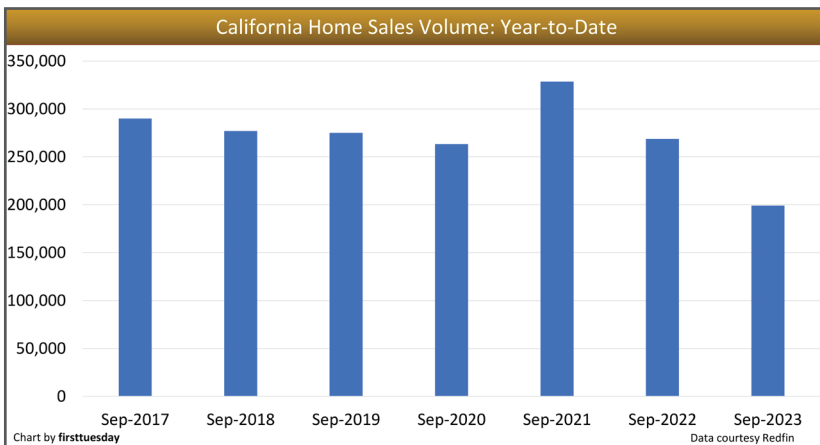
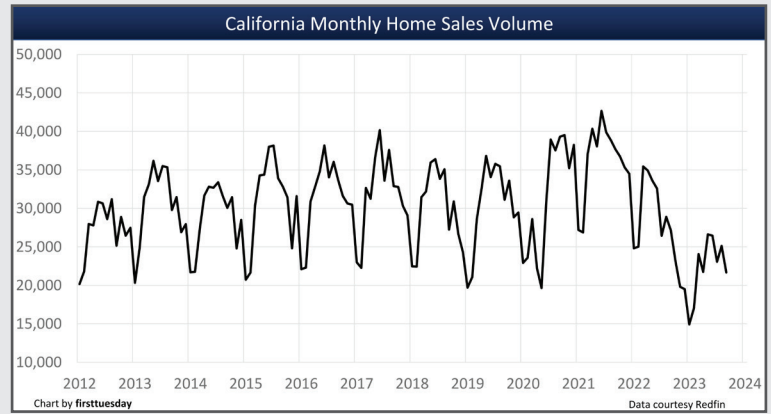


Sales volume after 2023's puny seasonal bounce

This chart shows the number of homes sold each month in California.

Just 21,700 new and resale home transactions closed escrow in California during September 2023, causing **home sales volume** to back off 14% from the prior month. From a year earlier, sales dropped 20%.

Watch for year-over-year home sales volume to continue trailing in 2024. Without a steady rush of home sales, **home prices** will decline, pushing recent mortgaged homebuyers underwater. Expect a return of real estate speculators in 2025-2026 to produce a "dead cat" bounce in sales volume and likely stop prices from further dropping. A sustainable recovery will take off when end-user homebuyers return, around 2027.



Sales volume is weakening, but a recovery lurks

This chart shows the number of home sales completed **year-to-date (YTD)** in California.

YTD home sales volume continues to fall back, now 26% below a year earlier as of September 2023, and falling. Compared to 2019 — the last "normal" year for housing before the **Pandemic Economy** took over — the 2023 annual pace for home sales volume is down 28%.

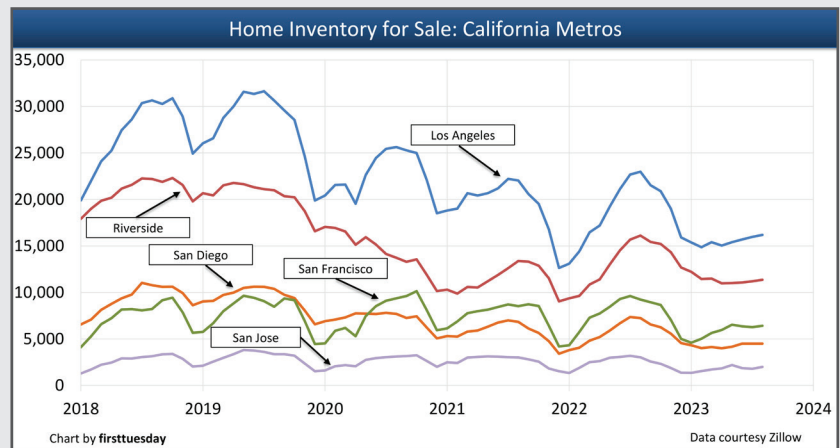
With the pandemic fuel gone, sales volume has collapsed. Sales volume saw a feeble cyclical upturn emerge in the spring 2023 buying season, peaking normally mid-year. Ultimately, 2023 was a year of significant weakening as the pandemic buying spree drained today's **supply of homebuyers**. Most buyers know the math and will only buy when prices stop dropping, likely in 2026.

MLS inventory flatlines, buyers and sellers wait

This chart shows the number of homes listed for sale on the **multiple listing service (MLS)** across California's major metros.

MLS inventory remains thin following the historic lows reached at the end of 2021. After a brief swell in 2022, **for-sale inventory** in August 2023 averaged 32% below a year earlier. While inventory tapered, it was not because buyers were snapping up property. Rather, seller reluctance to list until FRM rates drop and prices rise caused the decline. A clue — **new listings** are 30%-35% below a year earlier across the state.

Homebuyers, too, are taking a wait-and-see approach. Their reluctance to buy outpaces seller reluctance to list. Since the market in 2024 will be firmly in the hands of buyers, **real estate agents** seeking a steady income in 2024-2025 will turn their focus to finding buyers willing and able to buy in a downturn.



Click on any chart
for more information!