



Mid Valley Financial

Mortgage Banker, Since 1985

Broker CA DRE#01206057 | NMLS ID#219418

7644 N. Palm Avenue Fresno, CA 93711

Office: (559) 432-8221

Mobile: (559) 432-8221

Fax: (559) 432-8298

info@mvloans.com

[View My Website](#)

Realtors Say Ultra-Tight Inventories Made Q3 Housing "Underwhelming"

The rate of appreciation slowed a bit, but **home prices** both nationally and in most major metropolitan areas **grew substantially** in the third quarter of 2017. The National Association of Realtors® (NAR), which released the price data on Thursday, said tight inventory kept home prices rising "at a steady clip," while it also pinched sales growth.

The median price nationally of an existing single-family home in the third quarter was \$254,000, up 5.3 percent from the same quarter in 2016. The second quarter year-over-year gain was 6.1 percent.

NAR tracks prices in 177 metropolitan statistical areas (MSAs) and prices in 162 of them (92 percent) showed increases in the third quarter compared to 93 percent a year earlier. Fifteen MSA's (8 percent) recorded lower median prices year-over-year. Metro area condominium and cooperative prices in the 61 metro areas in which these sales are tracked had a median condo price of \$237,200, up 5.4 percent year-over-year. Ninety-three percent of tracked areas showed gains in median condo price from a year ago.

Among those metro areas where prices increased, 19, or 11 percent, **experienced double-digit gains**. While only 87 percent of the MSAs had posted rising prices in the second quarter, a larger number, 23 or 13 percent, of the increases exceeded 9.9 percent.

Lawrence Yun, NAR chief economist, calls housing performance in the third quarter "underwhelming." "The stock market's climb to new record highs, the continued stretch of outstanding job growth and mortgage rates under 4 percent kept homebuyer demand at a very robust level throughout the summer," he said. "Unfortunately, the pace of new listings were (sic) **unable to replace** what was quickly sold. Home shoppers had little to choose from, and many had to outbid others in order to close on a home. The end result was a slowdown in sales from earlier in the year, steadfast price growth and weakening affordability conditions."

He added, "While there was some moderation in price appreciation last quarter, home prices still far exceed incomes in several parts of the country - especially in the largest markets in the South and West where new home construction simply is not keeping up with job growth."

National Average Mortgage Rates



	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	6.89%	0.00	0.00
15 Yr. Fixed	6.33%	+0.01	0.00
30 Yr. FHA	6.33%	+0.01	0.00
30 Yr. Jumbo	7.05%	0.00	0.00
5/1 ARM	6.58%	0.00	0.00

Freddie Mac

30 Yr. Fixed	6.77%	-0.09	0.00
15 Yr. Fixed	6.05%	-0.11	0.00

Mortgage Bankers Assoc.

30 Yr. Fixed	7.00%	-0.03	0.60
15 Yr. Fixed	6.63%	+0.07	0.61
30 Yr. FHA	6.87%	-0.03	0.92
30 Yr. Jumbo	7.13%	+0.02	0.38
5/1 ARM	6.22%	-0.16	0.60

Rates as of: 7/22

Recent Housing Data

		Value	Change
Mortgage Apps	Jul 10	206.1	-0.19%
Building Permits	Mar	1.46M	-3.95%
Housing Starts	Mar	1.32M	-13.15%
New Home Sales	Mar	693K	+4.68%
Pending Home Sales	Feb	75.6	+1.75%
Existing Home Sales	Feb	3.97M	-0.75%

Quarterly **existing-home sales**, including single family and condos, slipped 3.1 percent to a seasonally adjusted annual rate of 5.39 million from 5.56 million in the second quarter, but remained 0.2 percent higher than the annualized 5.38 million sales in the third quarter of 2016.

The inventory continued to fall in the third quarter; there were 1.90 million existing homes available for sale. This marked a decline of 6.4 percent from the 2.03 million homes for sale at the end of the third quarter in 2016.

The national median family income ticked up slightly in the third quarter, but NAR said the increase did little to overcome the weakening affordability brought by higher interest rates and rising home prices. To purchase a single-family home at the national median price, a buyer making a 5 percent down payment would need an income of \$55,142, a 10 percent down payment would require an income of \$52,240, and \$46,435 would be needed for a 20 percent down payment. The national median income in the third quarter was \$71,775.

"Affordability pressures are frustratingly occurring in places where jobs are plentiful and incomes are rising," added Yun. "Without a significant boost in new and existing inventory to alleviate price growth, job creation could slow in high cost areas in upcoming years if residents begin exiling to more affordable parts of the country."

The five most **expensive housing markets** in the third quarter were the San Jose metro area, where the median existing single-family price was \$1,165,000. The others high priced areas were San Francisco, \$900,000; Anaheim-Santa Ana, California, \$790,000; urban Honolulu, \$760,200; and San Diego, \$607,000.

The five lowest-cost metro areas in the third quarter were Decatur, Illinois, with a median home price of \$86,300; Youngstown-Warren-Boardman, Ohio, \$88,900; Cumberland, Maryland, \$96,400; Wichita Falls, Texas, \$113,800; and Elmira, New York, \$117,300.

NAR also reported on existing home sales and prices on a regional basis. Sales in the **Northeast** dropped 7.9 percent in the third quarter and were down 0.5 percent from the third quarter of 2016. The median price was \$283,800, up 4.1 percent from the year before.

In the **Midwest**, existing-home sales declined 3.3 percent and are 0.8 percent below a year ago. The median home price increased 5.6 percent to \$202,400.

Sales in the **South** were down 4.4 percent for the quarter, but were 0.2 percent higher year-over-year. The median home price rose 5.5 percent to \$226,100.

Existing home sales in the **West** rose 2.8 percent and 1.9 percent for the quarter and the year respectively. A 7.0 percent increase brought the median home price to \$373,700.

Who is Mid Valley Financial?

Mid Valley Financial, located in Fresno, CA, is the Central Valley's premier destination for a wide range of residential and commercial real estate loans. Our commitment to excellence has made us a trusted partner for property buyers and investors seeking tailored financial solutions.

****Why Choose Us:****

With a track record spanning back to our inception in 1985, we have established ourselves as a reliable and innovative lender. We proudly serve properties exclusively within California, having funded loans in all 58 counties of the state. Our deep-rooted experience enables us to navigate complex loan scenarios with expertise and efficiency.

****Our Approach:****

At Mid Valley Financial, we prioritize your financial goals. Whether you're a first-time homebuyer, envisioning your dream property, refinancing an existing mortgage, or looking to tap into your property's equity, our seasoned loan officers offer a wealth of knowledge and over 300 years of collective experience. We ensure that your funds are prepared when you need them, providing a smooth and swift loan process.

****Unlocking Possibilities:****

As one of California's leading direct lenders, we've streamlined the loan process, minimizing obstacles that often deter borrowers. Many of our clients receive approvals within an hour, showcasing our dedication to quick and hassle-free solutions.

****Your Journey with Us:****

Contact the MVF team today and let us put your journey to property ownership on cruise control. Our mission is to empower borrowers while fostering enduring and meaningful relationships. With highly competitive rates, a commitment to transparency, and a dedication to your financial success, Mid Valley Financial is your partner in realizing your real estate aspirations.

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