



METRO-WEST
APPRAISAL CO., LLC

THE MARKET'S EDGE

INSIGHTS AND PREDICTIONS FOR THE REAL ESTATE INDUSTRY

JANUARY 2019

Mortgage Applications Decrease, but Tenure is on the Rise

★ *Home Sweet Home* ★





Homeowner Tenure has Increased

Inventory has risen, but in general the American homeowner is still buoyed by historically low interest rates. Homeowners are now staying in their homes an average of more than 10 years, which is the highest level in 18 years. This is due to increasing mortgage rates, low supply, low rates of foreclosure and tight credit.



METRO-WEST **FUN FACT:**

We broke our own record!

We have hit our overall fastest turn-time nationwide at 5.55 days from order placement over the past six months!

Year-end Brings Significant Decrease in Mortgage Applications

The total mortgage application volume dropped 9.8 percent at the end of December from two weeks earlier, according to the Mortgage Bankers Association.

Rates at the beginning of 2019 were even lower, falling to the lowest level since last spring, according to Mortgage News Daily. While they could continue their slide amid healthy investor demand for bonds, they could also reverse.

Rates expected to remain flat– or even lower– through 2019

Rates ended 2018 at 4.51% as the economy appears to slow and fears of the dreaded R word become more realistic.



During the holidays there is typically a slowdown in the housing market. Although local markets are noticing more homes going up for sale, this has encouraged sellers to reduce their asking prices. Furthermore, homebuyers are also faced with uncertainty due to the economy, a volatile stock market that has seen significant losses, and a partial government shutdown.

According to Mike Fratantoni, chief economist at the Mortgage Bankers Association, although mortgage rates increased almost a full percentage point over the course of 2018, in 2019 rates shouldn't jump *back up too quickly*. A steadier rate environment awaits home buyers in the new year.



Foreclosure filings have hit a 13-year low, even down a staggering 19% from just 1 year ago!

Housing Market Remains Healthy, but Starting to Slow

Home price growth is depreciating. Still going up, but not at the recent rate of annual appreciation.



The housing market is set to remain healthy, however some metro markets have had a slowdown from last quarter's updates. Key factors contributing to this softening include housing supply and interest rates.

WAIVING APPRAISALS, LOWERING STANDARDS

2008 seems like a lifetime ago. Generally speaking, the real estate market has rebounded, routinely posting high-water year-over-year marks in sales and valuations. It's critical that we don't let those recession-era mistakes escape our rearview, and that we remain vigilant in sticking to what allowed us to fight back—responsible regulations that protect consumers.

Loosening regulations on appraisers will result in a race to the bottom that, rather than providing protections, actually exposes consumers and the American housing market and global economy to risk. The only group that stands to gain from this? Lenders, who will treat appraisers as pawns to gain a perceived competitive edge on speed and price. It is imperative that oversight remains on lenders by making sure impartial parties are involved in housing transactions.