



beyond the headlines



How much renting costs millennials

Source: *Realtor Mag*

RentCafe, a nationwide listing service for rentals, studied how much millennials, Generation X members, and baby boomers spent on rent during that eight-year time period of their life by using U.S. Census Bureau statistics dating back to 1974.

Making sense of the story:

- By the time millennials turn 30, they will have paid \$92,600 in rent, according to the study. The figure is more than previous generations paid when they were between the ages of 22 and 30. Millennials have been hit the hardest by rising rents, and Generation Z—the generation following millennials—may have it worse, according to the analysis.
- Researchers estimate that by the time Generation Z reaches age 30, its members will have paid more than \$102,000 in rent.
- Millennials may earn more compared with previous generations (earning \$206,600 in the eight-year period), but they've had to spend more on rent, the study found. Millennials spent 45 percent of their income on rent between the ages of 22 and 30—more than the 30 percent that most financial advisers recommend.
- The analysis also found that younger millennials, now aged between 22 and 29 years old, have had to pay a larger amount of money on rent than older millennials, now aged 30 to 40. Younger millennials are paying a median rent of \$97,400 before turning 30, while older millennials paid about \$90,500, almost \$7,000 less than younger millennials.
- The two previous generations were not able to keep their rental costs under 30 percent of their income either, but they did fare better than millennials: Baby boomers spent 36 percent of their income on rent between the ages of 22 and 30 and Generation X spent 41 percent.

Read the full story:

<http://realtormag.realtor.org/daily-news/2018/03/27/how-much-renting-costing-millennials>

In other news...

California measure could spur more seniors to sell homes, easing the state's housing crunch

Source: CNBC

A proposed ballot initiative in California could encourage older homeowners with larger homes to downsize and move to other counties, freeing homes for younger families and potentially easing the state's chronic housing shortage.

The real estate industry is leading the charge to qualify the measure for the Nov. 6 election ballot and has already raised about \$6.7 million for the effort. Monday is the deadline for proponents of the measure to turn in signatures to qualify the measure for the November ballot.

The proposed voter measure would allow homeowners age 55 and older to sell their primary home in one county and move anywhere else in California without a significant property tax hit, assuming the new property is valued the same or less. If the replacement property is higher value, though, there are still incentives under the portability measure since it keeps property tax benefits under the citizen-led Proposition 13 tax rate rollback passed in the 1970s.

.Full story: <https://www.cnbc.com/2018/03/25/california-tax-break-measure-could-help-ease-states-housing-crunch.html>

Bay Area home prices rise further as Santa Clara County joins \$1 million club

Source: The San Francisco Chronicle

Rising mortgage rates and skimpier tax benefits haven't slowed Bay Area home prices yet, especially in Santa Clara County, where the median price surpassed \$1 million for the first time last month.

For the nine-county region as a whole, the median price paid for a home or condo rose to \$750,000 last month, up 5.6 percent from January and 12.5 percent from February 2017, CoreLogic reported Thursday.

The Bay Area's "greatest strength is also your greatest weakness," said Jordan Levine, senior economist with the California Association of Realtors. "You are firing on all cylinders, but the housing supply isn't there. That's what's resulting in the high prices and the market conditions where (buyers) are having to move so quickly."

The association predicted that the federal tax bill passed in December would curb demand for homes because some people would see their mortgage interest and property tax reductions reduced starting this year. Higher mortgage rates also were expected to reduce demand. Freddie Mac said Thursday that the average rate on a 30-year fixed-rate mortgage rose to 4.45 percent from 4.44 percent last week and 4.23 percent a year ago. Rates averaged less than 4 percent last year.

Full story: <https://www.sfchronicle.com/business/networth/article/Bay-Area-home-prices-up-again-as-Santa-Clara-12774288.php>

California consumer confidence index back at record high

Source: The Orange County Register

California shoppers continue to see through various bits of economic and political turmoil to push one measure of statewide consumer optimism to a new record high.

The March reading of the Conference Board's Consumer Confidence Index shows California's benchmark rising to a new high, breaking the previous peak set in December.

The data show California shopper's confidence in current conditions sits just below a record set in December while their outlook for the financial future hit a new high in March.

California confidence, by this yardstick, has grown at an annualized rate of 9 percent in the 14 months since Donald Trump became president. That's the same annual pace of improvement seen in the previous eight years when Barrack Obama was in the White House.

Full story: <https://www.ocregister.com/2018/03/28/california-consumer-confidence-index-back-at-record-high/>

LA votes to oppose California's transit, housing bill

Source: Curbed

The Los Angeles City Council heaped on scorn Tuesday of a state bill intended to spur the construction of more apartment buildings near transit stations.

It voted unanimously to oppose Senate Bill 827, which would allow apartments and condos to be built near transit stations, even if a city's local zoning code bans multi-family housing in those areas. It has the potential to add density to single-family neighborhoods—in an effort to solve California's housing crisis.

"I appreciate the catalyst that this bill is trying to accomplish, but it's too blunt a tool as currently written," said Councilmember Joe Buscaino, who represents Harbor area neighborhoods like San Pedro and Wilmington. "This bill takes a chainsaw approach to the patient, instead of a scalpel."

The opposition came with a string of criticism from City Councilmembers over gentrification and local control over planning and land use.

"The intent behind SB 827 is good, and I support initiatives for more affordable housing. But it would lead to massive displacement," said Councilmember David Ryu, who represents neighborhoods including Sherman Oaks, the Hollywood Hills, Fairfax, and Los Feliz.

Full story: <https://la.curbed.com/2018/3/27/17166122/housing-bill-density-california-los-angeles-opposition>

Homebuyers becoming dispirited even as economic confidence grows

Source: Housing Wire

Americans are growing increasingly confident in the economy and their financial situation, however this is not translating into a more positive view that now is a good time to buy a home, according to the National Association of Realtors' first quarter Housing Opportunities and Market Experience survey.

Heading into the spring home buying season, about 68 percent of consumers said now is a good time to buy a home, the survey showed. This is down from 72 percent last quarter, and is the lowest point in the past two years.

This optimism is even lower among renters, where 55% say now is a good time to buy a home, down from 60 percent last quarter. Homeowners, older respondents and those living in the more affordable regions of the Midwest and South held a more positive outlook.

Full story: <https://www.housingwire.com/articles/42870-homebuyers-becoming-dispirited-even-as-economic-confidence-grows>

What you should know

- Total mortgage application volume jumped 4.8 percent from the previous week, according to the Mortgage Bankers Association.
- An increase in refinance and purchase applications drove the rise.
- Refinance applications rose 7.3 percent last week from the previous week but was still down more than 10 percent from a year ago.
- The average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances (\$453,100 or less) increased to 4.69 percent from 4.68 percent for 80 percent loan-to-value ratio loans.