

California Economic & Housing Market Update

June 3, 2020

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California Association of REALTORS®



CALIFORNIA
ASSOCIATION
OF REALTORS®

Overview

01 Things ARE Improving

- REALTORS® reporting many positive signs
- Seeing those signs in the housing market

02 Should Continue to Improve

- Broader economic data also improving
- Pending sales and new listings up from mid-April

03 Price Impacts, but Modest

- Economic/labor market impacts will hit prices
- But NOT 2008 all over again—better fundamentals

04 But, Recovery Will Be Slow!

- Lots of “multiplier effects” left to play out
- Continued improvement, but full recovery way off



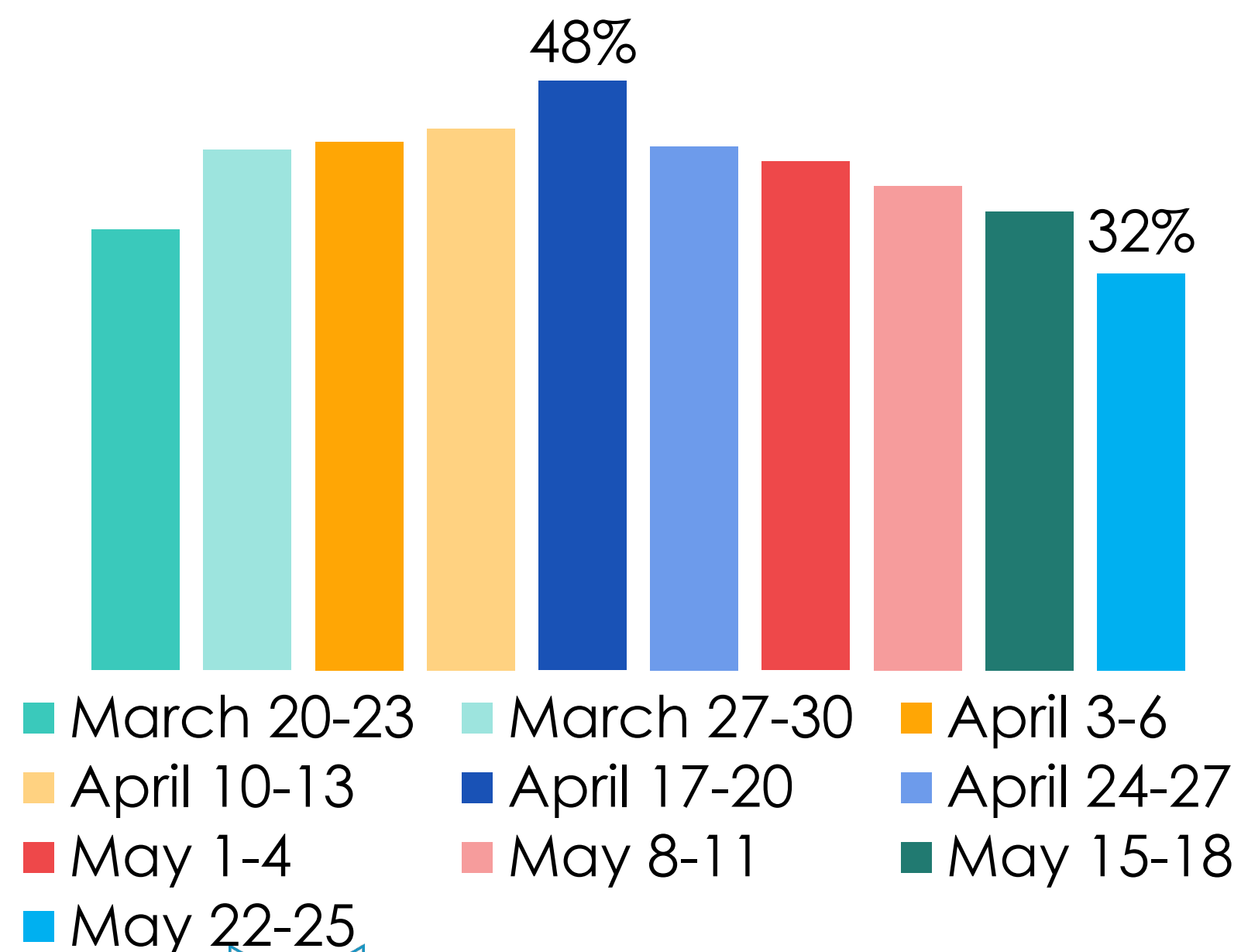
REALTOR® survey dates

- Mar. 6-8
- Mar. 14-16
- Mar. 20-23
- Mar. 27-30
- Apr. 3-6
- Apr. 10-13
- Apr. 17-20
- Apr. 24-27
- May 1-4
- May 8-11
- May 15-18
- May 22-25
- **May 29-
Jun 1**

