



What the Mortgage Market Reads



# INSIDE MORTGAGE FINANCE®

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## Strong Expectations Heading Into Spring Home-Buying Season, Particularly for First-Timers

Real estate agents have a positive outlook for the spring homebuying season, especially first-time homebuyers, according to the *Campbell/Inside Mortgage Finance HousingPulse Tracking Survey*.

Tom Popik, research director of Campbell Surveys, said homebuyer traffic was higher than expected during the winter and demand from first-time buyers is expected to be strong in the coming months. "Rising interest rates may stimulate the market as homebuyers get off the fence," he added.

Homebuyer traffic was up sharply in January and February, led by first-time homebuyers. A real estate agent in New Jersey noted that traffic was strong even with poor weather conditions in February.

"We've had great turnouts at open houses, inquiries are up, the number of homes going under contract is 10 percent ahead of last year and time on the market is down," the agent said. "Everything points to a roaring spring market."

The market in California also appears to be improving. "The California housing market regained some traction in February as sales activity improved on a year-over-year basis for the second time in three months," said Leslie Appleton-Young, a vice president and chief economist at the California Association of Realtors. "At the state level, the market is moving in the right direction as the growth of sales continues its upward trend and home prices start stabilizing."

Nationally, the first-time homebuyer share of home purchases has increased for three consecutive months, hitting 37.3 percent in February, based on a three-month moving average. And the first-time homebuyer share is up from 33.7 percent in February 2014.

Popik said the first-time buyer share could increase in the coming months due to the recent reduction in FHA premiums. And first-timers could move to take advantage of current interest rates before affordability becomes more of an issue due to trends in interest rates and home prices. ♦

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