

REAL ESTATE TRENDS

FOR REALTORS, HOMEOWNERS AND PROFESSIONALS

December 2018

How Important is Housing?

The economy is rolling along and thus far, the housing sector has contributed to this economic growth. But recent evidence is pointing towards at least a slight slowdown in the sector. The question is, how much will this slowdown affect the overall economy? Generally, real estate construction itself contributes about 7.0% of the total economic output, or GDP. It should be noted that this number includes commercial construction and there is no evidence that the commercial real estate sector is slowing down — yet.

It also should be noted that real estate's influence on the economy is much more far reaching than the actual construction. The building and purchase of real estate affects consumer consumption greatly and the economy is heavily based upon personal consumption -- to the tune of about 70%. That is a large number to say the least. No one needs to be reminded that the Great Recession was triggered by a real estate crisis just a decade ago.

No one is predicting a major real estate downturn today. As a matter of fact, a slight slowdown could be beneficial, as it could loosen the tight reins on inventory and cause housing prices to moderate. If that causes the economy to slow a bit, it could also be the precursor for slightly lower interest rates. Perhaps the recent drop in oil prices also represents part of this coming trend--though the size of the decrease would indicate that there are other factors in play with regard to energy prices. In conclusion, the performance of housing can affect the economy. We may be about to find out how much, and we are hoping that the result is good news for potential homebuyers... [□](#)



Inventory Crisis Easing

The inventory crisis which is hampering home sales and growing demand from potential first-time buyers is starting to see improvement. Realtor.com's most recent housing reports shows an 8.0% rise in new listings year-over-year with inventory down just 0.2% from a year earlier. The year-over-year percentage rise in new listings was the highest since 2013.



"After years of record-breaking inventory declines, September's almost flat inventory signals a big change in the real estate market," said Danielle Hale, chief economist for realtor.com. "Would-be buyers who had been waiting for a bigger selection of homes for sale may finally see more listings materialize." The US median home price was up 7.0% year-over-year to \$295,000, marking a slower pace than the 10% annual rise of a year earlier. The 465,000 newly-listed homes last month were, on average, 8.0% cheaper (\$25,000) and 10% smaller (200 sq. ft.) than the existing inventory in the market... [□](#)

Source: realtor.com®

Selected Interest Rates

November 21, 2018

30 Year Mortgages——4.81%
2018 High (Nov 15)——4.94%
2018 Low (Jan 4)——3.95%
15 Year Mortgages——4.24%
5/1 Hybrid ARMs——4.09%
10 Year Treasuries——3.06%

Sources—Fed Reserve, Freddie Mac
Note: Average rates do not include fees and points. Information is provided for indicating trends only and should not be used for comparison purposes.

Government Refi Program Expiring

The Home Affordable Refinance Program, (HARP) is expiring on December 31. HARP was created in coordination with Fannie Mae and Freddie Mac to help homeowners with no equity or negative equity refinance their home loans. Since its inception in 2009, the program has put millions of people into more affordable home loans.

Fannie and Freddie are each rolling out programs that will fill the gap HARP leaves behind at the end of this year. Fannie's program is simply known as the high LTV refinance option, while Freddie's is called Enhanced Relief Refinance. HARP and these two new programs have some things in common as well as some important differences.

There are 49,000 HARP-eligible homeowners. In effect, thousands of people are potentially missing out on getting into less-expensive loans and building their home equity faster. These borrowers can't count on the new programs to help them because the qualifications are different. "Borrowers who don't elect to refi under HARP may be missing a really great opportunity," says Lauren Shepherd, project manager for HARP. Folks who qualify should talk to their financial advisor or lender about the benefits and risks of refinancing their home loan... [□](#) Source: BankRate.com
Not sure? Contact us to see if you qualify.

Did You Know...

More than three million U.S. homes are now worth \$1 million or more, representing 3.6% of all homes nationwide. As that number has grown, so too has the number of million-dollar neighborhoods. Felipe Chacón, Trulia Economist, said the number of million-dollar homes has more than doubled since 2012 — "Million-dollar homes remain relatively rare, but widespread and robust home value growth--homes appreciated 7.6% in the past year, with many markets experiencing double-digit growth--is helping to quickly swell the ranks," Source: Trulia

Compliments of
Suzanne Smith

HNB Mortgage
2101 W. Wadley Ste.36
Midland TX 79705
432-683-0081

suzanne@hnbmortgage.com
NMLS # 192813

