgage Applications

Total mortgage application volume increased by 2.3 percent during the week of May 20<sup>th</sup> compared to the week prior. The yearly increase in total applications is at a nearly 24 percent gain. Purchase applications in the week of May 20<sup>th</sup> increased by 5 percent when compared to the previous week. Purchase applications were 17 percent higher than they were a year ago, a gain that points to the continuing strength of a very strong housing market. Refinancing activity managed to post a gain, yet remained relatively flat with a 0.4 percent increase despite slightly higher rates.

### Housing Starts

Housing starts and permits picked up at a moderate pace in April. Starts rose 6.6 percent to a 1.172 million annualized rate. The yearly gain however is in the negatives with a decrease of 1.7 percent. Permits rose 3.6 percent in April to a rate of 1.116 million, the yearly gain, though, is again in the negatives at minus 7.2 percent.

### New Home Sales

New US single-family home sales surged to a more than 8 year high in April. Prices hit a record high, up 7.8 percent in the month to a new median level of \$321,000. They are up a positive 9.7 percent from last year. April's annualized new home sales rate came in at 619,000, the highest rate since January of 2008. The data includes a large 39,000 net upward revision to the two months prior to April. The monthly gain of 16.6 percent is the largest monthly increase in new homes sales since January of 1992. This surge in sales is a negative for supply, as supply relative to sales fell sharply to 4.7 months from 5.5 months. The total number of new homes

for sale was down by only 1,000 to 243,000. Year on year total sales are up 23.8 percent and the median home price is now well above the 6 percent rate where housing appreciation has been trending.

### Existing Home Sales

Despite the low inventory market, existing home sales rose 1.7 percent in April to a 5.45 million annualized pace. It is up a solid 6.0 percent from April of last year. Although there is a shortage of listings and prices are rising in many markets, buyer demand continues to hold strong. The median home price is up 5.0 percent in the month to \$232,500 for a year on year gain of 6.3 percent. This price increase marks the 50<sup>th</sup> consecutive month of yearly gains. The strength in prices is driving more homes into the market, as they increased by 9.2 percent in April to a level of 2.14 million. Inventory, however, posted a yearly decline of 3.6 percent, a significant factor slowing sales.

### Pending Home Sales

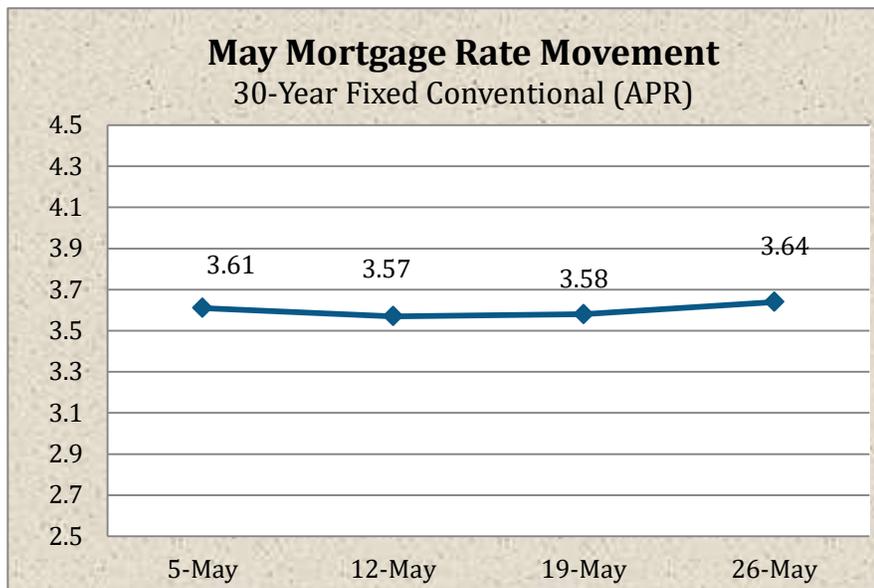
The pending home sales index experienced a similar surge as the new home sales for the month of April. Up for a third straight monthly gain, pending home sales increased by 5.1 percent to a level of 116.3.

### FHFA House Price Index

The FHFA housing price index for March rose a higher than expected 0.7 percent, for the best reading since last September. The year on year rate jumped over the 6 percent line to 6.1 percent for the best reading since October. After this FHFA house price report and the strong new home sales report, home price appreciation which has remained flat finally appears to be trending higher.

## Mortgage Rates

Mortgage rates remained relatively flat yet again, they varied by only 7 basis points throughout the entire month of May. They increased in the last two weeks of the month by 1 then 6 basis points respectively. Despite these two increases mortgage rates continue to remain ultra-low. According to the Freddie Mac survey, the 30-year fixed rate mortgage averaged 3.60%, 1 basis point below April's average and the lowest monthly average in 3 years. During the week of May 12<sup>th</sup>, rates fell to 3.57% a new low for 2016. Homebuyers are taking advantage of these historically low rates as seen in the New Home Sales report as they increased by 16.6 percent, the fastest pace since January 2008.



## News Briefs

### GDP

The first quarter GDP is now revised slightly higher to an annualized growth rate of plus 0.8 percent, a 3 tenths gain from the initial estimate. Upward revisions to residential investments and exports are behind the small gain. Inflation data is weak with the GDP price index revised 1 tenth lower to an annualized rate of plus 0.6 percent. Residential investments were revised up from 14.8% to 17.1%, and were the stand out of an otherwise soft opening to 2016.

### Janet Yellen Speaks

Janet Yellen, in her speech at a Harvard awards ceremony, stated that a rate increase will probably be appropriate in the upcoming months. Employment continues to be the strong suit of the economy; Yellen described employment as really improved and noted gains in the participation rate. She warned that the unemployment rate is closing in on the Fed's full employment goal, in a comment that points to an upcoming rate hike.

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