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VIRTUAL EVENT
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**More sellers are entering the housing
market**

Source: CNBC

HousingWire lead analyst Logan Mohtashami says in this video that new listings are growing in 2024 as more sellers are coming to the market. Sellers are often buyers, too, so the volume of transactions should increase. He expects spring inventory data (the number of homes for sale) to look much better in 2024 than it did in 2023.

Building permits, a sign of future construction, rose two percent in December 2023, beating expectations. Permits for multifamily housing edged out permits for single-family housing, but so far building is still fairly low. Building is expected to grow some this year, but most inventory growth will come from homeowners who decide to sell.

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New California law may allow some homeowners to sell ADUs separately from the main home

Source: CBS8

A new state law in California, AB-1033, gives cities the option to allow

homeowners to sell their ADUs (accessory dwelling units) separately from the main house. If a city permits this, and a homeowner opts to sell their ADU separately, they must create an HOA (homeowners association).

“Before, we could just build it, somebody can rent it, but now we’re going to offer you to sell it and what that does is it incentivizes those who can’t afford housing to buy something they could afford, like a 600 square foot ADU,” said Frank Powell, president of the San Diego Multiple Listing Service.

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Millennials and Gen Xer homeownership rates rose in 2023 while Gen Z stagnated

Source: Redfin

Homeownership rates for millennials rose from 52 percent to 54.8 percent in 2023, and the rate for Gen X rose from 70.5 percent to 72 percent. Meanwhile, just over one quarter of adult Gen Zers owned a home in 2023, at 26.3 percent, which was little changed from 26.2 percent in 2022, according to data from the U.S. Census Bureau’s Current Population Survey’s Annual Social and Economic Supplement from 1976 to 2023. Things are looking up for Gen Z, though, because mortgage rates are easing, which brings more listings to the market, and job growth is strong. Because job opportunities are no longer as

concentrated in expensive cities, Gen Z can choose to live somewhere more affordable, says Redfin Chief Economist Daryl Fairweather.

While the homeownership rate for adult Gen Zers has stagnated (the survey only included Gen Zers between the ages of 19 and 26, which is the upper limit for Gen Z), most Gen Zers are tracking ahead of where their parents were at the same age. For example, the homeownership rate for 24-year-old Gen Zers is 27.8 percent, while only 23.5 percent of Gen Xers owned a home at age 24. This is likely because when Gen Zers bought homes during the pandemic, mortgage rates hit a record low, while when Gen Xers were in their early twenties, they were grappling with some of the highest mortgage rates in history. In 1989, when the oldest Gen Xers were 24, mortgage rates were around 11 percent.

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Home builders start the year with a positive outlook

Source: HousingWire

For the second consecutive month, homebuilders have become more optimistic, according to the National Association of Home Builders/Wells Fargo Housing Market Index. The index rose seven points to 44 in January. The report attributes this sharp increase in builder confidence to mortgage rates remaining under 7 percent for the past month. “Lower interest rates improved housing affordability conditions this past month, bringing some buyers back into the

market after being sidelined in the fall by higher borrowing costs,” said NAHB Chairman Alice Huey. “Single-family starts are expected to grow in 2024, adding much-needed inventory to the market.”

Despite the increase in confidence and the lower mortgage rates, homebuilders still reported price cuts and other incentives. According to the report, 31 percent of builders reported cutting prices in January, with an average price reduction of 6 percent. Overall, 62 percent of builders reported providing sales incentives.

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Mortgage demand surges more than 10 percent as mortgage rates lure homebuyers

Source: CNBC

Another drop in mortgage interest rates caused a run on loans last week. Total mortgage application volume jumped 10.4 percent compared with the previous week, according the Mortgage Bankers Association’s seasonally adjusted index. The average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances (\$726,200 or less on average) decreased to 6.75 percent from 6.81 percent, with points increasing to 0.62 from 0.61 for loans with a 20 percent down payment. That was the lowest rate in three weeks.

Applications for a mortgage to purchase a home rose 9 percent for the

week, but were 20 percent lower than the same week one year ago. Mortgage rates were about half a percentage point (52 basis points) higher one year ago, but buyers seemed to be enticed by the recent rate drop. Applications to refinance a home loan increased 11 percent compared with the prior week and were 10 percent higher than the same week a year ago. While the vast majority of current borrowers have rates lower than those offered today, the recent drop is still having some effect for those whose loans carry higher rates.

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