

Monthly Real Estate Statistical Update

Up-to-date data on crucial California real estate trends from **first tuesday**
 August 2014 • Vol. 3 • Issue 25 • *California economy enters its growth stage*

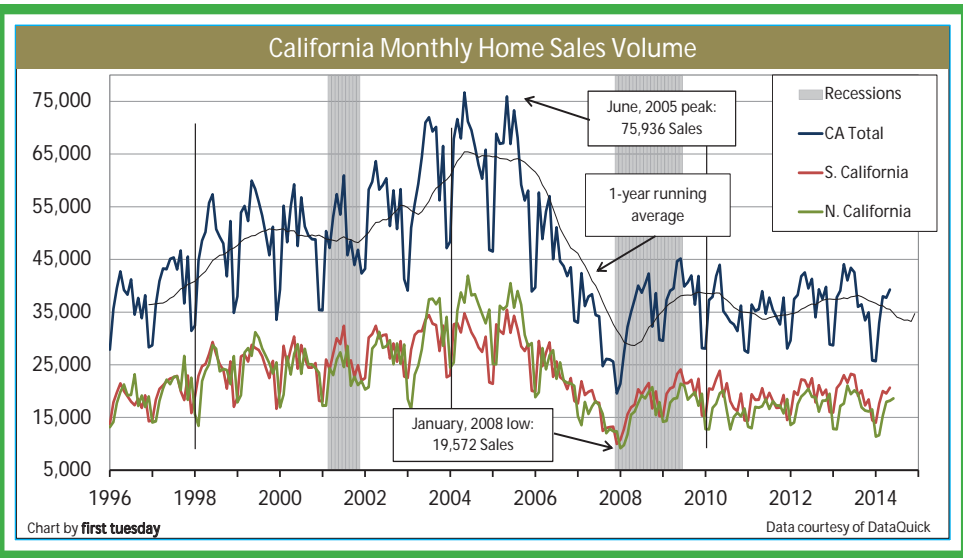
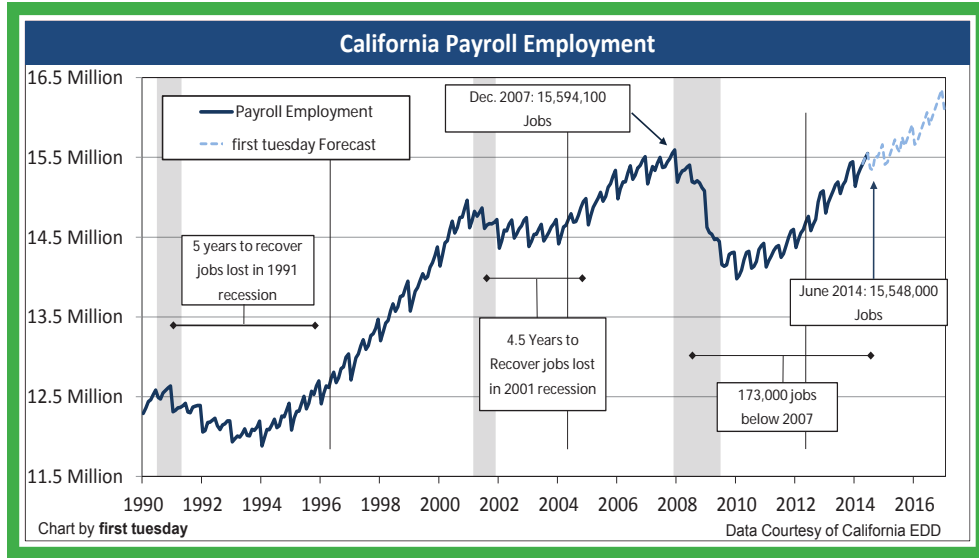
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Jobs recovery four years from full employment

This chart shows the **monthly number of jobs in California**. Jobs are critical to real estate.

By December 2014, job growth in California will exceed the past peak of 15.6 million jobs, after a seven-year journey. However, during the **jobs recovery** California's population grew by three million. The larger pool of available workers keeps wages down. Before personal incomes can rise sufficient to permit savings to buy a home, 1,200,000 additional jobs are required – a target the state is likely to hit by 2019.

Job numbers in California grew by 357,000 more employees over one year earlier, a significant milestone. To foster a sustainable **housing recovery**, at least 350,000 job additions are needed annually in California for 18-24 months, a pace we are experiencing today.



California home sales volume: a pricing issue

This chart tracks California's monthly **home sales volume**, excluding trustee's sales.

Statewide, 39,000 **new and resale home transactions** closed in June. While up 6% over the prior month, sales volume was down 4% from a year earlier. Year-to-date sales volume is currently 9% below 2013.

Expect year-over-year sales volume to continue to slip throughout most of 2014, bottoming in 2015. By then, home prices will also be 10%-15% lower.

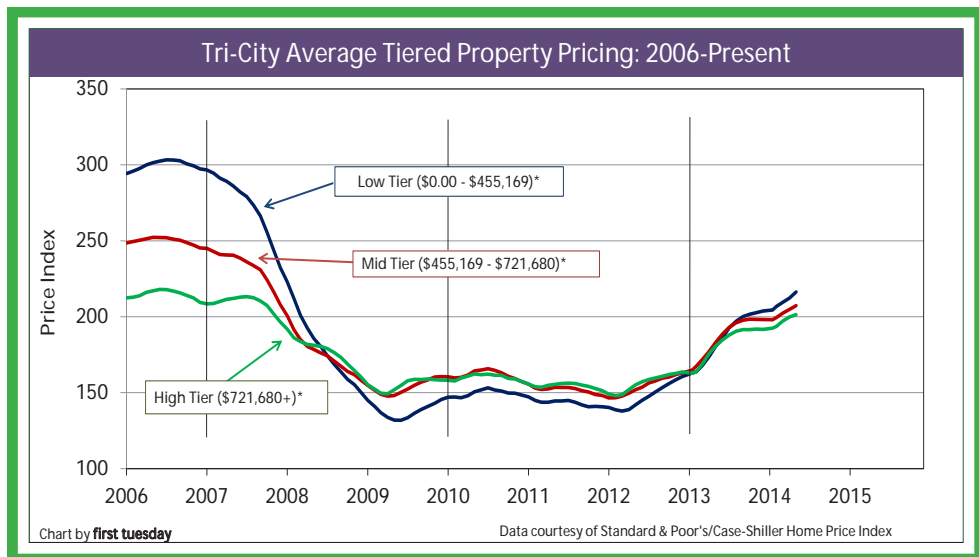
Presently, buyer-occupants frozen out of the market in 2013 are getting their offers accepted as speculators drop out of the bidding. However, once the buyer-occupant backlog is cleared, insufficient buyers remain to support the current sales volume (low though it is) or prices, going into 2015.

Pricing mini-bubble runs out of support

This chart reflects sales **price fluctuations** by price tiers of single family residences (SFRs) for Los Angeles, San Francisco and San Diego.

May's home prices for all three tiers moved upward in California's three largest cities as the annual buying surge reaches its May-June sale volume peak. While prices still rise, the rate of increase is decelerating quickly. Low-tier property sales are 20% higher than one year earlier. Mid- and high-tier prices are 13% and 11% higher.

As in 2010, today's price movement is the tail end effort of a **mini-bubble** set into motion some 18 months earlier. This price rise was produced by short-lived speculator interference in 2013, not a tax stimulus as in 2009.



Click on any chart
 for more information!