

# Monthly Real Estate Statistical Update

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

May 2019 • Vol. 8 • Issue 5 • **Lower mortgage interest rates to help keep licensees afloat**



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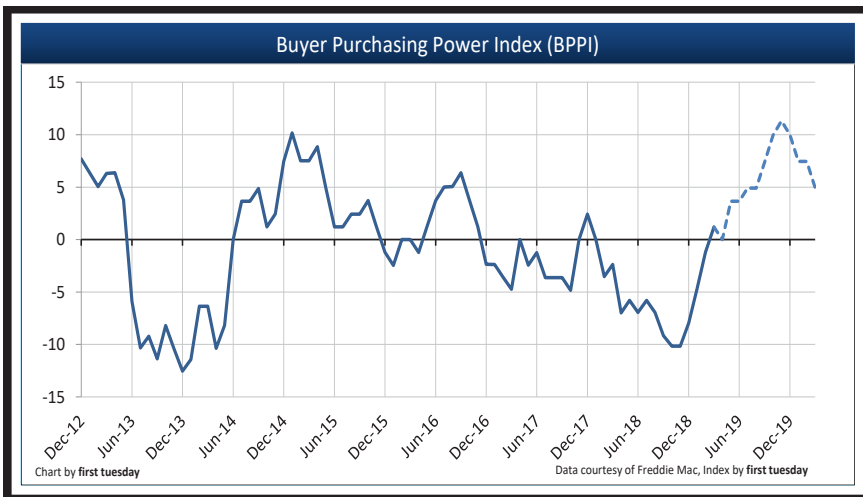
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## The rise in mortgage loan originators slows

This chart shows the number of **mortgage loan originators (MLOs)** licensed in California. State-registered MLOs, represented by the gray bars, are DRE endorsed licensees and DBO licensees, and MLOs who are only registered at the federal level, represented by the blue bars, are California employees of big banks.

42,200 MLOs were registered at the federal level as of the fourth quarter (Q4) of 2018. 59,200 MLOs were registered at the state level. The trend for state-licensed MLOs was up as of Q4 2018, while the number of federally-registered MLOs declined slightly.

**Declining mortgage originations** hampered by rising mortgage rates in 2018 and declining home sales volume have slowed the growth in state-licensed MLOs. But there is some promising news for MLOs, as interest rates have already fallen back significantly in Q1 2019, likely to continue down in the coming months.



## Buyer purchasing power rises with falling interest rates

This chart shows the California **Buyer Purchasing Power Index (BPPI)**, including a forecast for the next 12 months (the dashed line).

The BPPI figure was +1.2 in March 2019. This positive figure tells us a homebuyer with the same income is able to borrow 1.2% more today than a year ago. The BPPI figure is positive as a result of lower year-over-year **mortgage rates** after remaining negative throughout 2018, a major contributor to declining sales volume and mortgage originations in the second half of the year.

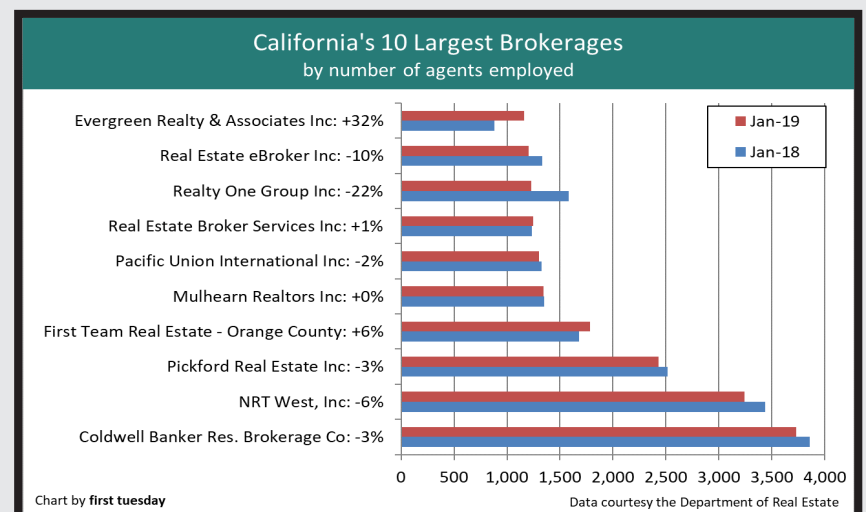
The good news: the **Federal Reserve** is reining in interest rate increases going into the next recession, forecasted to arrive in 2020. Thus, mortgage interest rates will likely continue to decrease in 2019, causing the BPPI figure to rise as homebuyer purchasing power increases.

## California's largest brokerages

This chart shows the **ten largest brokerages** in California, by number of agents employed as of January 2019.

The majority of these ten largest brokerages experienced a decline in sales agents during 2018, collectively losing 530 agents, most likely casualties of slowing sales volume. The **Department of Real Estate (DRE)** reports real estate agent licensing remains down significantly from the boom years preceding 2008, meaning there are now simply fewer agents to go around.

Sales agents will find some reprieve in 2019 as interest rates continue to soften. Lower interest rates will buoy sales volume somewhat, keeping it from dropping precipitously. Still, there are **lean years** immediately ahead for real estate professionals as their attention shifts from sellers to buyers. The coming recession is being preceded by more cautious homebuyers and reduced sales.



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