

REAL ESTATE SUCCESS TIP OF THE DAY

THE NUMBER ONE REASON AGENTS STRUGGLE has nothing to do with how good they are at the technical parts of the business. It has nothing to do with their work ethic or their people skills. Great agents struggle every day, and it's simply because they don't have >> [MORE](#)



Home prices begin to cool as active listings jump 35%

Source: CNBC

Even though home prices are higher than they were a year ago, some of the heat is cooling. Several new reports show price gains are shrinking and home sellers are starting to give in after a stagnant spring market. For the first time since the start of the COVID-19 pandemic, when home sales ground to a halt, the typical house in the U.S. sold for slightly less than its asking price – about 0.3 percent lower – during the four weeks ended June 23, according to Redfin. A year ago at that time, the typical home was selling at list price, while two years ago it was selling at about 2 percent above list price.

A little less than two-thirds of homes still sold over asking price in the last month. Mortgage rates remain stubbornly high, with the average rate on the 30-year fixed mortgage stuck just above 7 percent for the third straight month, according to *Mortgage News Daily*. However, supply is starting to build. Total active listings are now 35 percent higher than they were at this time a year ago, according to Realtor.com.

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Costco's bold new plan for the California housing crisis

Source: SF Gate

Costco, the international bulk grocery chain known for its warehouses and hard-to-beat deals, is hard at work on what could be its biggest new product launch in years: affordable housing. An approved upcoming Costco location in South Los Angeles (the Baldwin Village/Crenshaw area) is slated to open in the coming years, featuring a mixed-use model with a Costco store with underground parking, and 800 small residential units, including 184 set aside for low-income tenants.

In addition to the store and 800 apartments, it will also include a fitness area, multi-use community space, multiple courtyards and landscaped paths, a rooftop pool and gardens, all within five acres. To qualify for construction incentives that make it easier, faster and cheaper to build, housing comprises at least two-thirds of the total square footage. To keep labor costs low, the construction will rely on pre-fabricated apartment modules that can be quickly loaded from trucks. Planned units include 350-square-foot studios, 452-square-foot one bedroom/one baths, and 605-square-foot two bedrooms/one baths.

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Lumber prices plunge due to drop in U.S. housing affordability

Source: Yahoo! Finance

The twin-peaked lumber bubble of 2021 and 2022 that drove home building costs through the roof and exacerbated inflation is over. Spot lumber prices have plummeted 75 percent from their May 2021 record high of \$1,514 per thousand board feet to just \$366 this week, roughly matching pre-pandemic levels, according to Random Lengths' Framing Lumber Composite Price Index. Lumber's price drop has been particularly dramatic in just the last 90 days in the futures market, with contract prices for July falling 28 percent to \$466 per thousand board feet. (Futures prices are around \$100 above spot price due to a delivery fee.)

Industry experts blame the record drop in U.S. housing affordability and a slowdown in home renovations for quashing lumber demand. It's just too expensive for consumers to buy new homes or renovate their current ones. That has led to fewer construction projects and slowing lumber sales. Meanwhile, previously overly optimistic industry demand forecasts made amid hopes of plunging interest rates and rising home sales have led lumber mills to increase supply at the worst moment. These factors combined have led to the reduction in lumber prices.

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State Farm seeking massive rate hike in California

Source: Fox Business

State Farm is looking to raise insurance rates for some California customers by more than 50 percent as the insurance giant weighs its future in the Golden State. In a filing to the California Department of Insurance, the company's subsidiary in the state requested to hike homeowners' insurance policies by 30 percent, condo policies by 36 percent, and renters' policies by a whopping 52 percent.

"Rate changes are driven by increased costs and risk and are necessary for State Farm General to deliver on the promises the Company makes every day to its consumers," the company said in a statement. State Farm is California's largest home insurance provider. The company has made a number of moves in recent years to pull back on its exposure in the state.

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Some California home prices plunge as insurance crisis deepens

Source: Newsweek

A luxurious three-bedroom single-family home in Wine Country, California, listed for sale on Zillow in late May has dropped in price by over \$400,000 after spending over a month on the market without going under contract. The property was originally listed at \$3,098,000 in September, and by January 1, the price had been reduced twice, down finally to \$2,695,000. The public record of the property show that it sold for \$40,000 in 1994. The home has four bathrooms, a swimming

pool and patio on 1 acre. Crestbook, a subsidiary of Nationwide Insurance, announced earlier this year that it would stop renewing home insurance policies in California where it had 20,275 policies worth more than \$38.4 million.

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Mortgage rates remain steady, with slight dip

Source: Forbes

Mortgage rates remained relatively steady this week, with a slight dip. The average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances (\$766,550 or less on average) decreased to 7.38 percent from 7.40 percent a week ago. The 15-year mortgage rate is 6.66 percent, the same as it was last week. The 15-year fixed rate mortgage is 6.69 percent versus 6.66 percent last week. The current average interest rate on a 30-year fixed-rate jumbo mortgage is 7.39 percent.

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