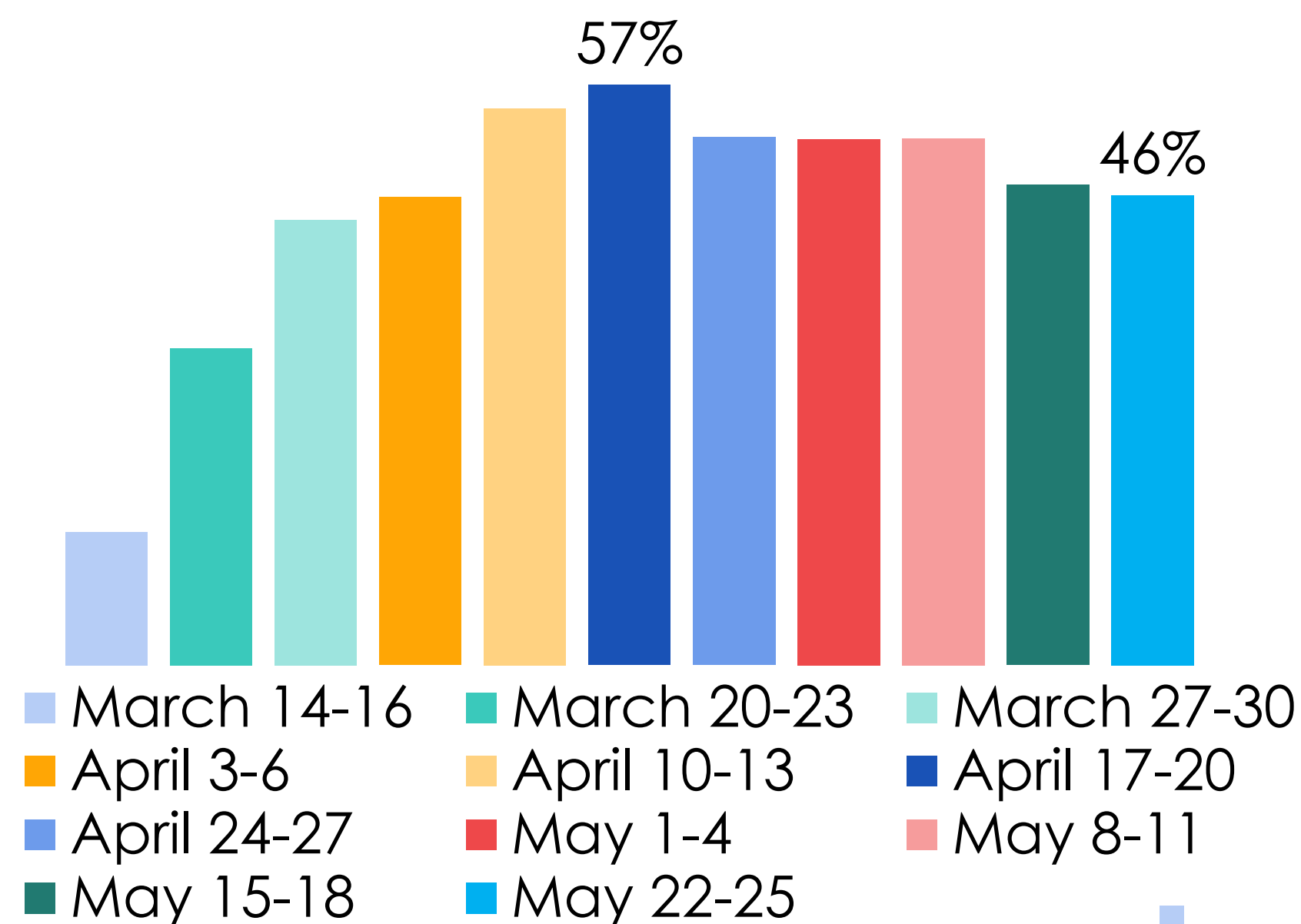


Fewer buyers and sellers holding back

Q: Have you had any buyers withdraw an offer due to Coronavirus? A: Yes.



