

MAY 2022



# THE MONTHLY RENT

NEWSLETTER



Source: S&P Global

## U.S. economic upturn eases in April amid survey record inflation pressures

by Nathan Fong, Colliers

The latest 'flash' PMI™ data from S&P Global (formerly IHS Markit) signaled a strong, but slower increase in business activity across the U.S. economy in April. Although still faster than January's Omicron-induced slowdown, overall growth was dampened by a softer rise in service sector output following pressure on customer spending as prices continued to increase markedly. On the other hand, manufacturers indicated a stronger expansion in production on the back of rising demand.

The headline Flash U.S. PMI Composite Output Index registered 55.1 in April, down from 57.7 in March. The latest data indicated a strong rise in private-sector output, but one that was subdued by the impact of inflation on customer spending. Although service providers recorded a softer upturn in activity, manufacturing firms noted the quickest uptick in production since last July.

Jump in median price for existing homes came as mortgage-interest rates climbed sharply and a shortage of homes for sale continued.

U.S. home prices soared to a new record in March while mortgage rates continued to rise rapidly, slowing home sales in what has been the hottest housing market in more than 15 years.

Existing-home sales fell 2.7% last month from February, the National Association of Realtors said Wednesday. March sales fell 4.5% from a year earlier.

The rise of remote work and the pursuit of more space unleashed a powerful wave of home buying when Covid-19-related lockdowns started to ease in the middle of 2020. The frenzied housing market, supported by ultralow interest rates at the time, lifted home prices throughout the country. Homes for sale often stayed on the market for less than a month, and sometimes only days, while open houses could draw lines around the block.

Now, that frenzy is starting to ease and the volume of home sales is reverting to pre-pandemic levels, said Lawrence Yun, chief economist for the National Association of Realtors. With mortgage rates at 5% and back to their highest level since 2011, Mr. Yun said he expects home sales in 2022 to decline 10% from last year.

The combination of higher borrowing rates and an extremely low inventory of homes for sale has led some buyers to give up. Purchase mortgage application volume was down 3% last week from a week earlier and down 14% from a year ago, according to the Mortgage Bankers Association's seasonally adjusted index.

"We do see a lot of serious, pre-approved buyers that were ready to go just a month ago, and now they're not in the market anymore," said Monika Prasai, a real-estate agent in San Diego. But analysts expect home prices to keep climbing, due to limited supply. The inventory of 950,000 homes for sale at the end of March was down 9.5% from March 2021, NAR said. Many homes on the market still receive multiple offers.

The median existing-home price rose 15% in March from a year earlier to \$375,300, NAR said Wednesday, a record high in data going back to 1999.

Monique Nethercott and Grant Walker bought a three-bedroom home in Springfield, Ill., in March. It was listed for \$225,000, and they paid \$245,000. They also sold Mr. Walker's home last month for \$126,000 after receiving six offers within the first day of listing.

"In this market you know that there's tons of offers," Ms. Nethercott said. "You just have to accept the fact that you're going to pay more than what it's listed for."

[Link to Full Article Here.](#)

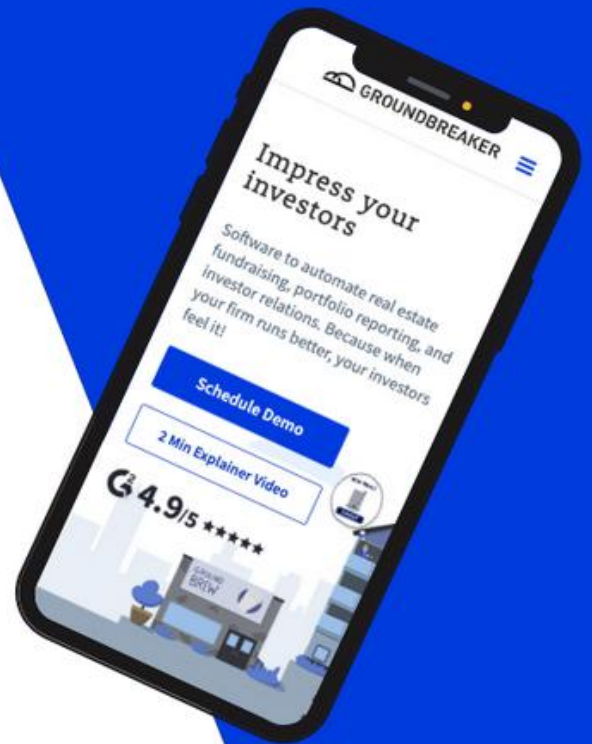
# U.S. HOME PRICES HIT A RECORD OF \$375,000 IN MARCH

by Nicole Friedman,  
Wall Street Journal



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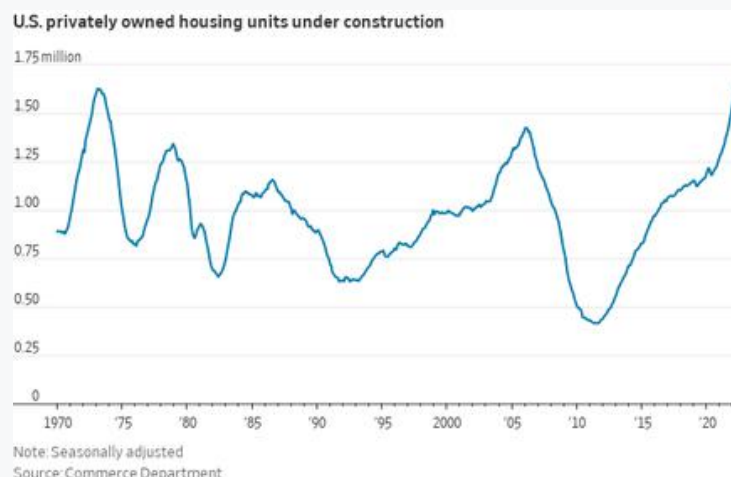
by Jeff Sparshott,  
Wall Street Journal

U.S. new-home construction last month rose to the fastest pace in more than 15 years. Privately-owned housing starts in March climbed to a seasonally adjusted annual rate of 1.793 million, the Commerce Department said, the highest level since the housing bubble began to pop in 2006. Apartment construction has been especially strong, with big gains last month for multifamily starts.

The Yimby movement is going mainstream in response to high housing costs. "Yes in my backyard" activists in states such as California are trying to persuade Democrats that more construction is the best solution for homelessness and lack of affordable housing, Christine Mai-Duc reports.



The latest construction figures underscore strong demand for housing, but also difficulties common to industries during the pandemic such as material shortages and trouble attracting workers. The number of housing units under construction was the highest since 1973, in part because it is taking longer to complete projects. The number of units authorized but not started is the highest in a data series that goes back to 1999, suggesting delays at the early stages of development.



# Online Retailers Face Challenges Post Pandemic

The Wall Street Journal explored how online retailers who rode a wave of sales during the pandemic are now grappling with the fact that some customers have begun to return to stores. Foot traffic to malls and bricks-and-mortar stores has rebounded since vaccines and booster shots became widely available and the worst waves of the virus receded.

Sales have slowed at many digital storefronts, notably those specializing in apparel and home furnishings, where many consumers prefer to see in-person and touch what they are buying. The newspaper notes that Dick's Sporting Goods saw online sales fall 11% in its most recent quarter while sales at bricks-and-mortar locations open for more than a year jumped 14%. Meanwhile, Best Buy reported higher U.S. revenue in the fiscal year ending January 29th despite a 12% slide in online sales.

Source: WSJ, Global Data





# THE <sup>5th</sup> ECONOMIC REVOLUTION

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1990s: Internet

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