

Weekly Real Estate Statistical Update

Up-to-date data on crucial California real estate trends from *first tuesday*

Feb. 17, 2014 • Vol. 3 • Issue 7 • **Market recovery tepid at best**



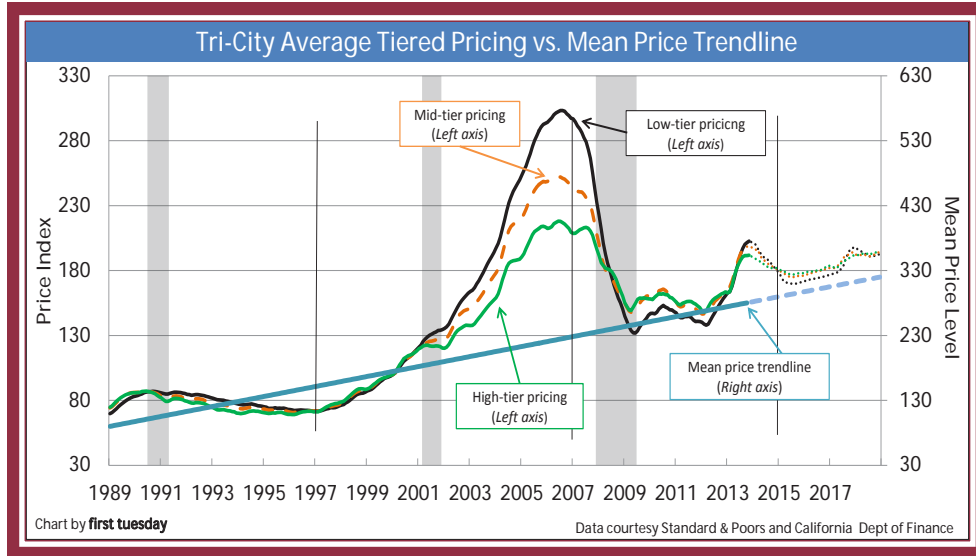
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Home sales prices bounce on the trendline

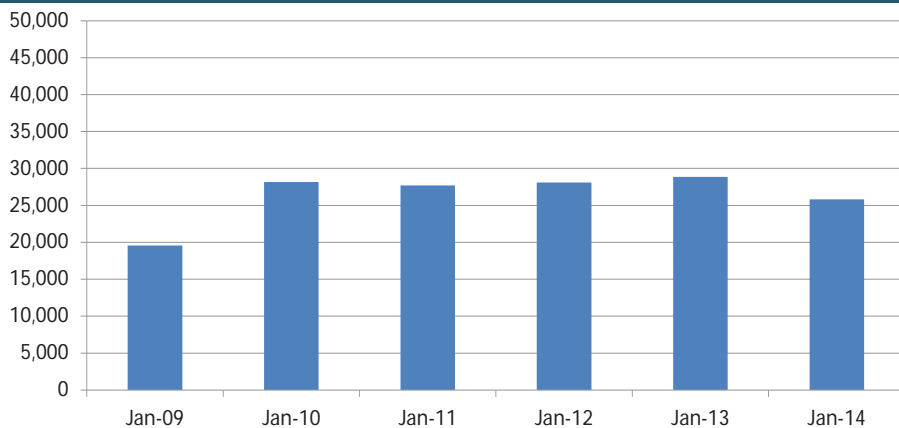
This chart shows **average tiered prices** for Los Angeles, San Francisco and San Diego. Included is the historical **mean price trendline** to which housing prices inevitably return.

California home prices rose in the low- and mid-tiers in Q4 of 2013. Low-tier home pricing is now at 28% over one year earlier and decelerating. One year ago, prices were at the mean price level, on a rebound from the price falloff in the wake of the **2009 tax credit stimulus bounce**.

2013's unsustainable bounce in home prices was driven by **speculator acquisitions** but unsupported by sales volume. Expect prices to settle back toward the mean price trendline by mid-2015. The next price bounce will be in 2017, a delayed response to rising employment and sales volume in 2016.



California Home Sales Volume: Year-to-Date



Home sales volume stalls

This chart displays **yearly home sales volume**.

2013 ended with 446,000 total home sales in California. This was roughly level with 2012 home sales volume, about 40% less than the 2005 peak year. Annual real estate sales numbers since the 2008 recession suggest the years 2014 through 2016 will be characterized by the same flat home sales volume.

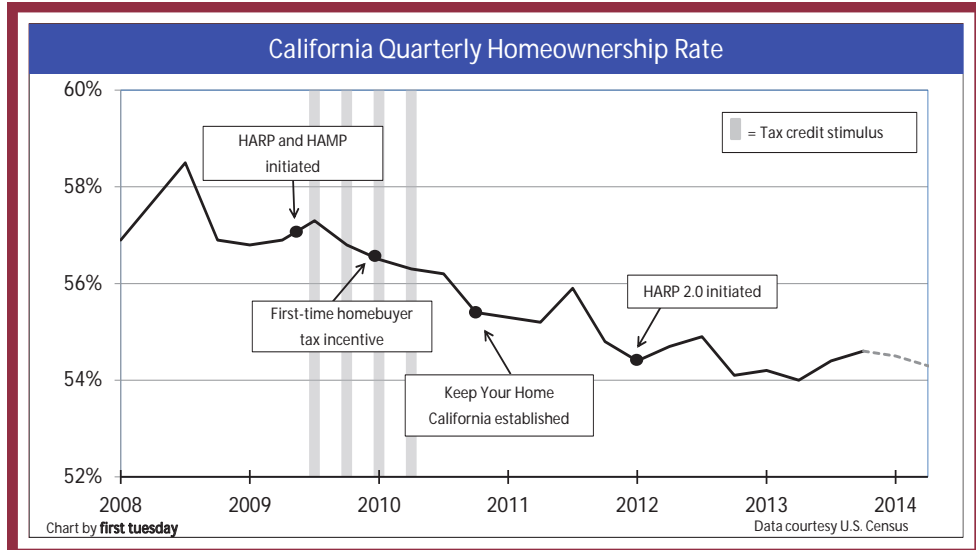
By 2016, home sales volume will be supported by higher numbers of **buyer-occupants** and a return of **long-term income property investors**. End users will cautiously re-enter the market, but only as jobs return and prices slip.

Homeownership rate remains anemic

This chart tracks California's **homeownership rate**.

California's homeownership rate increased slightly in Q4 of 2013 to 54.6%. This is up from 54.4% the prior quarter and 54.1% one year earlier. The homeownership rate quickly decreased from its 60.7% peak in 2006 to its present level. Despite the recent bump in the **downward trend**, the homeownership rate will slip, remaining below the **historical rate** of 55% for years.

By 2015, the **30-year fixed rate mortgage rate** will rise again causing the homeownership rate to lose strength before it fully stabilizes. In turn, California homeownership will likely drop to 53% by 2017 and hover there for about a decade.



Click on any chart
for more information!