Q: Have you seen any sellers remove their home from the market completely due to Coronavirus? A: Yes.



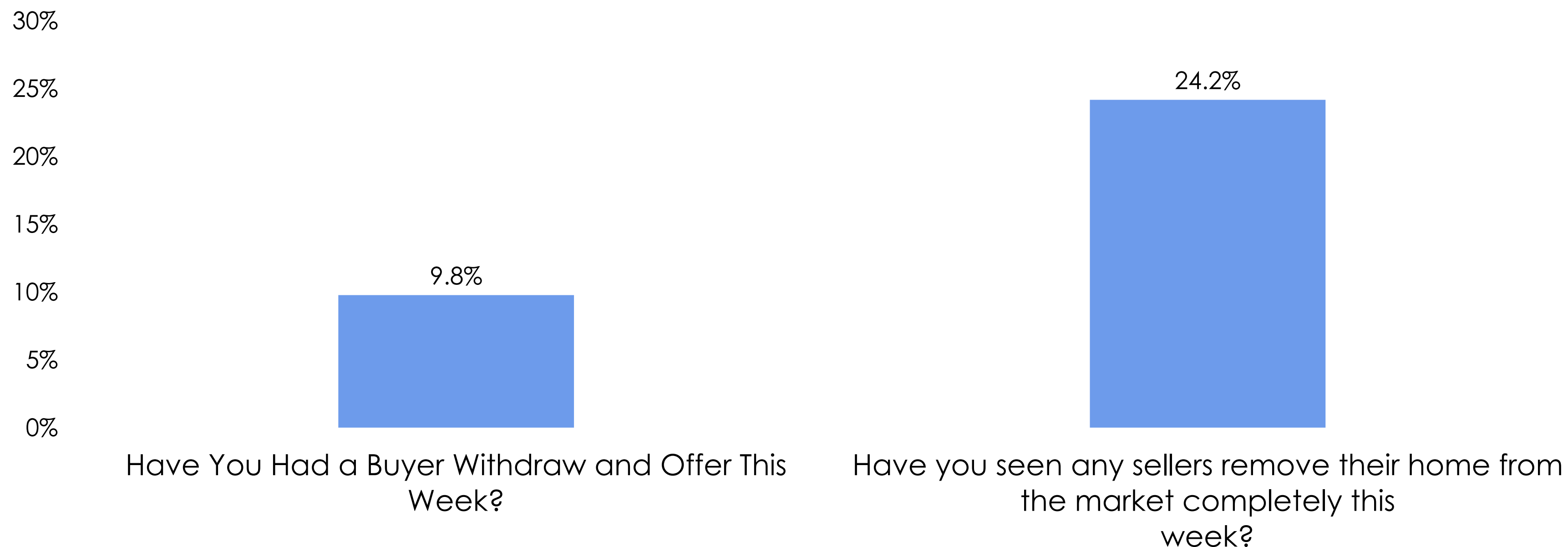
SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®

