

2020 Weekly Housing Market Monitor

November 9-12

National Association of REALTORS®
Research Group

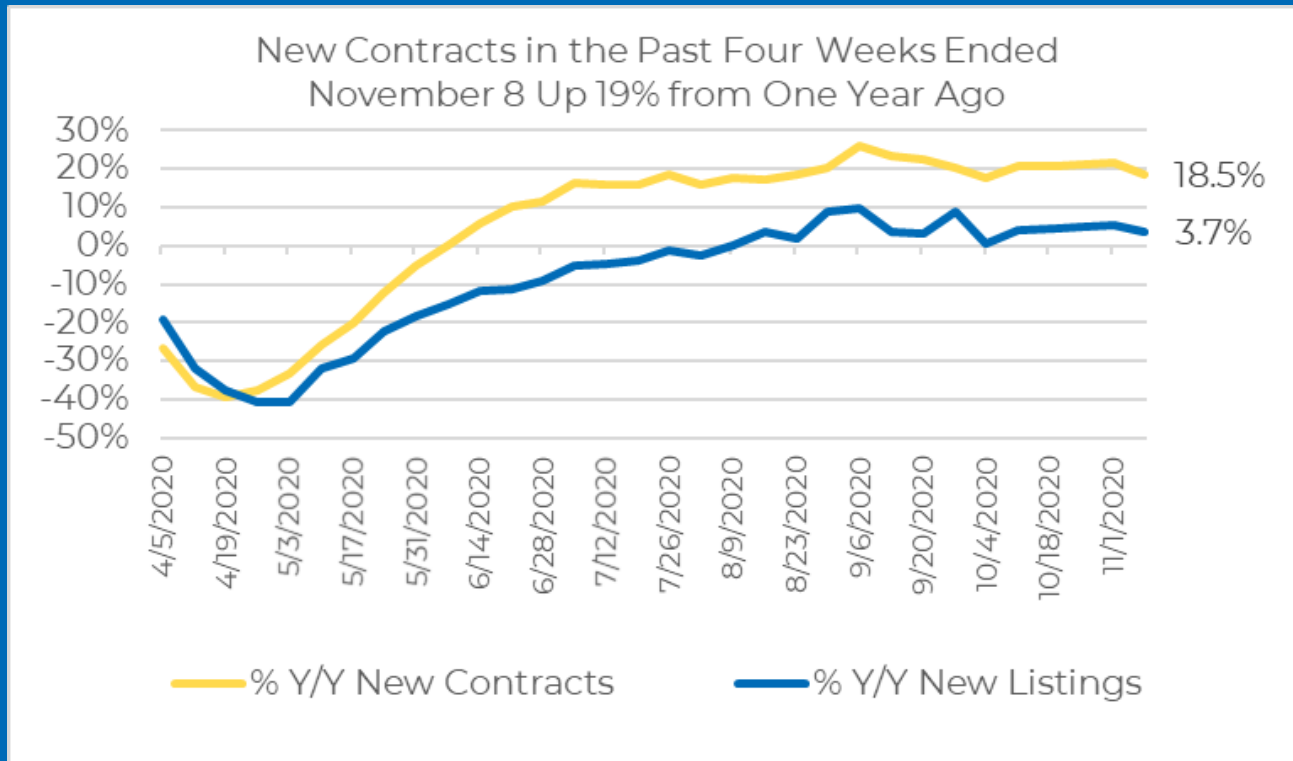


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Weekly Housing Market Monitor

