


Monthly Real Estate Statistical Update

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

April 2021 • Vol. 11 • Issue 04 • **Housing and stock market on fire, but the struggling jobs market holds the hose**

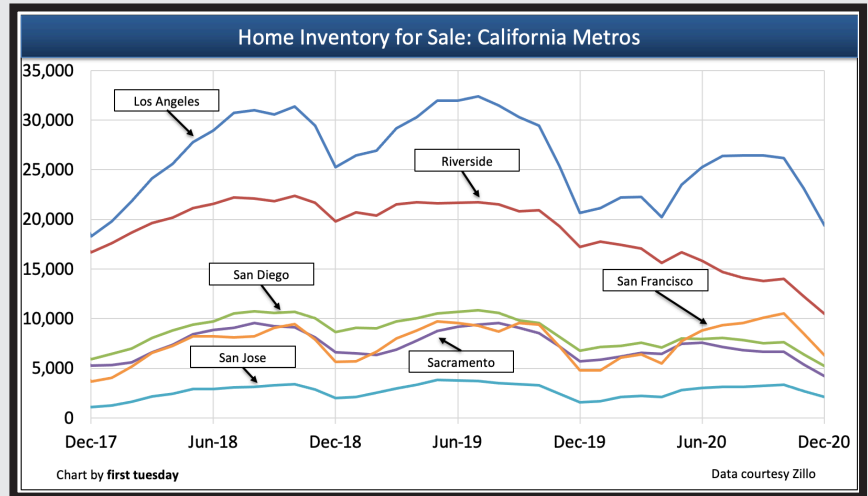
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For-sale inventory hits new lows

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

The inventory for sale is at its lowest in recent memory, averaging 16% below a year earlier as of December 2020. **Inventory decline** was steepest in Riverside, with 39% fewer listings in December 2020 than a year earlier. Prices were pushed higher, buoyed further by lowered mortgage rates and pandemic anxiety.

However, interest rates have reversed course in 2021, decreasing **purchasing power**. Homebuyers this spring will be less eager as they discover they qualify for less mortgage principal as prices trend higher. By the end of 2021, expect inventory to rise as the foreclosure moratorium ends. You will then see home prices decline.



Stocks and home price bubble detached from recessionary reality

This chart shows how the stock price index and the **home price** index have changed over time in relation to one another.

Stock prices were once again at historic highs at the end of 2020, up 16% from a year earlier. The **stock market** drop in Q1 2020 spooked investors who descended on safe-harbor investments like U.S. Treasuries, causing interest rates to plummet. By the force of lower mortgage rates and pandemic reaction, California home prices rose to nearly 11% higher than a year earlier in Q4 2020.

In 2020, **permanent job losses** occurred which will hamper economic progress, leading directly to flat-to-down sales volume. Meanwhile, the exploding prices of stocks and homes in the asset markets suggest a recovery is underway, but these are distractions. The underlying issue is the struggling jobs market. Without the support of incomes, the housing market remains on very shaky ground.

A long road ahead for California's jobs recovery

This chart shows the number of **jobs** held by individuals in California. The grey bars indicate economic recessions.

California was down 1.4 million jobs from a year earlier as of December 2020, an erasure of the past four years of job growth. As a result, a shift in the housing market's momentum is expected through 2023. The foreclosure and eviction **moratoriums** have kept jobless California homeowners housed during this recession. But by the second half of 2021, expect a flood of distressed sales to start hitting the market, overwhelming homebuyer demand and eventually dousing home prices.

The timing and speed of the recovery will depend on government intervention in the form of further stimulus or extensions of the foreclosure and eviction moratoriums. The ultimate cure for the 2020 business recession will be **job creation**, which government programs to combat the pandemic rupture have thus far avoided.



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