

Monthly Real Estate Statistical Update

Up-to-date data on crucial California real estate trends from **first tuesday**
 November 2014 • Vol. 3 • Issue 28 • **Housing recovery reflected in sales volume**

Presented by

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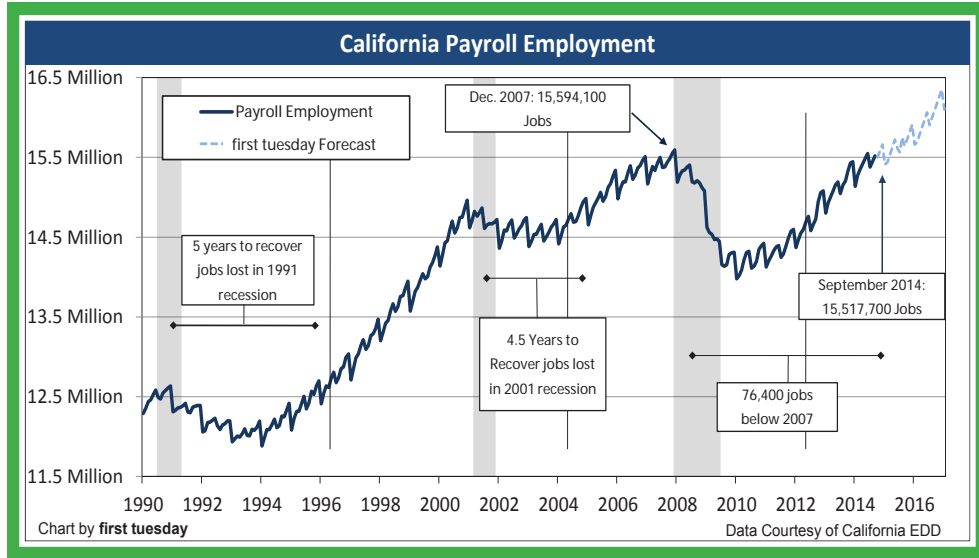
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Improving job numbers only half the solution

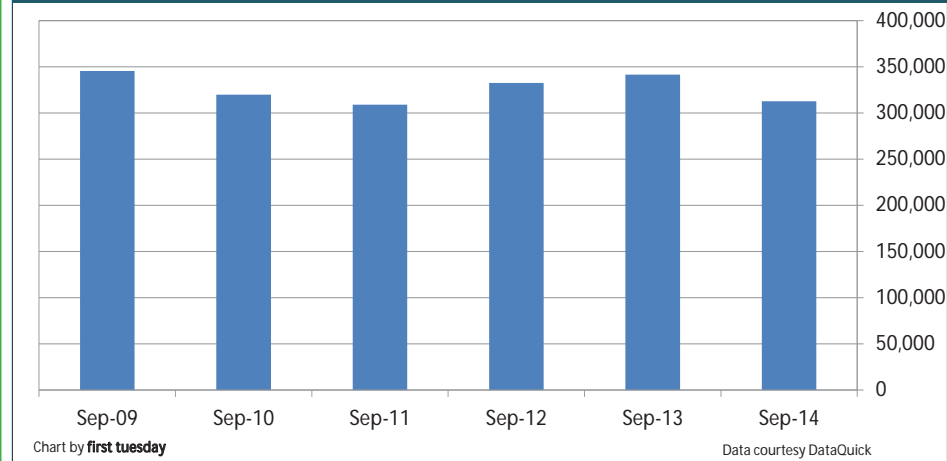
This chart shows the monthly number of jobs in California. Jobs are critical to real estate, as without an income from **employment**, individuals cannot rent or buy a home.

Job numbers in California increased by 312,000 year-over-year through September 2014. By the end of 2014, job growth in California will exceed the 2007 peak of 15.6 million jobs. However, during the jobs recovery, **California's population** grew by three million. The pool of an additional 1.2 million available unemployed workers keeps **wages** down.

This intervening growth of the working-age population pushes California's target for a full jobs recovery to 2019. To foster a sustainable **housing recovery**, at least 350,000 job additions are needed annually in California for 18-24 months, a pace we are approaching today.



California Home Sales Volume: Year-to-Date



Home sales volume to slip until 2016

This chart tracks California's monthly **home sales volume**, excluding trustee's sales.

Just over 36,000 **new** and **resale home transactions** closed escrow in California during September 2014. This was roughly level with one year earlier when home sales volume began to decline. Year-to-date sales volume is currently 8% below 2013.

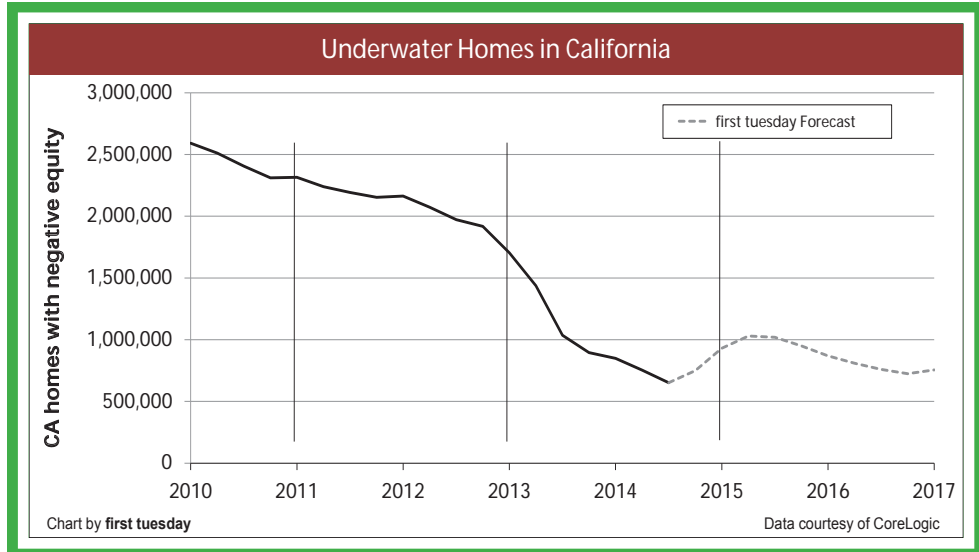
Expect year-over-year sales volume to continue to slip, bottoming in mid-2015. By then, home prices will also be 10-15% lower. **Builder inventory** will sell well for the remainder of 2014, as **buyer-occupants** continue to avoid the spillover from the 2013 **MLS speculator frenzy**.

Underwater homeowners diminishing, second plunge imminent

This chart displays the number of **underwater homes** in California.

The number of **negative equity homes** in California fell to 652,000 in Q2 2014. This leaves just under 10% of mortgaged homes stuck in negative equity, around half of what it was a year earlier. Rapid home price increases driven by **speculators** catapulted many negative equity homes back above water in 2013.

Looking forward, the housing market's reliance on **end users** will slow the long-term pace of decline in negative equity. In addition, expect to see a rise in the number of underwater homeowners as home prices begin to slip by the end of 2014 and throughout 2015. The negative equity epidemic will finally cure itself around 2020. By then, **asset inflation** will once again match amortized home loan balances.



Click on any chart
for more information!