


Monthly Real Estate Statistical Update

Up-to-date data on crucial California real estate trends from [first tuesday](#)
 June 2017 • Vol. 6 • Issue 6 • *California's housing market at the halfway point of 2017*



Presented by

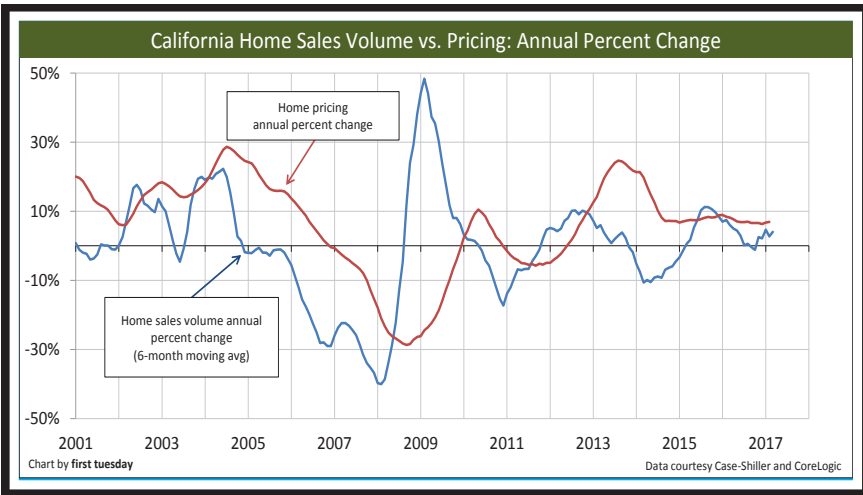
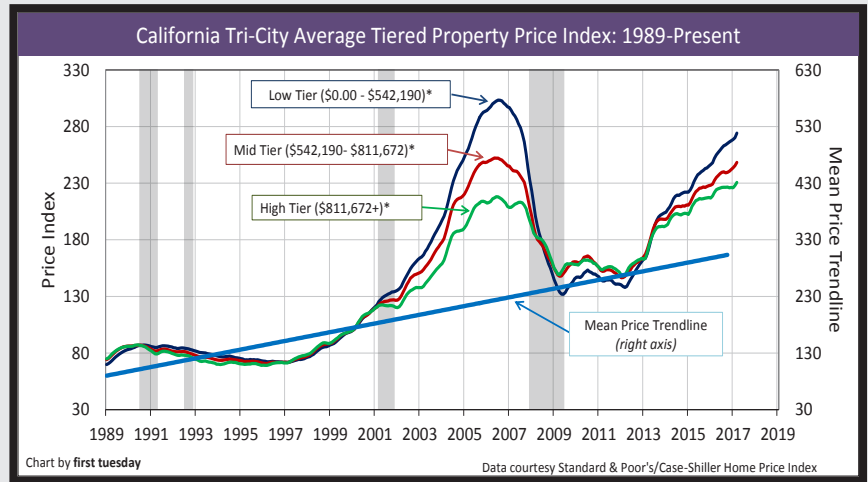
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California home prices reach new heights

This chart shows the average **home price index** for California's three largest metro areas: Los Angeles, San Diego and San Francisco.

Low-tier home prices (the blue line) are 10% above their level a year earlier as of February 2017. Mid-tier prices (the red line) are 8% higher than a year earlier and high-tier prices (the green line) are 5% higher than a year earlier.

Home prices have increased most months since 2012, though the magnitude of rise has softened recently. **Anticipate prices to continue rising through most of 2017**, while gradually leveling off towards the end of the year. By 2018, home prices will likely reverse direction due to a slowing sales volume.



Home sales volume's constant pull on pricing

This chart shows **California's annual change in home sales volume** (the blue line) and **home prices** (the red line).

As of the first quarter (Q1) of 2017, the number of homes sold was 3% above a year earlier. Home prices averaged 7% above a year earlier. This small **year-over-year increase** for both volume and prices follows the more rapid increase in 2015, which began to decelerate in 2016.

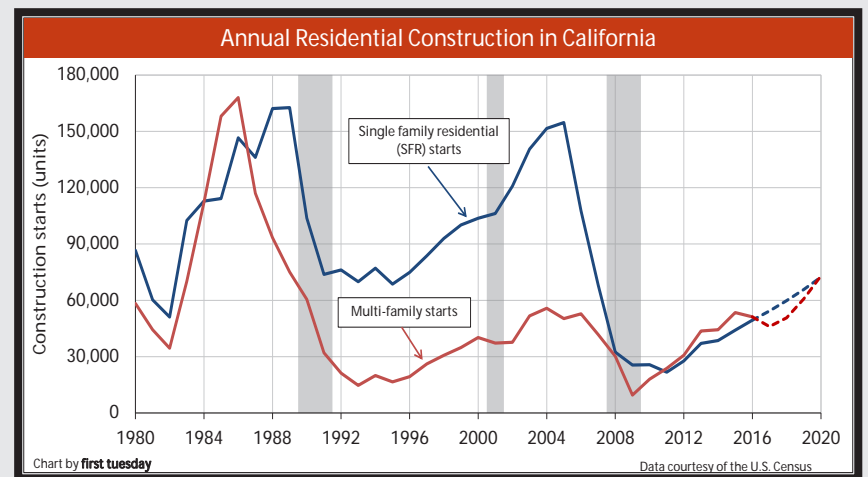
It takes about 9-12 months for pricing to react to a steady change in home sales volume. Thus, the price increase is expected to fall off by the end of 2017.

Construction starts linger below historical average

This chart displays the number of single family residential (SFR) **construction starts** alongside the number of multi-family units started each year in California.

49,400 SFR starts took place in 2016, up 12% from 2015. While positive, SFR construction is far below the 2005 peak of over 150,000 SFRs started. 51,200 multi-family units were started in 2016, down 4% from 2015. For perspective, **this cycle's peak** was 61,500 starts in 2004.

SFR starts are expected to rise about 10% in 2017. Multi-family starts are also expected to continue their current trend in 2017, likely to end the year about 5% below 2016. The next **construction boom** is anticipated towards the end of this decade, when cities begin to permit builders to build and house the next generation of renters and homebuyers.



Click on any chart
for more information!