



C.A.R. Real Estate Market Update

California's spring housing market posted mixed results as home sales cooled in April and home prices continued to accelerate, especially in the San Francisco Bay Area region, the CALIFORNIA ASSOCIATION OF REALTORS® (C.A.R.) said on MAY 17th, 2018.

Closed escrow sales of existing, single-family detached homes in California totaled a seasonally adjusted annualized rate of 416,790 units in April, according to information collected by C.A.R. from more than 90 local REALTOR® associations and MLSs statewide.

The statewide annualized sales figure represents what would be the total number of homes sold during 2018 if sales maintained the April pace throughout the year. It is adjusted to account for seasonal factors that typically influence home sales.

April's sales figure was down 1.7 percent from the 423,990 level in March and up 2.2 percent compared with home sales in April 2017 of a revised 407,960. March marked the second straight deceleration in home sales and the first decline in three months.

"After nearly three years of decline in active listings, we're finally seeing an improvement in the availability of homes for sale, which is encouraging for prospective buyers as we enter the busy spring home-buying season," said C.A.R. President Steve White. "However, entry-level buyers may continue to experience the housing shortage as homes priced under \$300,000 continue to bear the brunt of inventory issues."

"After increasing year-over-year by more than 8 percent for the past three months, the California median home price is close to striking distance of the pre-recession peak price of \$594,530, which was recorded in May 2007," said C.A.R. Senior Vice President and Chief Economist Leslie Appleton-Young. "With a continued imbalance of supply and demand, we'll likely break previous price records – which many areas have already done – before the summer is over."

Other key points from C.A.R.'s April 2018 resale housing report include:

- On a regionwide, non-seasonally adjusted basis, all major regions recorded both solid month-to-month and year-over-year sales gains. The San Francisco Bay Area led the way with a 6.0 percent monthly increase and 6.1 percent annual increase. Sales in the Inland Empire rose 2.9 percent from March and 4.6 percent from a year ago. The Los Angeles metro region experienced a 2.3 percent monthly sales gain and a 1.6 percent annual increase.
- Reversing five months of annual sales decreases, the **Southern California market** also posted solid sales growth, thanks to a **strong performance in San Bernardino County**, which experienced a 9.8 percent year-over-year sales increase. **The rest of the region experienced little growth** or actually contracted in the cases of San Diego and Ventura counties.

- The bottom end of the market continues to bear the brunt of the housing shortage as sales of homes priced under \$300,000 declined 15 percent on an annual basis, though the magnitude of the declines has slowed. Conversely, sales of homes priced \$1 million and higher continued to grow by double-digits.
- Home prices in Southern California were tepid but still showed a steady, upward trend. Los Angeles and San Bernardino counties posted double-digit increases, while prices throughout the rest of the region grew by mid-single-digits in April. While dipping slightly in April, at \$818,000, the median home price in Orange County is close to its pre-recession peak.
- Statewide condo/townhome prices continued to soar, setting another record price high in April. The California condo/townhome median price reached \$476,010, up 2.1 percent from the revised \$466,420 registered in March and rose a solid 9.1 percent from \$436,390 a year ago.
- **Statewide active listings finally reversed nearly three years of decreases after rising 1.9 percent in April. Listings had been trending upward since the beginning of this year, following nearly two consecutive years of uninterrupted, double-digit declines.**
- After falling below the 3-month benchmark in March for the first time since the end of 2017, the statewide unsold inventory index ticked up to 3.2 months in April compared with 2.9 months in March and 3.3 months in April 2017.
- The median number of days it took to sell a California single-family home remained low at 15 days in April compared with 17 days in April 2017.
- C.A.R.'s statewide sales price-to-list price ratio* was 100 percent in April, unchanged from April 2017.
- Mortgage rates have been on the rise since breaking the 4.0 percent barrier in March. The 30-year, fixed-mortgage interest rates averaged 4.47 percent in April, up from 4.44 percent in March and from 4.05 percent in April 2017, according to Freddie Mac. The five-year, adjustable mortgage interest rate also ticked higher in April to an average of 3.66 percent from 3.65 percent in March and from 3.15 percent in April 2017.

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