

# Monthly Real Estate Statistical Update

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

June 2020 • Vol. 9 • Issue 6 • *Today's low interest rates aren't enough to boost inventory, home sales volume*



Name  
DRE #  
Phone  
Email

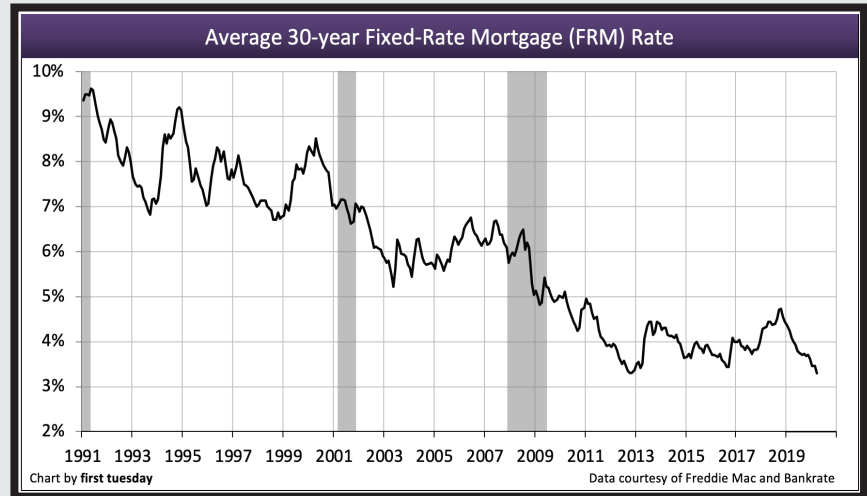
Presented by

## 30-year fixed rate mortgage (FRM) rates hit historic low

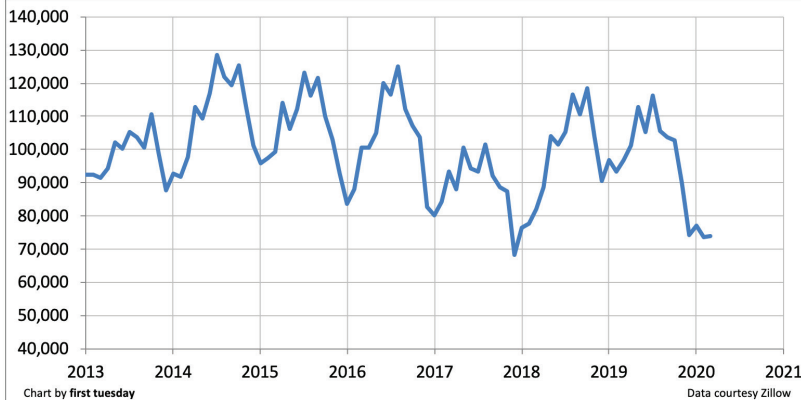
This chart shows the monthly average **30-year fixed rate mortgage (FRM)** rate.

The 30-year FRM rate hit an historic low in May 2020, averaging 3.23%. This is down from a year earlier when it averaged 4.0%. FRM rates have descended to **historic lows** and are likely to go lower due to monetary policy to stimulate lending to ride out today's trendless economic times.

Beginning in March, the **Federal Reserve (the Fed)** dropped their benchmark interest rate to zero and began purchasing most issues of mortgage-backed securities, fulfilling their role as the lender of last resort to ensure mortgage originations continue. In turn, interest rates will remain near and below today's record-low levels for several months to a year.



Home Inventory for Sale in California



## For-sale inventory drops

This chart shows the inventory of **homes for sale** in California each month.

As we make our way through a chaotic spring 2020, **inventory** is emerging as a key component in pricing California's housing market. Inventory for sale is near a record low, with just 74,100 homes for sale in March 2020. This is down 23% from 96,700 homes on the market a year earlier.

Buyers of higher priced homes are taking a step back from the housing market this spring as they take the **wait and see** approach to the economic disarray wrought by the coronavirus (COVID-19). While listings are pulled as buyers and sellers get cold feet, the actual for-sale inventory may rise in the coming months. Many mid- and high-tier homebuyers will remain on the sidelines, able but unwilling to purchase in what is becoming 2020's "new depression" economy. Headlights will be on low-tier housing.

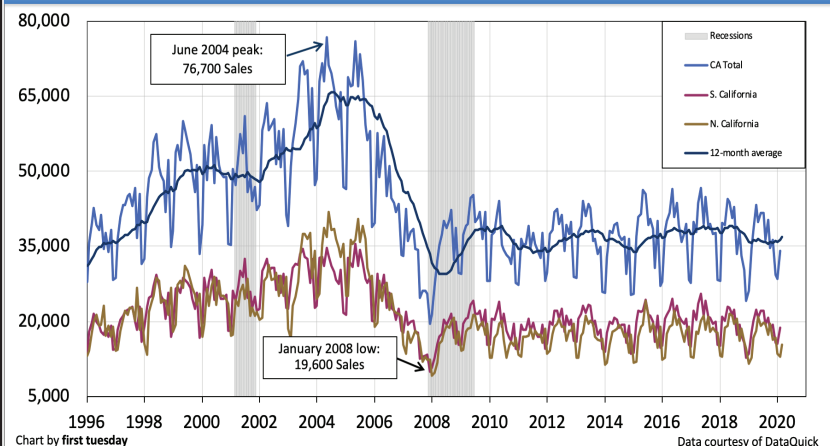
## Home sales volume set to fall

This chart shows the number of **homes sold** each month in California (the blue line), including home sales in **Southern California** (the red line) and **Northern California** (the gold line).

34,100 new and resale home transactions closed escrow statewide during March 2020. The number of homes sold was 2% lower than a year earlier. Expect to see a sharper decrease when April 2020 reports come in, the result of an economic collapse and pandemic-driven shelter-in-place orders.

Today's low interest rates are giving **buyer purchasing power** and home prices a boost. Still, home sales volume won't recover until the pandemic response has ended, likely with a vaccine. Home sales volume will continue the year-over-year decrease in 2020, significantly slowing the flow of agent fees. Then, California's housing market will need to emerge from the pandemic-distorted underlying recession and under-reported financial market crash, a recovery not likely to begin until 2022-2023.

California Monthly Home Sales Volume



Click on any chart  
for more information!

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