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April home sales hit slowest pace for that month since 2009

Source: CNBC

The spring housing market continues to struggle amid high interest rates and low consumer confidence. Sales of previously owned homes in April declined 0.5 percent from March to a seasonally adjusted, annualized rate of 4 million units, according to the National Association of REALTORS®. That is the slowest April pace since 2009.

Sales were down 2 percent from April of last year. Housing economists were expecting a gain of 2.7 percent. This count is based on closings, meaning contracts that were likely signed in February and March, before mortgage rates moved higher in April. "Home sales have been at 75 percent of normal or pre-pandemic activity for the past three years, even with seven million jobs added to the economy," said Lawrence Yun, NAR's chief economist. Inventory jumped 9 percent month to month and was nearly 21 percent higher than April of last year. More supply is starting to cool prices.

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Home sellers are setting "aspirational" prices; buyers have other ideas

Source: Yahoo! Finance**In the heart of the traditional spring homebuying season, sellers are enthusiastically listing. But increasingly, buyers just aren't materializing. Inventory of for-sale homes continues to surge in much of the country, but sales aren't keeping up. In fact, they are down from a year ago. In many cities, the shifting market has increasingly allowed buyers to be picky as homes stay on the market longer.**

One driving factor: Sellers are aiming high with their listing prices, even if it means dropping them later. On Zillow, nearly 25 percent of listings had a price cut in April, the highest share since at least 2018, the listing platform said. Brokerage Redfin found that homes in March ultimately sold for 9 percent less than the list price. The gap between buyers and sellers hasn't been that big since May 2020, when pandemic lockdowns were causing major market disruptions. The mismatched pricing expectations reflect a growing divide in financial security between those who already own homes and those who are trying to gain access to the market for the first time this spring. Compared to a year ago, buyers are doing at least a little better. Incomes are generally rising, and mortgage rates are slightly lower than this time last year, helping boost buying power.

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Insurance commissioner announces new smoke claims & remediation task force

Source: KMJ Now

As California faces the aftermath of some of the worst wildfires in its history – urban conflagrations that have devastated entire neighborhoods and spread toxic soot and ash across wide regions – Insurance Commissioner Ricardo Lara announced the formation of a new Smoke Claims & Remediation Task Force within the California Department of Insurance.

The new task force will bring together public health experts, environmental health professionals, smoke remediation specialists, fire safety experts, and consumer advocates to recommend science-based standards, best practices for smoke restoration of homes and personal property, and enforcement tools to the Department that ensure Californians are treated fairly in the wake of wildfire smoke exposure.

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What America's latest credit downgrade means for mortgage rates

Source: Investopedia

The downgrade of the U.S. sovereign credit rating on Friday will likely mean higher borrowing costs on mortgages. On Friday, Moody's downgraded its rating for debt held by the U.S. government one notch to the second-highest run on its 21-level scale of creditworthiness, citing the government's persistent and likely worsening budget deficit. Moody's was

the last major credit rating agency to downgrade the U.S. from the highest rating, following S&P in 2011 and Fitch in 2023.

The stock market largely shrugged off the downgrade as old news: the ding to the government's credit had been brewing since at least 2023, when Moody's changed its outlook for the rating to "negative" from "stable." But it was a different story for the bond market, where government-issued debt is bought and sold. Yields on 10-year treasuries – the interest the government pays to borrow money for a decide – are especially sensitive to credit downgrades. For consumers, higher yields on the 10-year treasury have a major consequence in the form of higher mortgage rates. Interest rates on 30-year fixed mortgages are tied to treasury yields, so the uptick could mean higher borrowing costs for homebuyers. Mortgage rates are unlikely to lower in the foreseeable future.

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Homebuyers think recession is nigh; some hope buying will get easier

Source: Realtor.com

Nearly two-thirds of homebuyers believe a recession is coming, though some hope it will improve conditions for buying a house, according to a new survey from Realtor.com. Among self-identified homebuyers, 63 percent say they expect a recession within a year, a sharp uptick from late 2024 and the third-highest level of concern since 2019.

Still, 30 percent indicated that a recession would make them at least somewhat likelier to purchase a home, and more than half said it would have no impact on their buying decision. Only 16 percent said a recession would make them less likely to buy.

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Mortgage demand drops after interest rates jump

Source: CNBC
After shifting in a narrow range for several weeks, mortgage rates moved decidedly higher last week. That caused a 5.1 percent drop in mortgage applications compared with the previous week, according to the Mortgage Bankers Association's seasonally adjusted index.

The average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances (of $806,500 or less) increased to 6.92 percent from 6.86 percent, with points rising to 0.69 from 0.68, including the origination fee, for loans with a 20 percent down payment. Applications for a mortgage to purchase a home, which had been rising for a few weeks, dropped 5 percent for the week and were 13 percent higher than the same week one year ago. Homebuyers are seeing many more listings on the market than they did even a few months ago, but higher interest rates, combined with increasing concern over the state of the economy and inflation, have chilled the usually busy spring season. Applications to refinance a home loan also fell 5 percent for the week and were 27 percent higher than the same week one year ago.

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