

Monthly Real Estate Statistical Update

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

December 2019 • Vol. 8 • Issue 12 • *Rising refinances give MLOs a boost despite slowing sales*



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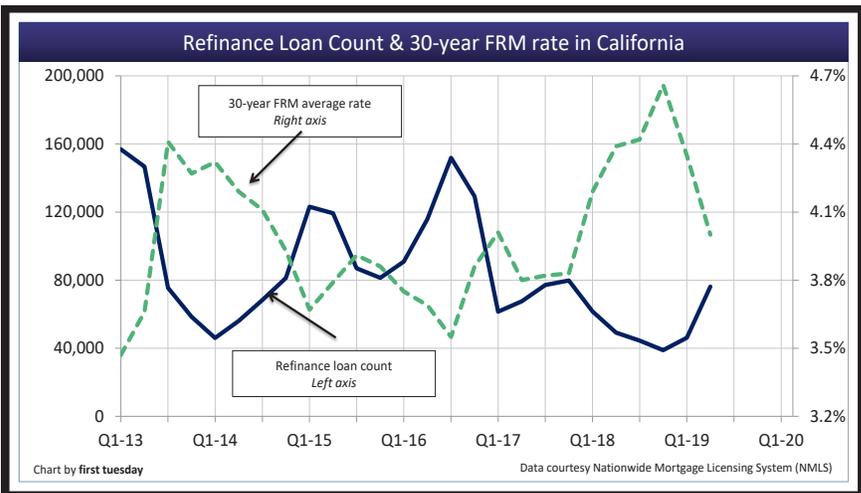
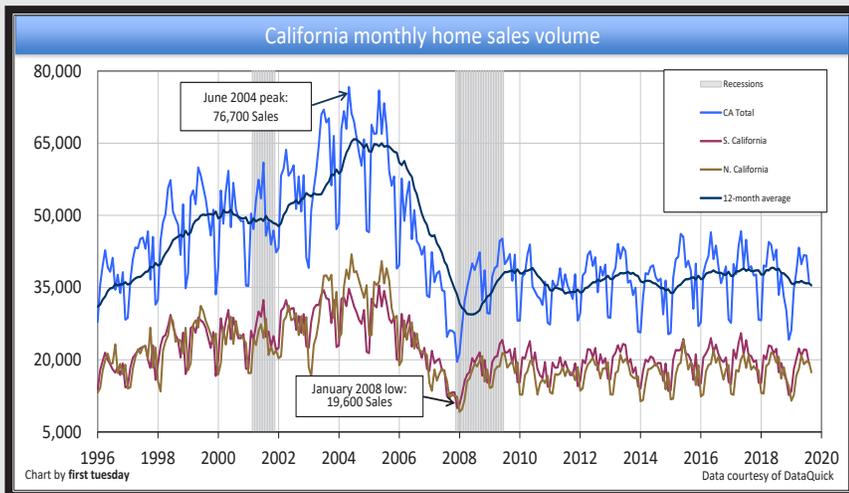
Presented by _____

Home sales volume down in 2019

This chart shows **monthly home sales volume** in California (the erratic blue line), alongside a 12-month moving average of monthly sales volume (the more stable black line). Also displayed are Southern California home sales (the red line) and Northern California home sales (the gold line).

Compared with the previous year, home sales volume has slowed through most of 2019. **Year-to-date (YTD)** home sales volume is 4% below 2018 as of September 2019.

Annual home sales volume will continue its year-over-year decrease in the coming months, slowing the flow of agent and **mortgage loan originator (MLO)** fees. Rapidly rising prices and interest rates in 2018, along with uncertainty brought on by shifting economic policies, have discouraged potential homebuyers and derailed sales.



Refi's jump with interest rate decrease

This chart displays the number of mortgage loans refinanced in California each quarter (the solid line). It also shows the average interest rate on a **30-year fixed rate mortgage (FRM)** (the dashed line).

76,200 residential mortgages were refinanced in the second quarter (Q2) of 2019, above the 46,100 **refinances** taking place in the previous quarter and well above the number of refinances closed one year earlier.

The Federal Reserve (the Fed) began to drop rates in 2019 in preparation for the **next recession**, which will keep interest rates low for the next three-to-four years. Refinances have responded accordingly, increasing as rates have decreased. Expect refinances to continue to rise through the end of 2019 and into 2020, in tandem with decreasing interest rates.

MLO population declines in 2019

This chart shows the number of **mortgage loan originators (MLOs)** registered in California.

41,400 MLOs were registered at the **federal level** in the second quarter (Q2) of 2019 in California. This is down 0.7% from a year earlier. These MLOs are employees of banks. **State-licensed MLOs** in California totaled 52,800 in Q2 2019, down 5% from a year earlier. These MLOs are licensed by the California Department of Business Oversight (DBO) or the California Department of Real Estate (DRE).

Declining mortgage originations and slowing sales volume have caused the state-licensed MLO population to decline. But interest rates have fallen back significantly in 2019, likely to continue down going into 2020. Falling interest rates have caused a surge in refinancing, which has given MLOs a boost even though purchase mortgages have fallen.



Click on any chart
for more information!