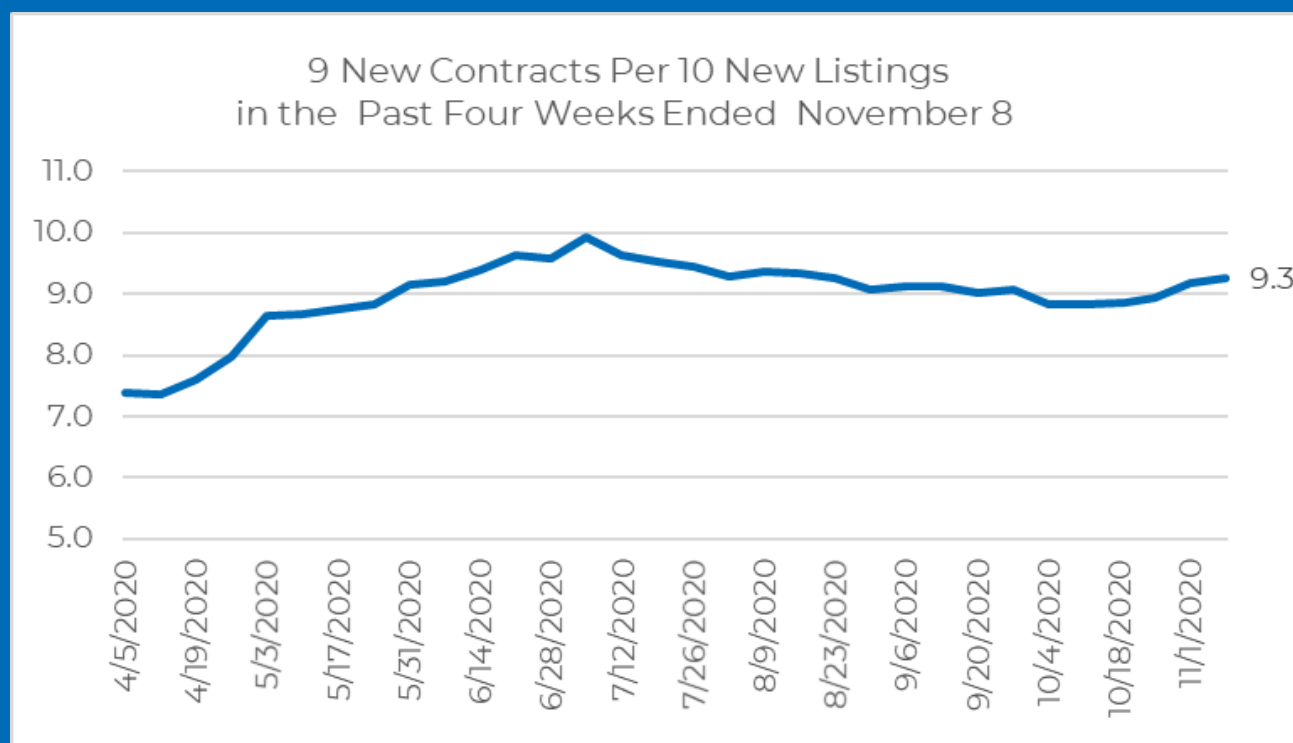
Contract Signings Up 19% in the Past Four Weeks*

Amid sustained job growth and with the 30-year fixed mortgage rate at below 3%, contract signings for existing homes increased 18.5% year-over-year during the past four weeks ending November 8.



This is somewhat slower than the pace in the prior week (22% in the prior 4-week period). New listings also rose at a slower pace of 3.7% year-over-year (5% in the prior 4-week period).

At the current pace, there are 9 new contract signings per 10 new listings.



The peak ratio was 9.9 in July, partly reflecting the seasonal uptick in demand as well as the boost from the homebuying after sheltering in place orders started to be lifted in May.

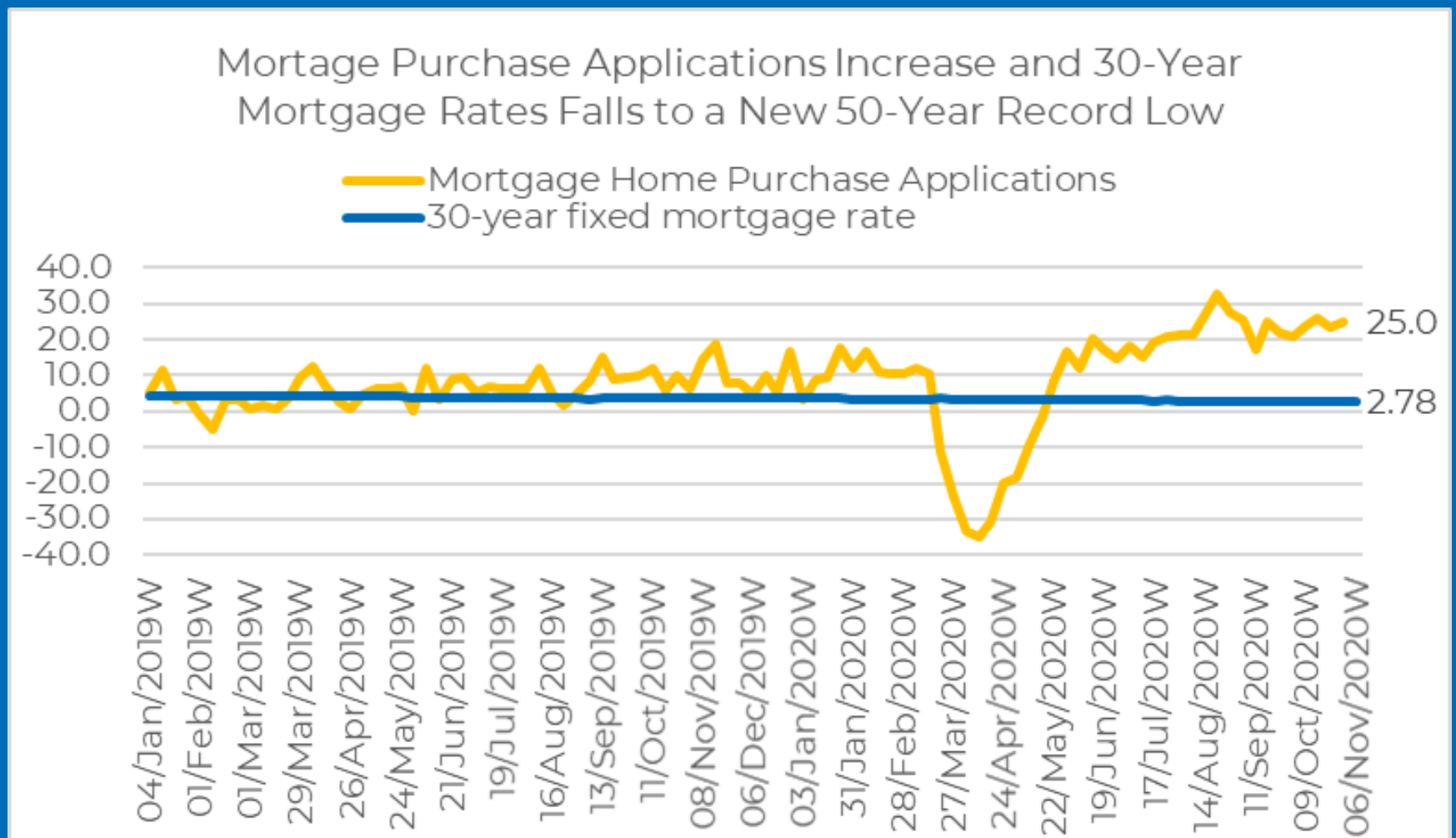
* Preliminary data based on a limited number of MLS

