


# Monthly Real Estate Statistical Update

Up-to-date data on crucial California real estate trends from [first tuesday](#)  
 June 2015 • Vol. 4 • Issue 6 • *Road to expansion remains bumpy*



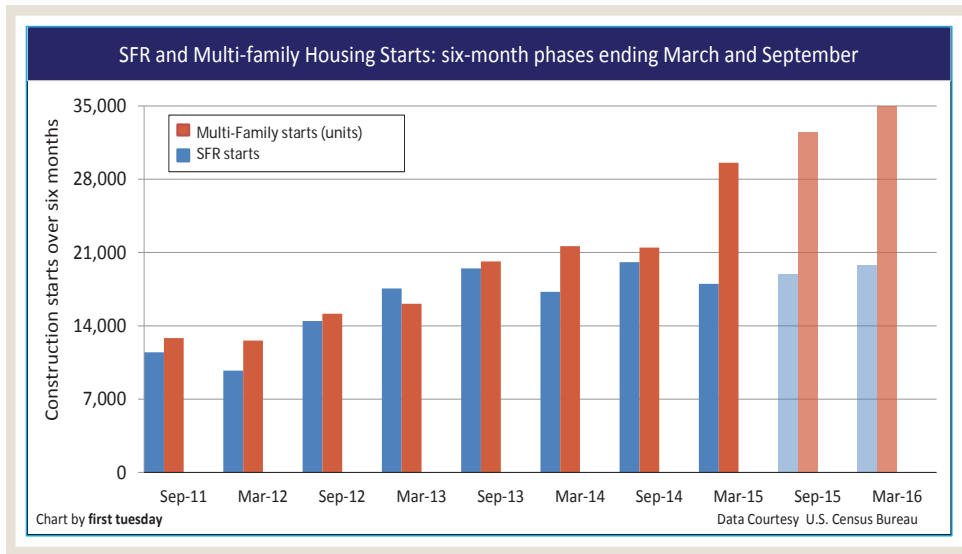
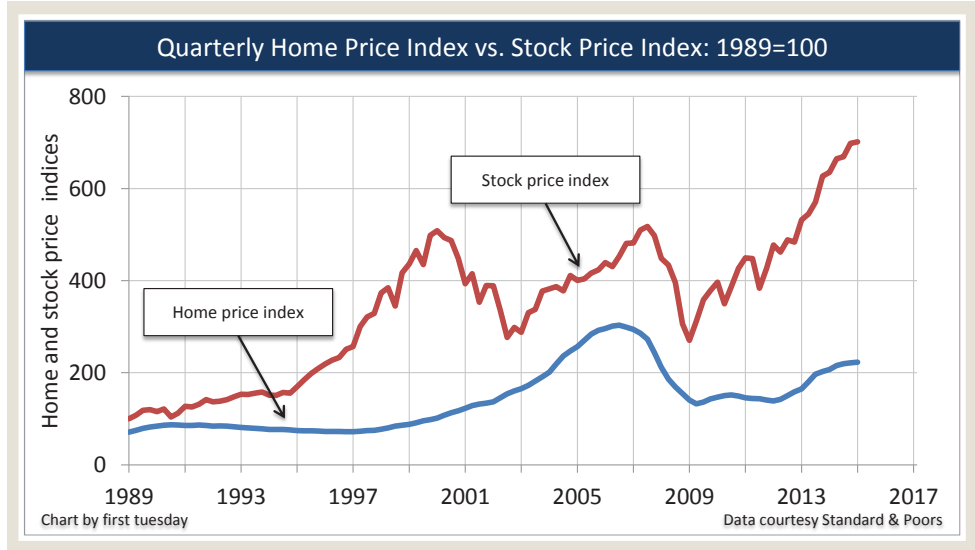
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## Stocks versus real estate today: What's the bet?

This chart tracks the price movement in the **home price index** for California vs. the **stock price index** for the S&P 500.

Stock prices are at an **unsustainable high** as of Q1 2015. Being a bubble, it is likely to burst soon. Home prices also remain a bit high as of Q1. They are expected to trend downward 9-12 months after mortgage rates climb, around year's end. Today's elevated property prices are due in part to one year of **decreased mortgage rates**.

Stock market investors need to consider moving their wealth into the **real estate market** — a solid long-term investment — before the stock market bursts.



## Single family starts lag for lack of demand

This chart plots the number of single and multi-family **housing starts** in California over six-month periods ending each March and September.

Single family **construction starts** for the six-month period ending in March 2015 remain essentially the same as one year ago, compared to 37% growth in multi-family construction. Buyer-occupant demand for homes is very weak primarily due to high home prices. The result is continued flat sales volume and mortgage originations.

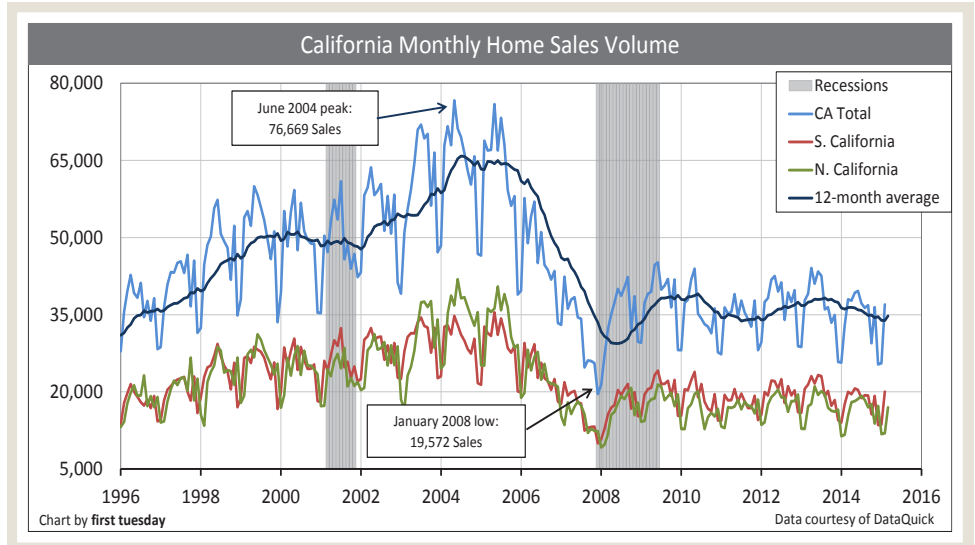
Expect single family starts to remain static while multi-family starts increase at an annual pace of roughly 20% through 2015 driven by a short-term **demand shift** from ownership to rentals.

## Home sales volume stays stubbornly flat

This chart plots the number of **homes sold monthly** in Northern and Southern California, as well as statewide.

March **home sales volume** in California experienced a tidy 12% increase from a year earlier, a month over month seasonal jump of 45%. Volume in annual real estate sales through 2016 will be characterized by the continuing **bumpy plateau** in activity — up a bit in 2015, down a bit in 2016.

Looking forward, **job numbers** continue to grow dramatically in California. 2017 is developing as the year to begin a significant increase in sales volume in spite of rising mortgage rates.



Click on any chart  
for more information!