

Monthly Real Estate Statistical Update

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

October 2019 • Vol. 8 • Issue 10 • *Declining housing and economic factors push sales agents out*



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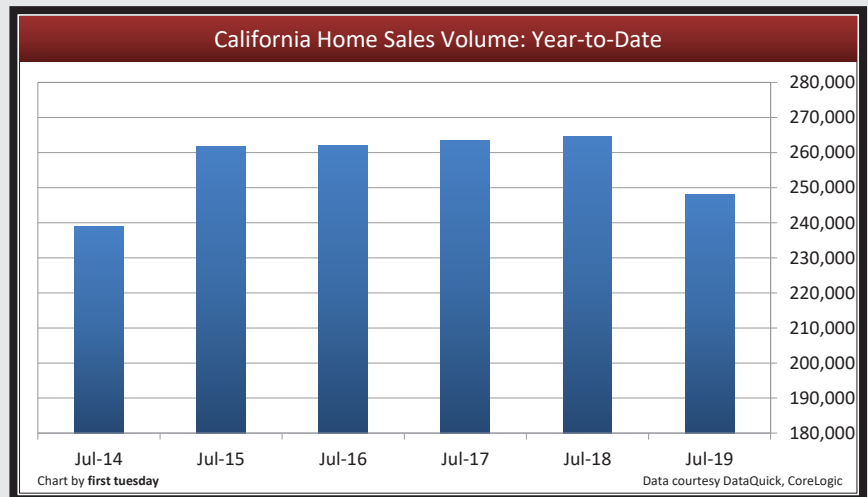
Presented by

California home sales volume to continue down

This chart shows year-to-date (YTD) California **home sales volume**.

California home sales continue their **year-over-year decline** in 2019, 6% lower YTD as of July 2019. This translates to 16,400 fewer sales so far this year, continuing a consistent decline in year-over-year sales volume that began in mid-2018.

Home sales will continue their year-over-year decrease throughout 2019, slowing the flow of **agent fees**. Home sales volume won't rise significantly until after home prices bottom with the next recession, expected in 2022-2023.

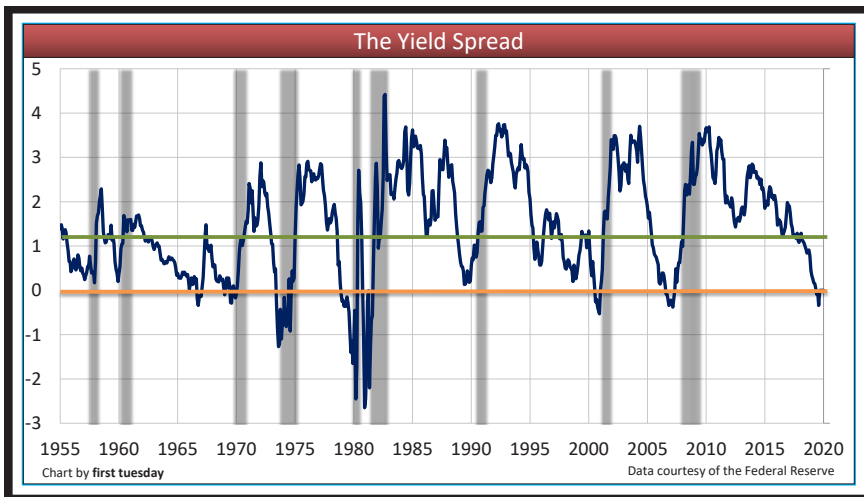


The yield spread forecasts the next recession

This chart shows the **yield spread**, which indicates the likelihood of a recession or recovery one year forward. The spread equals the difference between the short-term borrowing rate set by the Federal Reserve (the Fed) and interest rates on longer term treasury notes, determined by bond market investor activity.

After over a decade of positive recovery movement, the yield spread went negative in mid-2019. Now, it's a cascading race to the bottom, averaging -0.34 points in August 2019. This inversion follows a **long downward trend** that began in 2014.

When the yield spread figure goes negative for an extended period, as it now has, it **forecasts a recession** to arrive in 12 months. Therefore, real estate professionals need to prepare to weather our next recession before mid-2020. In the meantime, sales volume and prices will continue to decrease. Agents and brokers who plan to persevere financially for the duration of the continuing slowdown will make themselves more competitive by expanding their practice to make up for reduced sales.

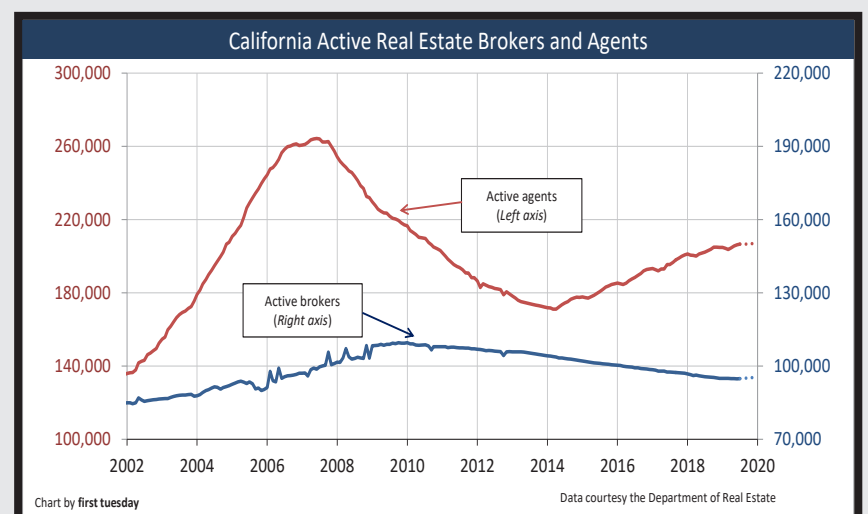


Active agents and brokers decline

This chart shows the number of **active real estate agents and brokers** licensed in California. Not included are brokers who do not use their license or agents who are not employed by a broker.

There were 94,700 **active real estate brokers** in California during July 2019. The number of active brokers continues to decrease and has yet to find a bottom since declining from the January 2010 peak of 109,500. 206,500 **active agents** practiced in California as of July 2019, steadily climbing out of a 2014 low of 171,100.

As home sales volume continues to slump through the second half of 2019, expect discouraged agents to slowly drop out of the active population, or take on secondary work to supplement their part-time sales incomes. The number of brokers will begin to stabilize following the next **economic recession**, expected to arrive by mid-2020.



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