*Notes: Due to cut-off time, latest week includes 6 days only

Recent experience improved, and bigger sell-side effects

Buyer/Seller Cold Feet

■ May 29-Jun 1

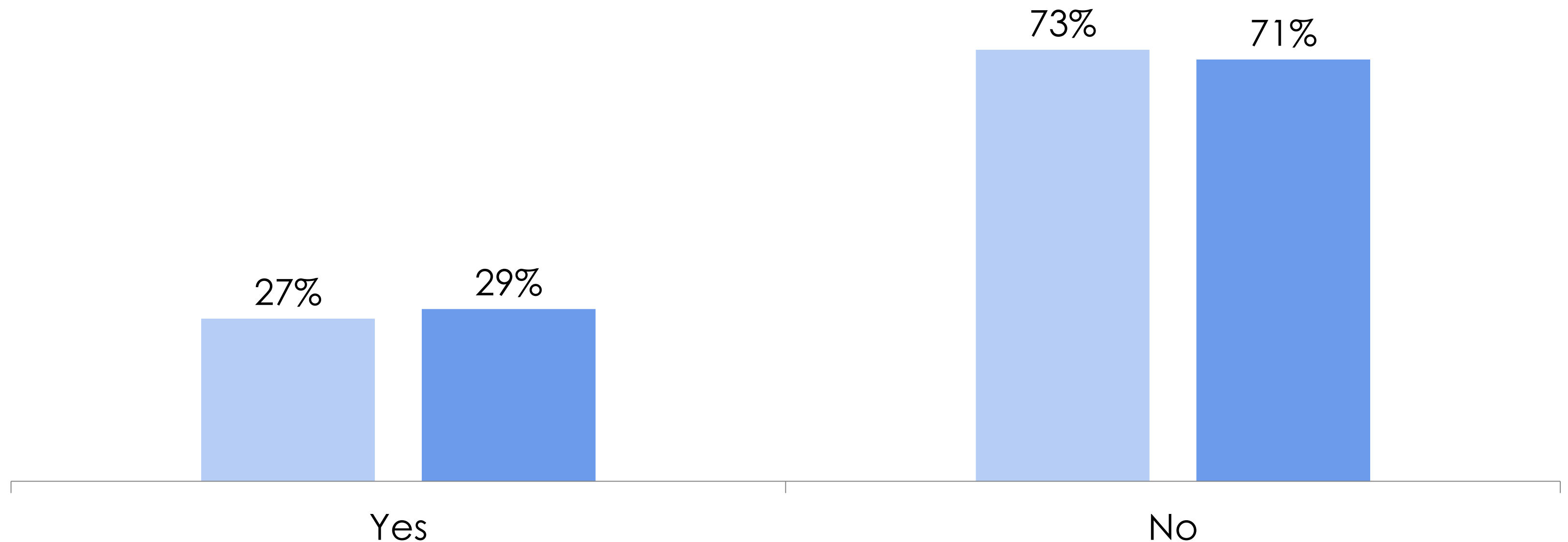


CALIFORNIA ASSOCIATION OF REALTORS®

More did a listing appointment **last week**

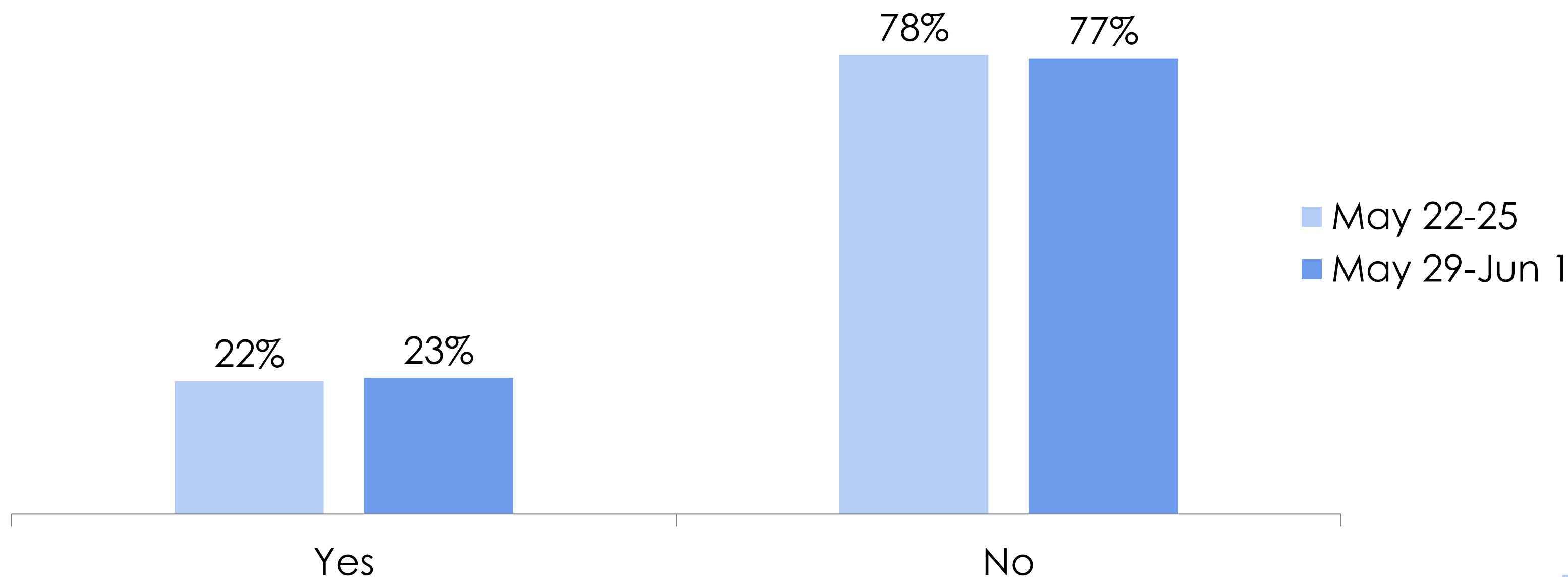
Q: Did you do any listing appointments this week?