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30-Year Fixed Mortgage Rate Falls to 2.78%; Mortgage Applications Up 25% Y/Y*

The 30-year year fixed rate mortgage fell to a new historic low of 2.78% as of the week ending November 6 (2.81% in week of October 30), holding at below 3% since the week ending July 31.

In the week ended October 30, mortgage purchase applications were up 25% from one year ago (23.5% in the prior week).



* This calculation is for analytical purpose and is intended to show broadly how mortgage payments are changing relative to rent. Consult your lender for an estimate of your mortgage payment that will depend on other factors such as income, debt, downpayment, and credit score.

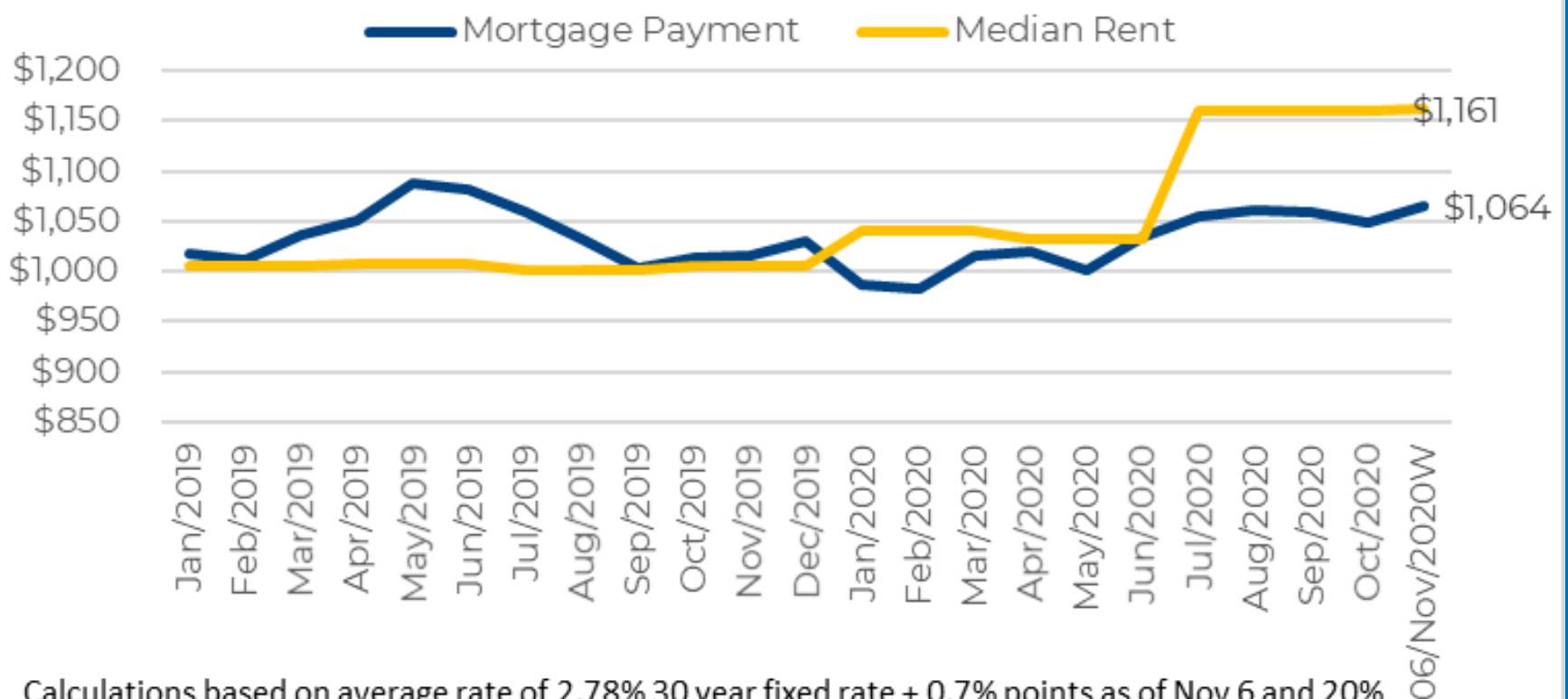
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30-Year Fixed Mortgage Rate Falls to 2.78%; Mortgage Applications Up 25% Y/Y

