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Real Estate Trends For Realtors, Homeowners and Professionals

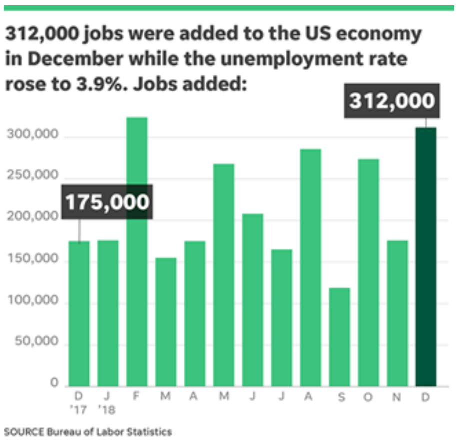
February 2019

The Shutdown Effect

Regardless of the fact that the government will not stay shut forever, many analysts are asking whether the shutdown might have a significant negative influence on the economy in the short-run and even some repercussions going forward. Though back pay will be paid, almost a million workers went without pay for a significant period of time, not only has had a deleterious effect upon individuals, there is a cumulative affect that will reach beyond the workers.

For example, in the real estate industry, there are lenders and landlords who will be receiving late payments. This will cause higher delinquency rates in addition to higher costs. Some buyers may have been delayed in purchasing homes during the shutdown and that means that sellers may have had to delay their plans. Retailers and other service professionals that do business with these workers may have been affected. Farmers are not receiving payments that are designed to off-set the negative effects of the trade war. Even businesses near government tourist attractions such as the National Zoo and museums have felt the pinch.

For those who are affected by the shutdown, this feels like a natural disaster. Only, instead of rebuilding homes after a flood, they are rebuilding credit and certain parts of their lives. Will we see a temporary drop in economic growth due to the shutdown? That seems likely. Will we see a long-term effect? That remains to be seen. However, we can be sure that we will see another drop in confidence in our leaders' ability to come together and find solutions to the problems we face today...❑



Rate Predictions For 2019

Rates for home loans have spent the past decade or so doing anything but what's expected of them. Every year, it seems, the general consensus is that in the coming months, financial conditions will finally get back to "normal," taking rates with them. And every year something has brought that "normalization" to a screeching halt.

Rates on home loans in 2018 may be the closest thing to "normal" we've seen in a long time, with the full-year average of approximately 4.54% for 30-year fixed-rates, the highest since 2010. And for 2019? Given all the variables in both financial markets and housing, forecasting rates on home loans is for the "intrepid," in the words of Mark Zandi, chief economist for Moody's Analytics.

The full year average forecasts for 30-year fixed rates range from 4.8% (Doug Duncan, Fannie Mae) to 5.3% (Danelle Hale, Realtor.com) -- with economists from Moody's Analytics, Wells Fargo Economics Group, the MBA and Freddie Mac in-between...❑ *Source: Market Watch*

Selected Interest Rates

January 24, 2019

30 Year Mortgages———4.45%
2018 High (Nov 15)———4.94%
2018 Low (Jan 4)————3.95%
15 Year Mortgages———-3.88%
5/1 Hybrid ARMs————3.90%
10 Year Treasuries———2.71%

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.

Hope For The Self-Employed

Self-employed people, with a lack of pay stubs or W-2's, may find it hard to have their income verified when it comes time to get a home loan. According to the Urban Institute, self-employed people constitute nearly ten percent of the nation's workforce and earn more on average than salaried workers, but these workers were hit hardest during the recession, and many are still struggling to gain homeownership.

Urban Institute looked at how policymakers such as the Bureau for Consumer Financial Protection (BCFP) may improve these potential buyer's situations. Despite their higher income, these households were hit harder by the financial crisis and have been slower to recover, and many have not returned to their pre-crisis income levels.

"But part of it reflects the reality that at any income level, both home loan use and the homeownership rate for self-employed households have declined more than they have for salaried households," Urban Institute states. However, non-QM loans are aiming to fill this gap. According to industry estimates, Non-QM loans currently represent around three percent of the market and are expected to double in size...❑ *Source: DS News*

Did You Know…

Thanks to higher rents throughout much of the past year, U.S. renters paid out more in rent than they ever have before. According to a new report from HotPads, U.S. renters paid a record $504.4 billion in rent in 2018, topping 2017's total by $12.6 billion. That increase is in spite of the fact that there were fewer rental households this year than last year. According to the report, there were approximately 43.2 million renter households in the U.S. this year, nearly 100,000 less than 2017. Despite that decrease, renters still paid out a record high total in rent in 2018, as rents rose throughout the year.

Compliments of
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