REAL ESTATE

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INSIDE

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See what's on the market: To see more Bay Area home listings, visit www.realestate.sfgate.com.

Average mortgage rates fall; 30-year at 4.28 percent

ASSOCIATED PRESS

WASHINGTON — U.S. long-term mortgage rates fell last week, giving an incentive to potential buyers as the spring homebuying season opens.

Mortgage buyer Freddie Mac said Thursday the average rate on the 30-year, fixed-rate mortgage declined to 4.28 percent from 4.31 percent the previous week.

Mortgage rates have fallen substantially since the beginning of the year, after climbing for much of 2018 and peaking at nearly 5 percent in early November. The average rate on the benchmark 30-year loan stood at 4.45 percent a year ago.

The average rate this week for 15-year, fixed-rate loans slipped to 3.71 percent from 3.76 percent a week earlier.

With economic growth showing signs of slowing in the U.S. and abroad, interest rates have eased. Reflecting dimmer expectations for growth, the Federal Reserve left its key interest rate unchanged Wednesday. The Fed kept the rate — which can influence mortgage loans as well as credit cards, home equity lines of credit and more — in a range of 2.25 percent to 2.5 percent.

The lower home-lending rates, combined with continued moderation of home prices, should enhance affordability for homebuyers as the season begins, Freddie Mac chief economist Sam Khater said.

To calculate average mortgage rates, Freddie Mac surveys lenders across the country between Monday and Wednesday each week.

SOUND OFF

How might the IPOs of Uber, Lyft and AirBnB affect the real estate market?

A: Many have heard about the New York Times article that foretells doubling and tripling prices as millionaires descend upon already scarce housing stock in the city.

But I'm not seeing it quite that way.

The Times relied heavily on tech-based brokerages with interests in exactly the type of outcomes that they themselves are predicting. The upcoming tech IPOs will affect home prices, I just don't believe it will be as pronounced as the article leads us to believe.

Here are some relevant details the article left out: Many of these companies are not yet profitable, there is a holding period for newly vested stock options, and, finally, there are stronger forces at play that could override the effects of the IPOs — such as interest rates and the greater economic cycle.

For an explainer video on the effects of the IPOs, check out www.ratooshgroup.com/ipo.

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A: This has been a topic of discussion with many of my clients since the end of last year.

If you are a seller and are anticipating selling, there is no need to wait. Bring your property to the open market now. Inventory is still very low, and there are many motivated buyers waiting for new inventory.

The IPO buyers are already shopping and in good numbers — not all are waiting to be in a crowded playing field.

Sellers anticipate a higher increase in traffic that will drive up prices to much higher levels. We are already seeing record-breaking sales. A property this past week just sold $1.3 million over list price in Eureka Valley.

If you are a buyer that has been on the fence to buy, this is your chance to finally jump in.

It will be even more competitive but worth it once you get your piece of San Francisco real estate.

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A: The impending IPOs will likely be better for continued optimism for the Bay Area's economy. How it translates directly to housing sales, or the housing market in general, is less predictable.

If there are an estimated 6,000 new "millionaires" as a result, they will likely be absorbed in multiple counties that span San Francisco from Marin to the East Bay to the Peninsula.

Therefore, I don't believe that the disbursement of 6,000 new "millionaires," if they buy versus rent, over such a large geographic area will meaningfully change the market.

However, it will be very good for continued optimism as far as the outlook for the Bay Area economy.

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