With the median sales price of existing homes up 15.2% from one year ago, the monthly mortgage payment** on a typical single-family home rose to \$1,064. However, this is below the estimated median rent in October of \$1,161.

Mortgage rates are expected to remain low for quite some time, as the Federal Open Market Committee reiterated on August 27 its long-run policy of anchoring monetary policy to achieving an average long-run inflation of 2% and promoting maximum employment. In September, inflation slightly rose to 1.4%. The unemployment rate declined further to 6.9% in October but it remains elevated compared to pre-pandemic levels (3.5% in February 2020) with 11 million unemployed, about twice the pre-pandemic level (5.7 M).

Typical Monthly Mortgage Payment of \$1,064 Trending
Below the Median Rent of \$1,161 as of November 6



Calculations based on average rate of 2.78% 30 year fixed rate + 0.7% points as of Nov 6 and 20% downpayment; estimated median single-family sales price based on September y/y price growth applied to October 2019 prices; estimated median rent by applying m/m CPI-Shelter inflation to US Census Bureau median rent.

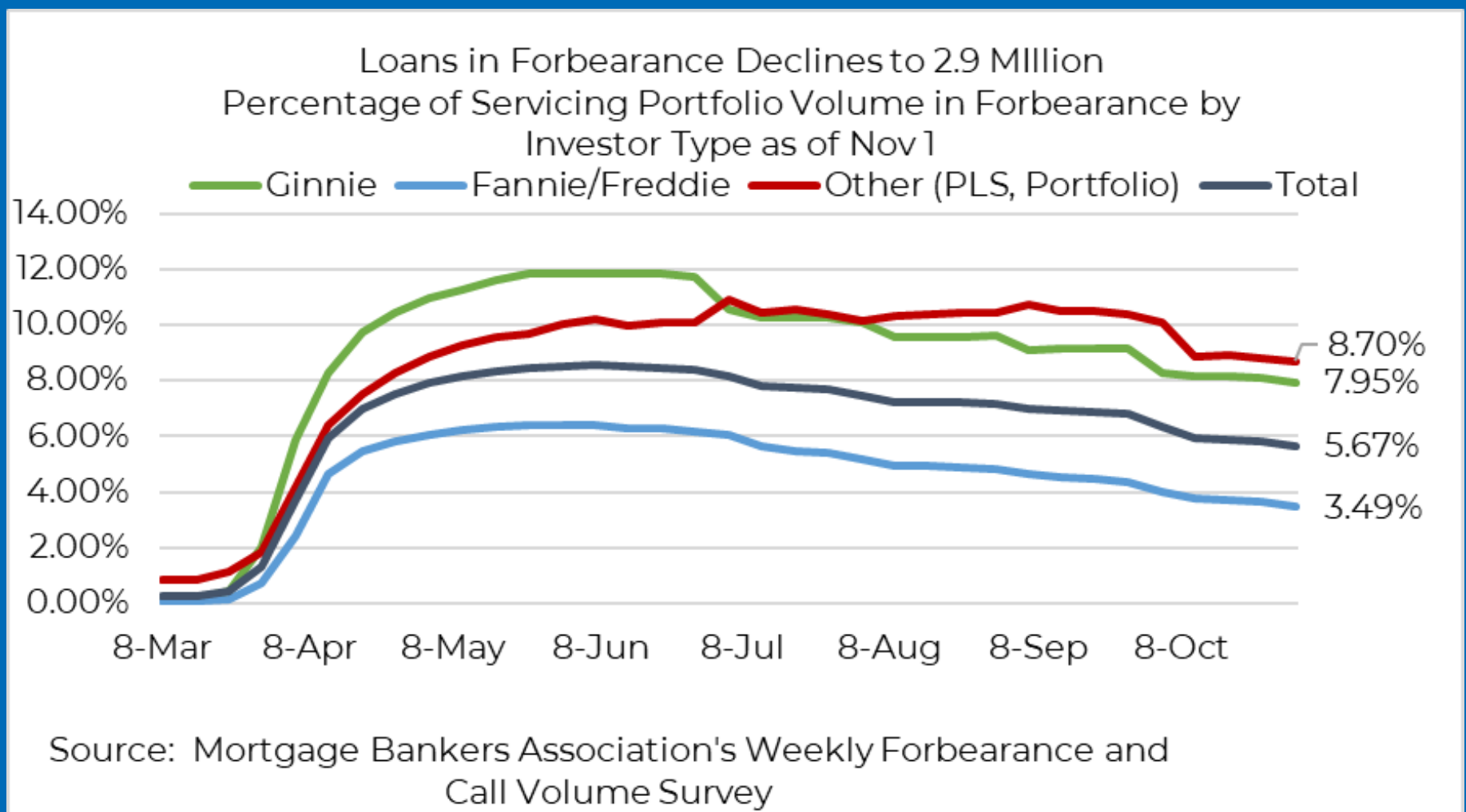
**The mortgage payment varies by type of home and by borrower.
A homeowner incurs other costs.

