

Monthly Real Estate Statistical Update

Up-to-date data on crucial California real estate trends from RPI (Realty Publications, Inc.)

January 2023 • Vol. 13 • Issue 1 • *The recession is imminent — for real estate, more of 2022*



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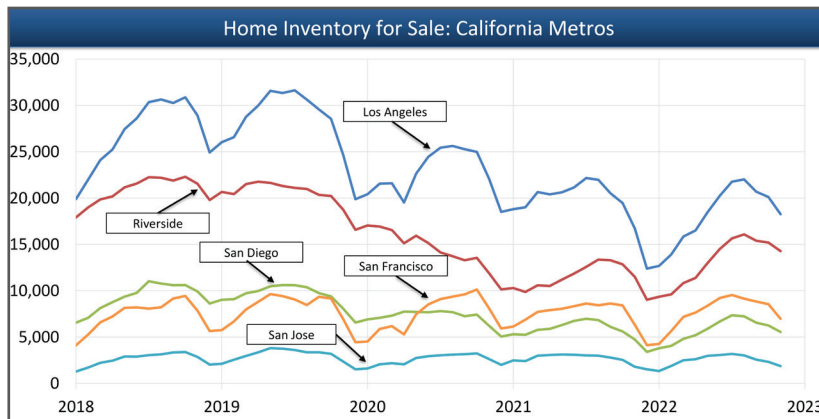
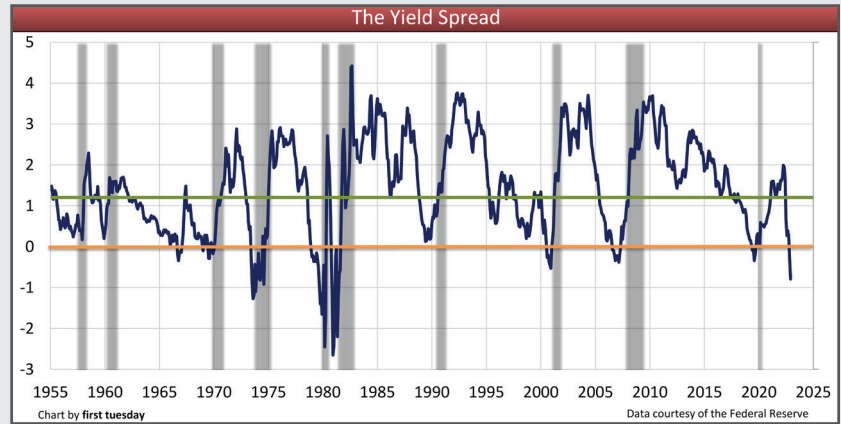
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Real estate's preview of what's to come

This chart displays the **yield spread**, which indicates the likelihood of a recession or recovery one year forward. The gray bars show economic recessions.

The yield spread dove further into **negative territory**, averaging -0.79 in the first half of December 2022. This negative yield spread figure signals the cooldown has set in, and a recession is now inevitable in the next 6-12 months.

While an **undeclared recession** settled over real estate activity in Q2 2022 — especially weighing on the housing market, with sales volume and prices spiraling in 2022 — the timing of the yield spread inversion has the *official* recession for the California economy arriving around Q3 2023. Real estate professionals who plan to make a living in the downturn will take steps to recession-proof their practice today.



Inventories rise as buyer demand dives

This chart shows the number of homes listed on the multiple listing service (MLS) — the for-sale **inventory** — in California's largest metros.

After 2021's steep decline, inventory in California's largest metros as of November 2022 averages 14% *above* a year earlier.

Expect inventory to climb further in 2023. When inventory grows and home prices plummet, homebuyers tend to take a wait-and-see approach. The focus for **real estate agents** now is on buyers who are willing and able to acquire property during a downturn.

An old dynamic fast re-emerging in the real estate market points to **sellers** as the ones who now must bend to meet the pricing permitted by a buyer's income and today's FRM rates.

Jobs lost in the 2020 recession are fully recovered

This chart shows the number of **jobs** held by California residents, with the gray bars representing economic recessions.

California's jobs market, with 17.8 million Californians employed in October 2022, finally surpassed the pre-recession peak. But while jobs continue to climb in late-2022, the pace of the jobs recovery has weakened monthly.

Meanwhile, the property market recession arrived in the second half of 2022, slashing the fees of real estate agents and mortgage loan originators (MLOs). Some have opted for a career change while employers are still offering the chance. Career **real estate professionals** will switch their practice into services needed by the buyer and foreclosure side of the market that comes to life during a recession



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