


Monthly Real Estate Statistical Update

Up-to-date data on crucial California real estate trends from [firsttuesday](http://firsttuesday.us)

January 2018 • Vol. 7 • Issue 1 • *To buy in 2018? Using sales data to time the market*

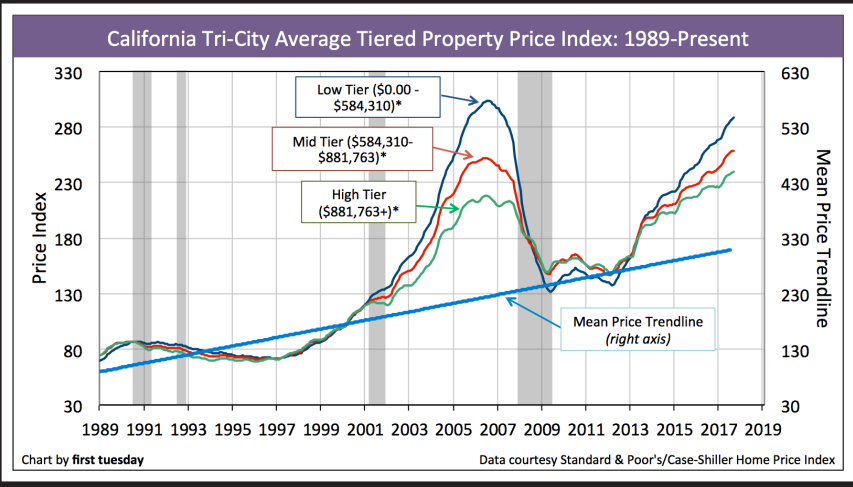
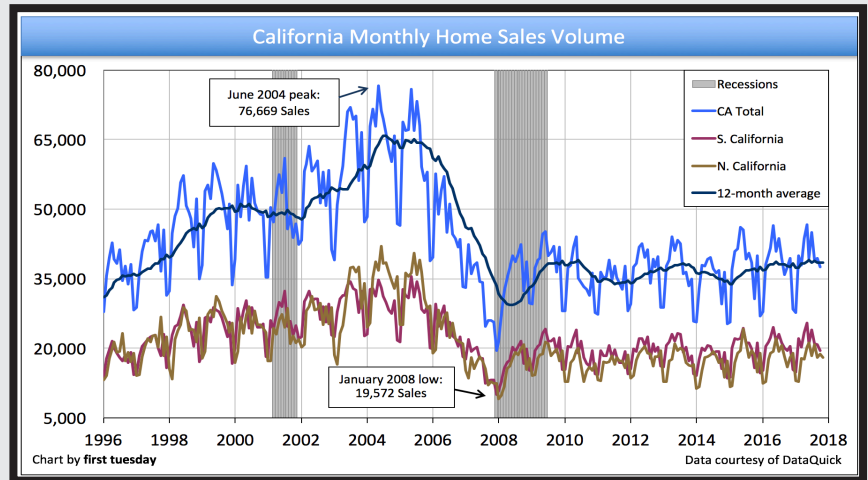
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Home sales volume is ominously flat

This chart shows the number of homes sold each month in California (the blue line). This number is broken down by **home sales volume** in Northern California (the gold line) and Southern California (the red line).

While home sales volume varies from month to month, the overall trend has been **flat** since 2012. The latest report has total sales volume for 2017 about 1% higher than 2016. For reference, 2016 home sales volume was 40% below peak sales experienced in 2005.

Talk of higher interest rates and slowing economic growth have dampened **buyer purchasing power** and enthusiasm for buying homes. Look to 2019 for the next significant rise in sales volume, after homebuyer adjustment to California-averse tax code changes.



Prices still rising but at bubble pace

The chart displays average **home price movement** in California's three most populous cities, Los Angeles, San Diego and San Francisco.

Home prices in September 2017 increased 9% over a year earlier in the low tier (the dark blue line), 8% in the mid tier (the red line) and 6% in the high tier (the green line). Home prices tend to follow **home sales volume** movement within 9-12 months.

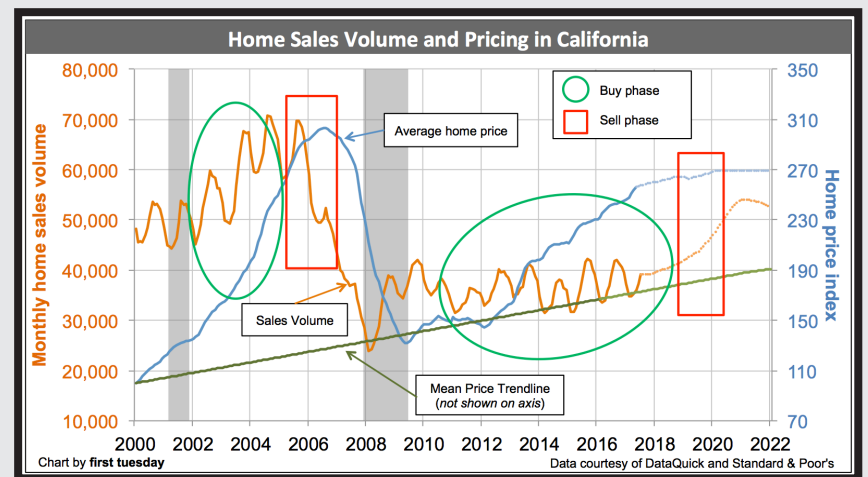
Anticipate home prices to rise slightly in the first part of 2018, to follow home sales volume's flat performance by the end of 2018. However, once prices level out they won't stay down for long. Improving career and saving prospects for Generation Y, along with relocating retirees, will propel California into the **next boom** around 2020-2021.

Buy or sell in 2018 — the crossover year?

This chart shows average home sales volume movement in California (the orange line) alongside home price movement (the blue line) and the historical **mean price trendline** (the dark green line). Analyzed together, these indices can tell the best times to buy and sell real estate.

As home sales volume has remained relatively flat over the past few years, history tells us prices will also level off soon. The fact that prices haven't leveled off yet is telling about the lack of inventory available to meet **homebuyer demand**. Still, rising interest rates coupled with flat to down sales volume in 2018 will pull back prices.

Today's mixed signals of **weak sales volume** and **overbalanced prices** put real estate investors in 2018 between a buy and sell phase — the cross-over advent to a recession.



Click on any chart
for more information!