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Continued Decline in Borrowers Seeking Forbearance but Slight Uptick in Foreclosures

As the economy continues to restore and create jobs, the fraction of loans in forbearance continued to decline to 5.67% for the 20th week in a row during the week of November 1. The Mortgage Bankers Association estimates that 2.9 million homeowners are in forbearance plans (3.0 million during the prior week).

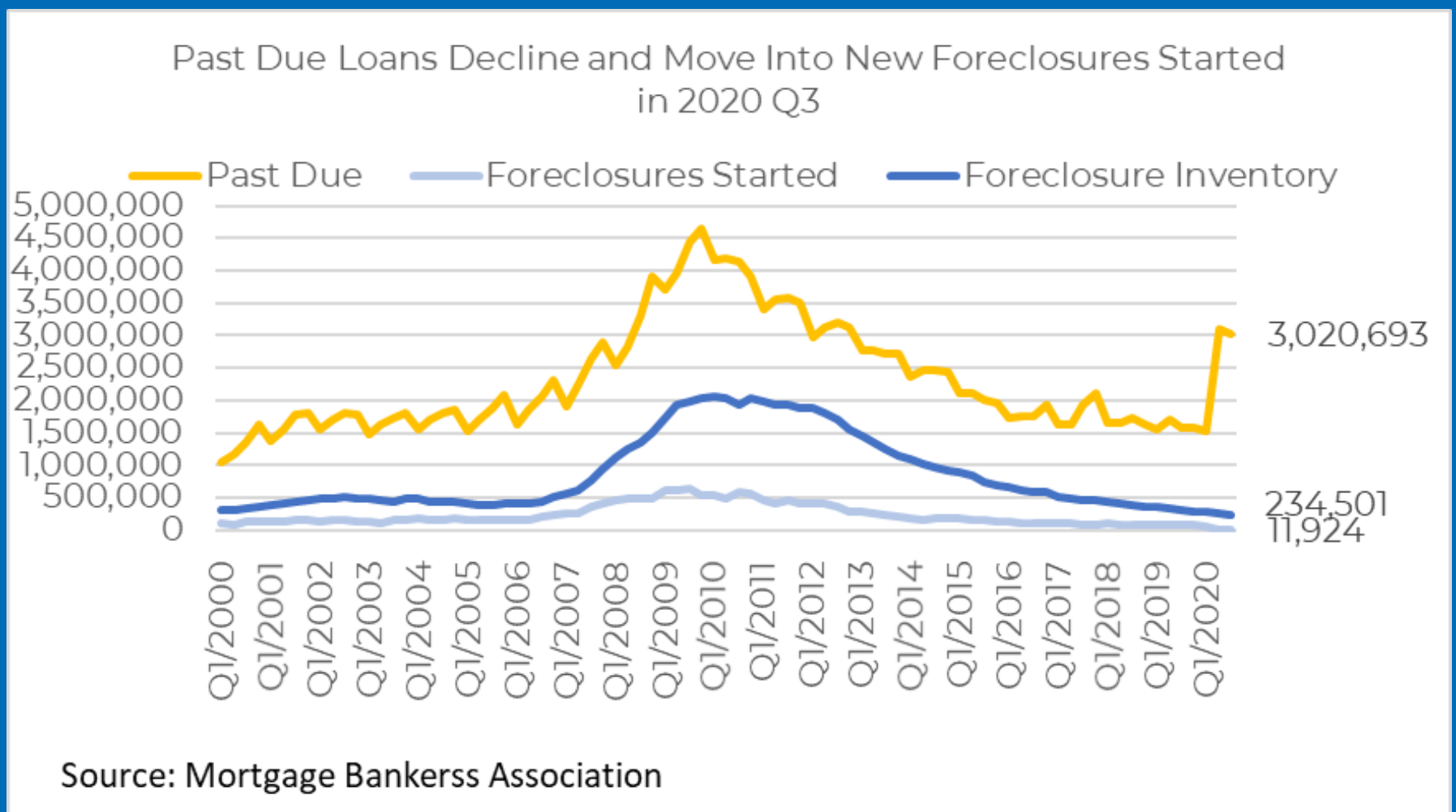
The fraction of loans insured or backed by Fannie Mae and Freddie Mac that are in forbearance declined to 3.49%. The share of Ginnie Mae loans held in forbearance also decreased to 7.95%. Loans held in portfolio by private lenders or that are backing private label securities also decreased to 8.70%.



