


Monthly Real Estate Statistical Update

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

July 2021 • Vol. 11 • Issue 07 • **Buyer FOMO and construction shortage drive listing drought**

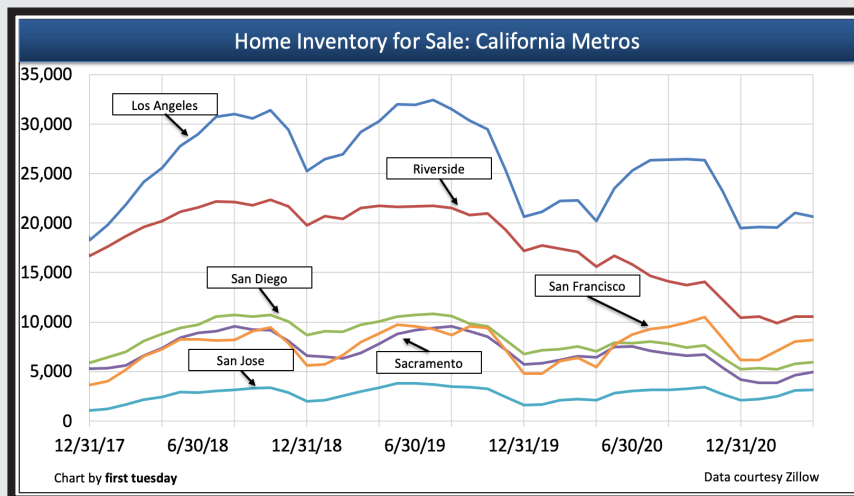
	Name _____
	DRE # _____
	Phone _____
	Email _____

Inventory rises from the bottom

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

California's MLS inventory averaged 6% below a year earlier as of April 2021. The **inventory decline** is the steepest in Riverside, with 32% fewer listings than a year earlier, followed by Sacramento at 23% fewer listings. On the flip side, San Francisco and San Jose both saw increased inventory compared to the prior year. Inventory is now rising from a historic low reached in Q1 2021.

Expect inventory to continue to rise going into 2022 as the pandemic lockdown ends and the **foreclosure moratorium** expires, currently scheduled for July 30, 2021. Then, wait patiently for intercity construction to rise to see inventory return to a more stable level of home sales.



More construction is the best cure for inventory shortage

This chart shows the number of California **residential construction** starts during semi-annual phases ending in March and September.

Single family residential (SFR) starts were 26% below a year earlier in the 6-month phase ending March 2021. Multi-family starts were down 25% from a year earlier.

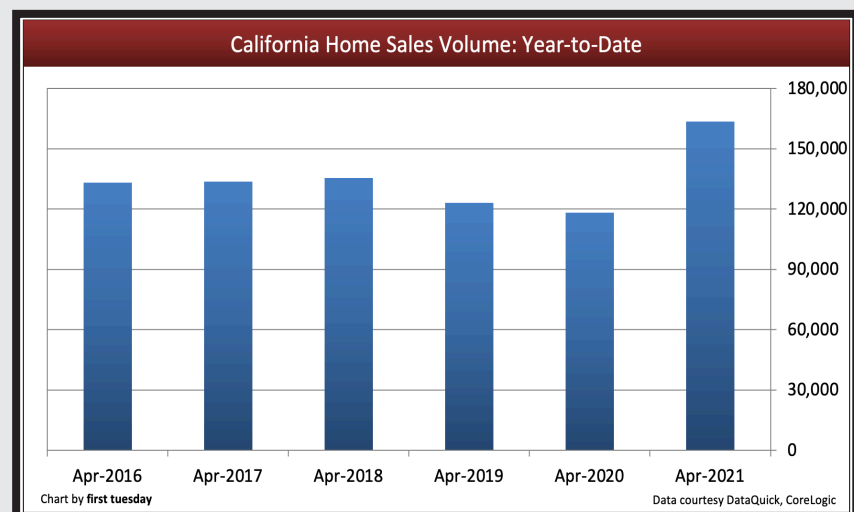
Social distancing and tightened lines on construction loans continue to hold builders back in 2021. More significantly, the 1.7 million **jobs still missing** from before the recession in California and buyer surges have made builders cautious, watchful for the inevitable fallout once stimulus ends, foreclosure and eviction moratoriums are lifted, and vacancies rise. All of these factors are combining to put downward pressure on construction starts for the next two-to-three years.

Buyer FOMO inflates sales volume

This chart shows the number of **home resales** closed in California year-to-date (YTD) as of April of each year.

YTD home sales volume continues to climb in 2021, with YTD sales 38% above a year earlier as of April 2021. For reference, the first half of 2020 saw a steep drop in home sales from the prior year due to the initial **pandemic response**. Now, homebuyers are mentally ramped up, fueled by a rising fear-of-missing-out (FOMO) on ownership and the belief remote work is permanent.

Still, home sales volume won't settle into a pattern until well after government intervention has ended, a timeline which continues to shift. Then, California's housing market needs to emerge from the underlying business recession by recovering the missing half of the historic job losses of 2020. A durable recovery is not likely to even begin until around 2024 when trends in buyer behavior will be known.



Click on any chart
for more information!

DRE Licensing Courses • DRE Continuing Ed • NMLS Continuing Ed • Forms
firsttuesday.us / firsttuesdayjournal.com / 951.781.7300
Analysis © RPI (Realty Publications, Inc.)