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CALIFORNIA ASSOCIATION OF REALTORS®

California housing market battles back

Source: Pasadena Now

California's housing market continues to battle back from the surge in interest rates last year. Though sales dipped in June as interest rates in April and May rose, pending sales could mean that the recent decline in mortgage rates helped demand to rise again over the past few weeks, according to a report from the CALIFORNIA ASSOCIATION OF REALTORS® (C.A.R.). The recent reduction in rates has been assisted by an increase in supply – both from an uptick in resale inventory as well as a rebound in new construction.

Homebuyers and homebuilders appear to be slowly regaining their confidence after last week's inflation report, noted C.A.R. While all 100 economists in a Reuters poll said that the Fed would keep rates unchanged on July 31, more than 80 percent, or 82 out of 100, forecast the first 25-basis-point cut would come in September, pushing the federal funds rate to the 5.00 to 5.25 percent range.

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California's insurance landscape: expert panel

Source: Center for California Real Estate

California's homeowners insurance crisis took front stage Wednesday during the Center for California Real Estate (CCRE) panel discussion. CCRE, an institute of C.A.R., featured Insurance Commissioner Ricardo Lara and experts from United Policyholders, the Personal Insurance Federation of California, and UC Berkeley. According to C.A.R. data, nearly 7 percent of real estate transactions statewide have fallen out of escrow due to the insurance crisis.

The state's largest insurance regulatory reform in 30 years is set to go into effect by the end of this year. These reforms aim to stabilize the market by allowing modern risk-modeling systems and requiring insurers to cover more homes in wildfire-prone areas. Panelists emphasized the importance of community-wide wildfire mitigation efforts and highlighted resources for homeowners to better protect their properties and maintain insurance coverage. To watch the recording of the event, visit the CCRE website, ccre.us/pastevents.

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California homeowners sue FAIR Plan over smoke damage coverage

Source: East Bay Times

California homeowners are suing the FAIR Plan, that state's last option for those needing fire insurance, accusing it of failing to provide the legally required coverage for smoke damage. The class action case, filed Wednesday in Alameda County court, is being

brought on behalf of the more than 350,000 policyholders on the FAIR Plan – a state-created pool of private insurers required to provide fire coverage to homeowners who can't find it elsewhere.

Attorney Dylan Schaffer, representing the plaintiffs, said the goal is to force the FAIR Plan to cover the full costs of cleaning homes inundated by smoke during wildfires, a process that can cost tens of thousands of dollars. The lawsuit is seeking required coverage, not monetary damages. In response to complaints of denied smoke claims, the California Department of Insurance determined in a May 2022 report that FAIR Plan policies didn't meet state coverage requirements. That state insurance department declined to comment on this case and said it would review the complaint. Edan Cassidy, an insurance broker in the Santa Cruz Mountains, said it's unreasonable to expect that the basic protection offered by the FAIR Plan would cover every type of damage that might be caused by a wildfire. "The FAIR Plan is not a homeowner's policy," Cassidy said. He added that FAIR Plan policyholders can buy additional "difference in conditions" insurance to ensure they're fully covered for smoke damage.

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Typical homebuyer's monthly payment drops to lowest level in four months

Source: Redfin

The typical U.S. homebuyer's monthly housing payment was $2,671 during the four weeks ending July 21, the lowest level in four months and down $166 from the record high set at the end of April. Housing payments are falling because mortgage rates are falling. Buyers also have more homes to choose from: New listings are up 6.1 percent year over year and more listings are taking longer to sell, giving home buyers the opportunity to negotiate.

Even though housing payments are declining and inventory is improving, homebuyers remain hesitant. Pending home sales are down 5.7 percent year over year, the biggest decline in nearly nine months. Some buyers may be waiting for the upcoming election in the Fall to decide whether to buy a home and feel the economy and housing market may improve after the election. Others are waiting for an expected rate cut from the Fed.

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Summer heat slows home sales; here is what to do

Source: CNBC

Heat waves this summer have slowed open house foot traffic in some areas, according to a recent report by Redfin. Pending home sales are down 5.6 percent from a year ago, the biggest decline in eight months. While prospective buyers might be waiting on potential Fed rate cuts to buy homes, the report cited a second reason for weaker demand as

the extreme heat in some parts of the country.

Summertime home sellers may need to get creative. Experts suggest holding open houses in the morning, before the heat of the day kicks in. If ceiling fans and air conditioners have been removed, consider offering handheld fans or refreshments to help potential buyers stay cool, suggests Terry Mainord of staging company Terry Mainord Design. Virtual viewings and walk-throughs are also good options to help buyers get a better sense of the property if they aren't willing to go out in the heat. If HVAC and other cooling systems are included in the home, be sure they are serviced and working properly. You might be able to qualify for the Energy Efficient Home Improvement Credit even if you're planning to sell the home, according to certified financial planner Tommy Lucas.

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Mortgage demand drops as homebuyers await lower rates

Source: CNBC

Mortgage interest rates eased very slightly last week, but not enough to get today's potential homebuyers off the fence. The average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances ($766,550 or less) decreased to 6.82 percent from 6.87 percent, with points increasing to 0.59 from 0.57 for loans with a 20 percent down payment, according to the Mortgage Bankers Association. That is the lowest level since February of this year.

Rates have dropped over twenty basis points in the last few weeks, but applications for a mortgage to purchase a home still dropped another 4 percent last week compared with the previous week, per the MBA's seasonally adjusted index. Purchase demand is now 15 percent lower than it was the same week one year ago, while applications to refinance a home were up just 0.3 percent for the week (38 percent higher than the same week one year ago). Homebuyers and homeowners looking to refinance are also likely waiting for interest rates to drop further, as the expectation is that the Federal Reserve will cut its rate in September. While mortgage rates don't follow the Fed rates exactly (they loosely follow the yield on the 10-year Treasury bonds), rates will come down if investors believe inflation is easing.

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