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Continued Decline in Borrowers Seeking Forbearance but Slight Uptick in Foreclosures

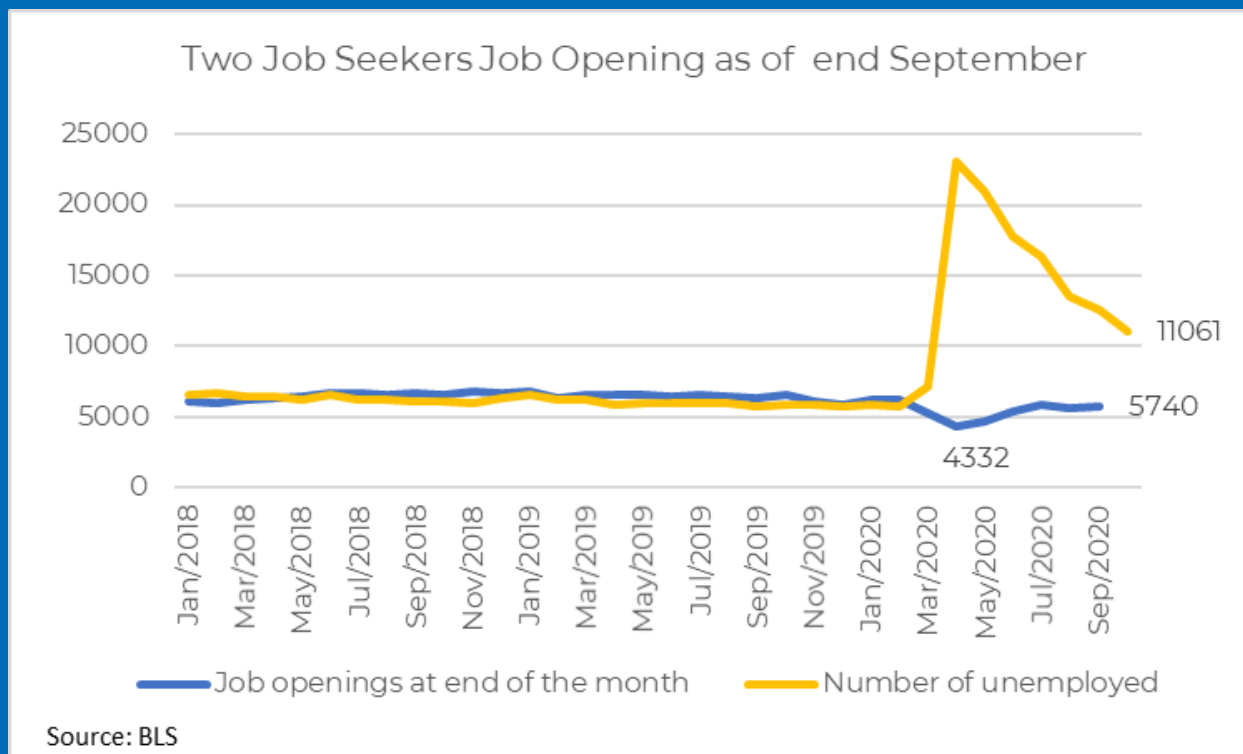
In the third quarter, the number of past due loans declined from 3.103 million to 3.02 million as the number of new foreclosures stated rose from 11,682 in the second quarter to 11,924. The number of foreclosures started and in the foreclosure process remains below 1% of total mortgages. Mortgages in foreclosure are not counted as past due, according to the Mortgage Bankers Association which releases this data.



