

Monthly Real Estate Statistical Update

Up-to-date data on crucial California real estate trends from [first tuesday](#)
 December 2016 • Vol. 5 • Issue 11 • *Economic outlook improves among Californians*

Presented by



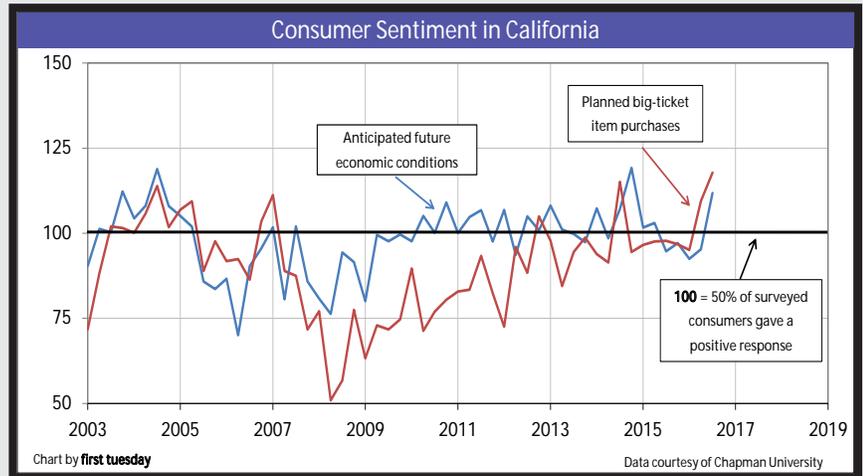
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Consumer sentiment to buy rises

This chart shows **consumer sentiment** in California. The blue line represents anticipated future economic conditions and the red line displays California residents' plans for future big-ticket item purchases, such as a car or a home. The middle line on the chart, at 100, indicates half of respondents answered positively.

In the third quarter (Q3) of 2016, the majority of respondents had a **positive outlook** for the economy. In just the previous quarter, most survey respondents had a negative economic outlook. Also in Q3 2016, more than half of respondents planned to make a major purchase in the next six months. Thus, most consumers now feel secure in their jobs and financial situation.

A caveat: consumer sentiment measures past experience, and is not a crystal ball for future home purchases. Still, improving economic sentiment is good news for agents whose livelihoods depend on the **willingness** of homebuyers and sellers to participate in the market. Pricing, interest rates and savings, however, determine **ability** to buy.

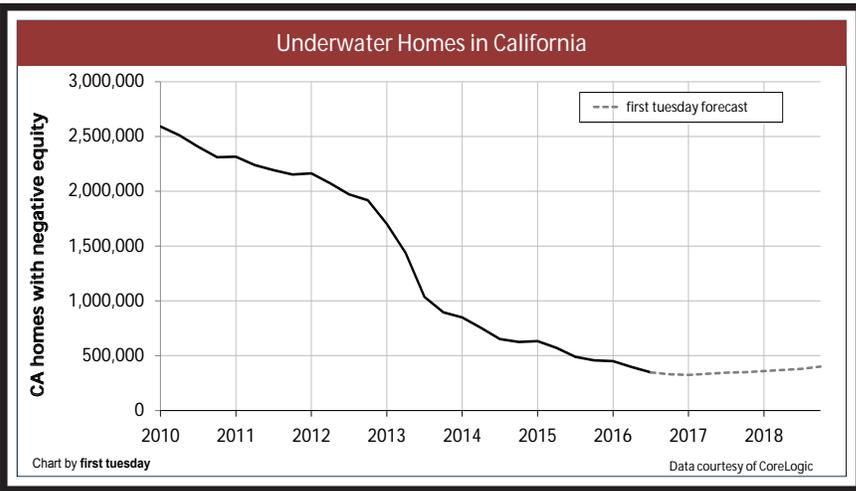


Negative equity continues to subside

This chart shows the number of **underwater** or **negative equity** homes in California — homes encumbered by a mortgage worth more than the home itself.

5.2% of homes with a mortgage were underwater in the second quarter (Q2) of 2016 in California. While an improvement over a year earlier when 7.3% of mortgaged homes were underwater, this still translates to 348,500 homeowners still **unable to sell** and freely participate in the housing market without pursuing a short sale or foreclosure.

Rising home prices pull negative equity homes above water, the reason for the steady decline shown in the chart. However, the **price rise is slowing** and leveling off across much of California in late-2016. Expect the number of negative equity homes to similarly slow their pace of recovery as we head into 2017 and as prices slip, not to resume their decline until prices begin to rise again, likely in 2019.

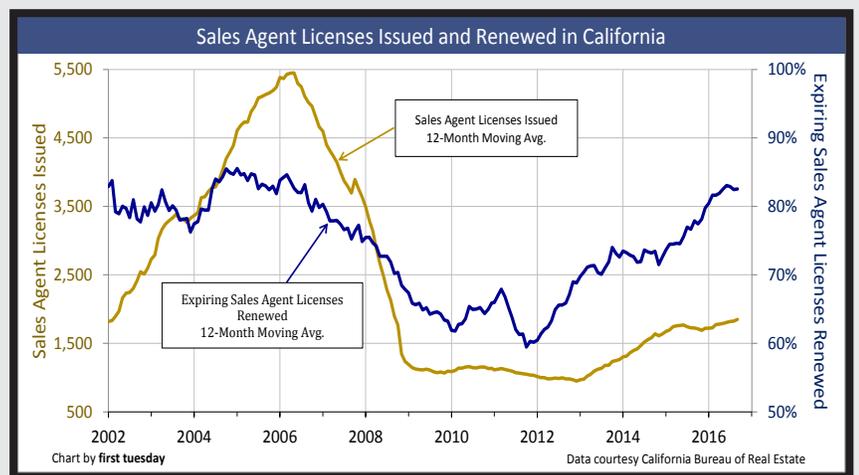


Sales agents confident in their real estate market

This chart displays the 12-month average of the number of **sales agent licenses** issued each month in California (the gold line) alongside the percent of expiring sales agent licenses being **renewed** (the blue line).

15,200 new sales agent licenses have been issued this year as of August 2016. This is up from 14,200 new agent licenses year-to-date in August 2015, an increase of 7% or 1,000 more agents. On average, 84% of expiring licensees are choosing to renew their licenses in 2016 as of August, up significantly from 79% in 2015.

2016's rising home prices continue to entice new sales agents and encourage expiring agents to continue working in the industry. However, when **sales volume slows** — as it has since October 2015 — fewer fees are earned, discouraging existing real estate agents. Therefore, expect today's upward trend in sales agent licensing and renewals to dip in 2017, first in reaction to slowed sales volume then in response to slipping prices.



Click on any chart
for more information!