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CALIFORNIA
ASSOCIATION
OF REALTORS[®]



Mortgage rates expected to decline

Source: Realtor.com

The U.S. Federal Reserve isn't expected to announce another interest rate hike in the wake of the banking crisis, especially as the inflation the Fed has been fighting continues to slow. The change in policy could give mortgage interest rates some room to come down.

Realtor.com's chief economist anticipates mortgage rates will stabilize over the short term and then begin dropping by the late summer and early fall. Rates could eventually return to the 5% and high 4% range. But those longing for the days of rock-bottom rates, such as when they fell below 3% during the COVID-19 pandemic, shouldn't get their hopes up.

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Higher mortgage rates restrain California home sales in April

Source: CALIFORNIA ASSN. OF REALTORS®

A surge in mortgage interest rates and a shortage of homes for sale suppressed California home sales in April, while the statewide median home price climbed above the \$800,000 level for the first time in six months, the CALIFORNIA ASSN. OF REALTORS® (C.A.R.) said.

“While home sales declined in April, the market is getting more competitive as we’re seeing time on the market before selling down to 20 days in April from 33 days in January and the share of homes sold

above asking price double from one in five at the beginning of the year to more than two in five in April,” said C.A.R. President Jennifer Branchini, a Bay Area REALTOR®. “This increase in market competition continued to provide support to the statewide median home price in April, which climbed above \$800,000 for the first time in six months.”

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Racial disparities in appraisals exist in every major U.S. city

Source: Bloomberg

Homes in neighborhoods of color are appraised at far less values than in White neighborhoods across every major U.S. metro, according to data analysis provided exclusively to Bloomberg CityLab by University of Illinois Chicago sociologist Junia Howell, who has done extensive research on appraisals.

Nationwide, homes in White neighborhoods were appraised at nearly triple the value of homes in communities of color in 2022 — extending a decades-long trend of worsening housing inequities that is making the racial wealth gap harder to curtail.

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14 million mortgages refinanced during 'pandemic boom'

Source: Marketwatch

During the early days of coronavirus pandemic in 2020 and 2021, mortgage rates fell sharply, and millions of homeowners jumped at the opportunity to refinance. The 30-year mortgage fell down to 2.65% in early January of 2021, according to Freddie Mac.

The Federal Reserve Bank of New York estimated that 14 million mortgages were refinanced during the “pandemic refinancing boom, dropping monthly mortgage payments by \$220. The surge in refinancing was, in part, due to strong household balance sheets and an increased need for housing, the New York Fed said in a blog post published Monday.

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Mortgage demand drops as rates near 7%

Source: CNBC

The average rate on the popular 30-year fixed mortgage crossed over 7% on Tuesday, according to Mortgage News Daily. That is the highest level since early March.

Last week, the weekly average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances increased to 6.69% for loans with a 20% down payment, according to the MBA. That rate was 5.46% the same week one year ago. Total mortgage application volume dropped 4.6% last week, compared with the previous week, according to the Mortgage Bankers Association's seasonally adjusted index.

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