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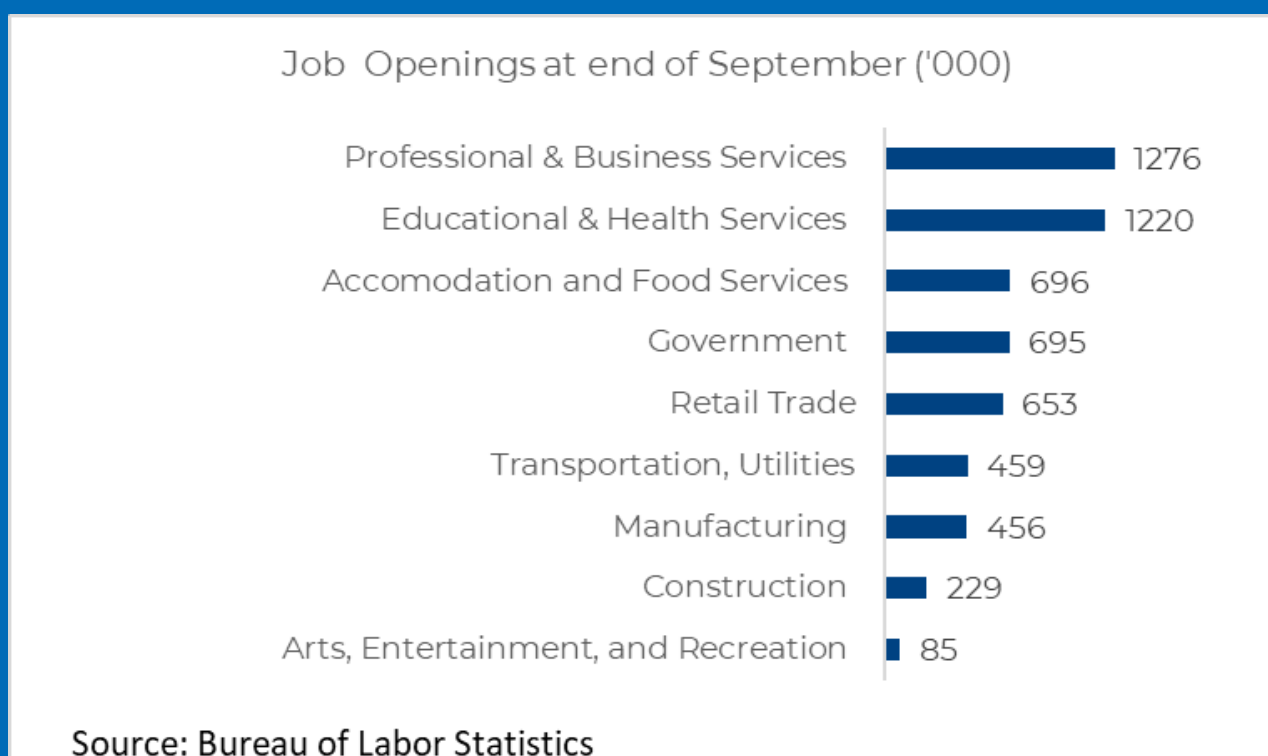
Job Openings Rose Slightly to 5.7 M in September, with 2 Job Seekers Per Job Opening

The number of job openings rose to 5.64 million as of the end of September, slightly higher from 5.36 million job openings as of the end of August.



There are about 2 job seekers for every job opening, a decline from nearly 5 job seekers per opening in April.

Professional and business services and education and health services had the largest number of job openings, with over 1 million jobs each. The fewest job openings were in arts, entertainment, and recreation, with less than 100,000 jobs.



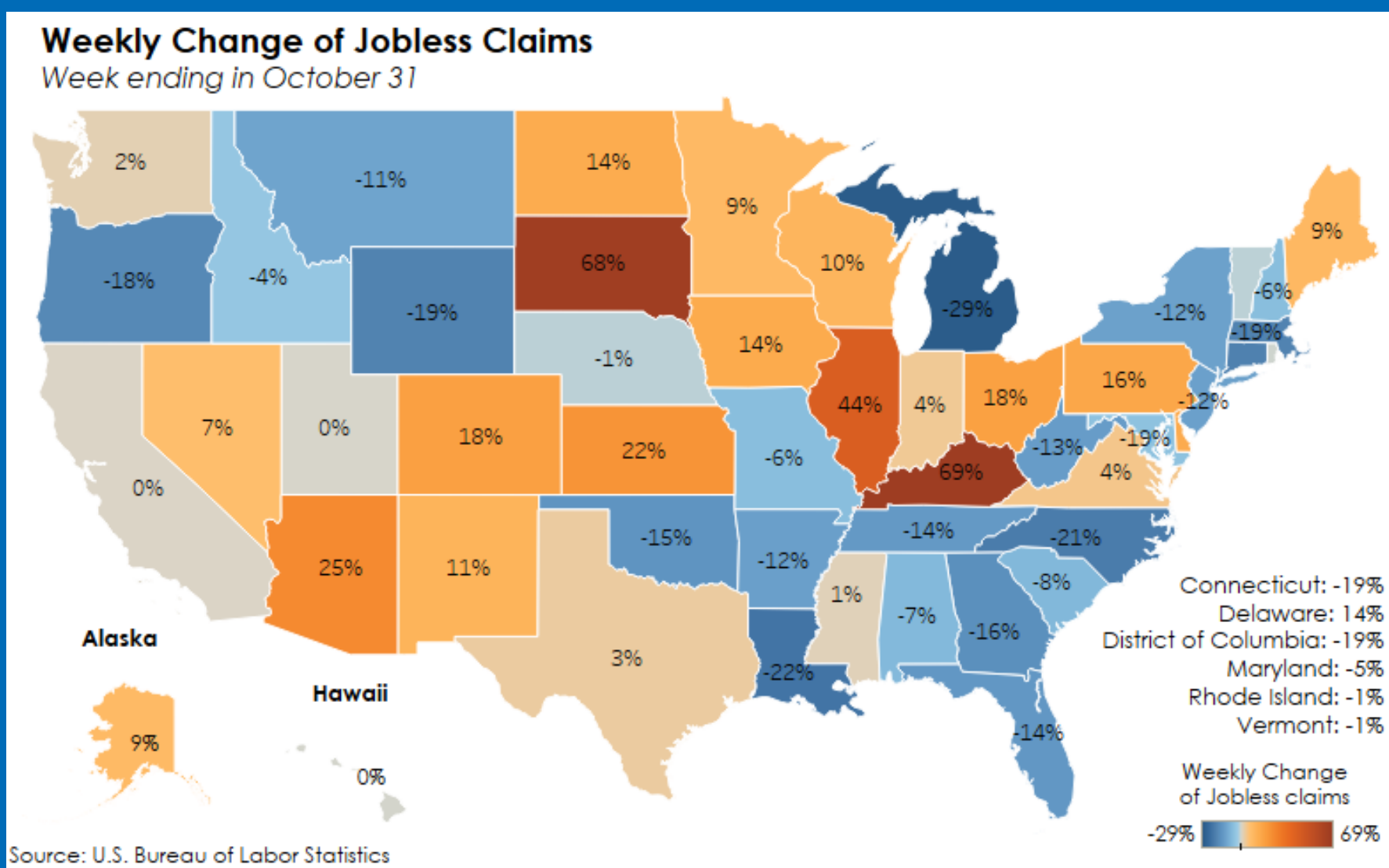
Job openings will help reduce the vacancy rates in the office sector. The low job openings in retail trade will mean sluggish decline in unemployment, as 16% of retail trade workers are still unemployed.

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Jobless Claims

Unadjusted new jobless claims totaled 738,166 in the week ending October 31, a decrease of 0.1% from the previous week. In the meantime, continued claims, which measure the number of people receiving unemployment checks, fell once again by nearly 640,000 fewer applicants within a week, to below 7 million. With continued claims declining for the last 8 weeks, the number of people receiving unemployment checks decreased by 6.4 million during this period.

At the local level, 28 states reported a decrease in new claims. Compared to the previous week, Michigan (-29%) had the largest drop in layoffs followed by Louisiana (-22%) and North Carolina (-21%). In contrast, unadjusted advance claims increased in Kentucky (69%), South Dakota (68%) and Illinois (44%).



[Click here to read the full analysis.](#)

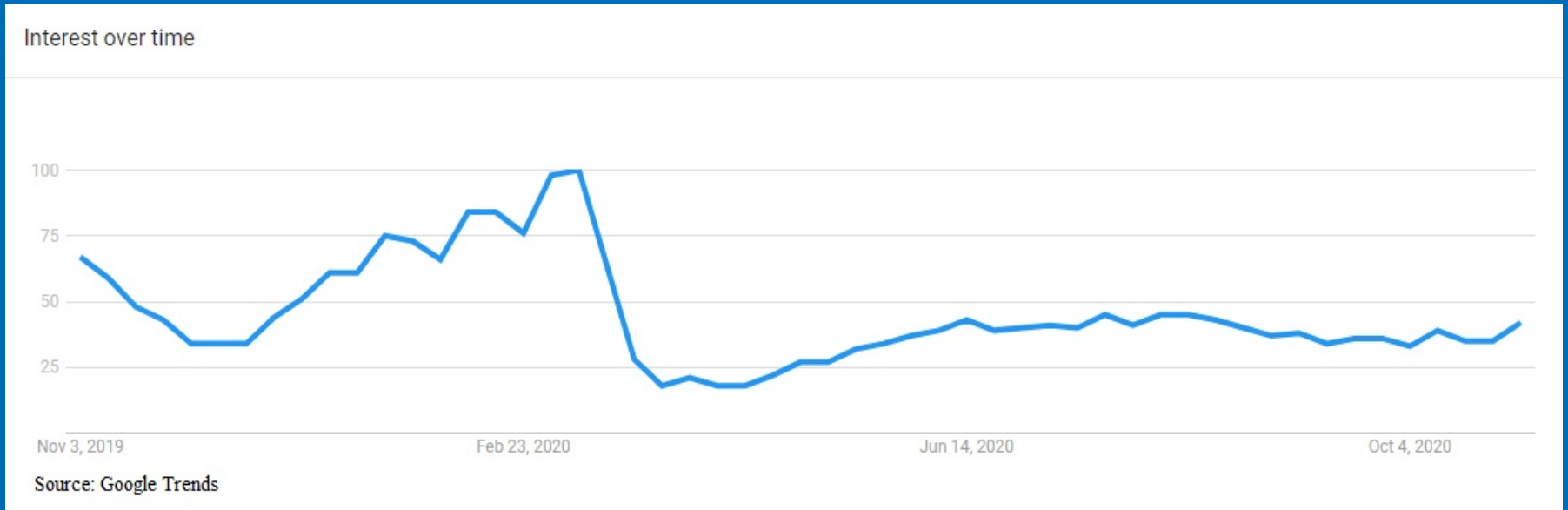


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Open Houses

Public interest in open houses dropped 37% last week compared to a year earlier. However, interest for open houses is twice the interest back in April. At local level, interest remains strong in Montana, Connecticut and Rhode Island.



For more information on the latest residential, commercial, and market trends, read the Economists' Outlook Blog.

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