■ May 22-25 ■ May 29-Jun 1



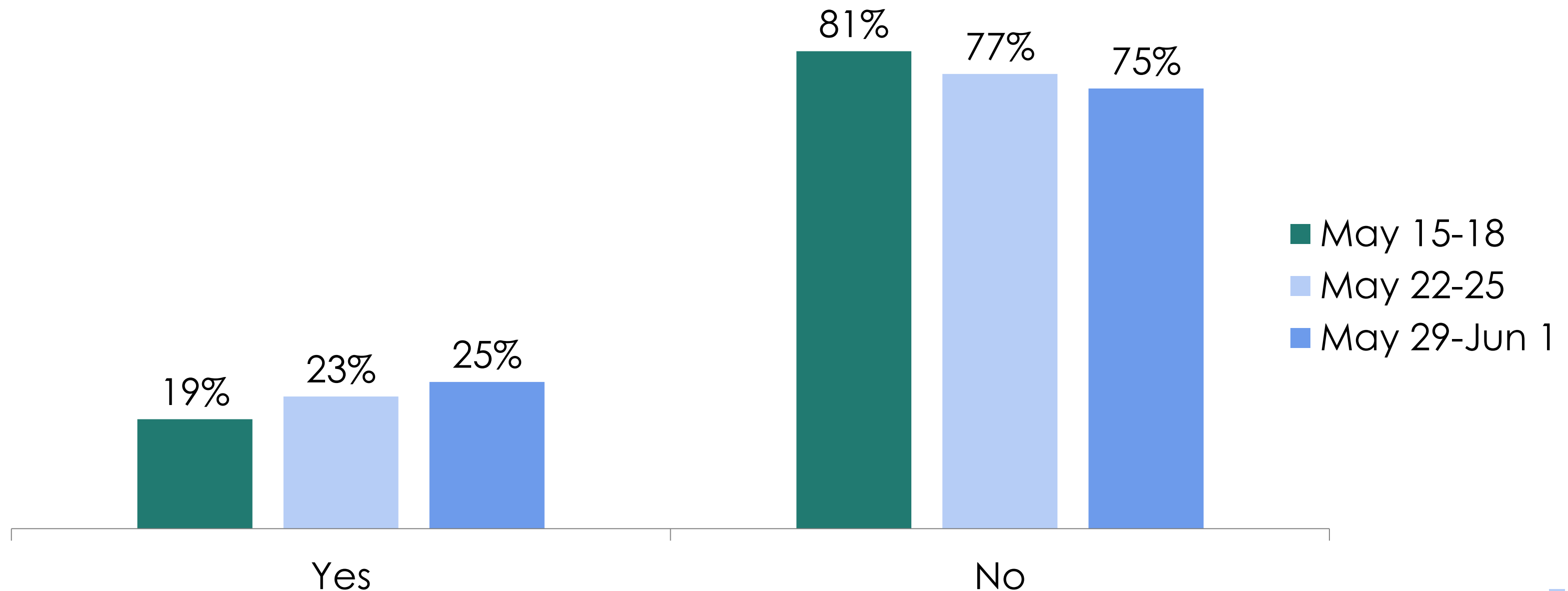
More REALTORS® listed a home last week

Q: Did you list a property this week?



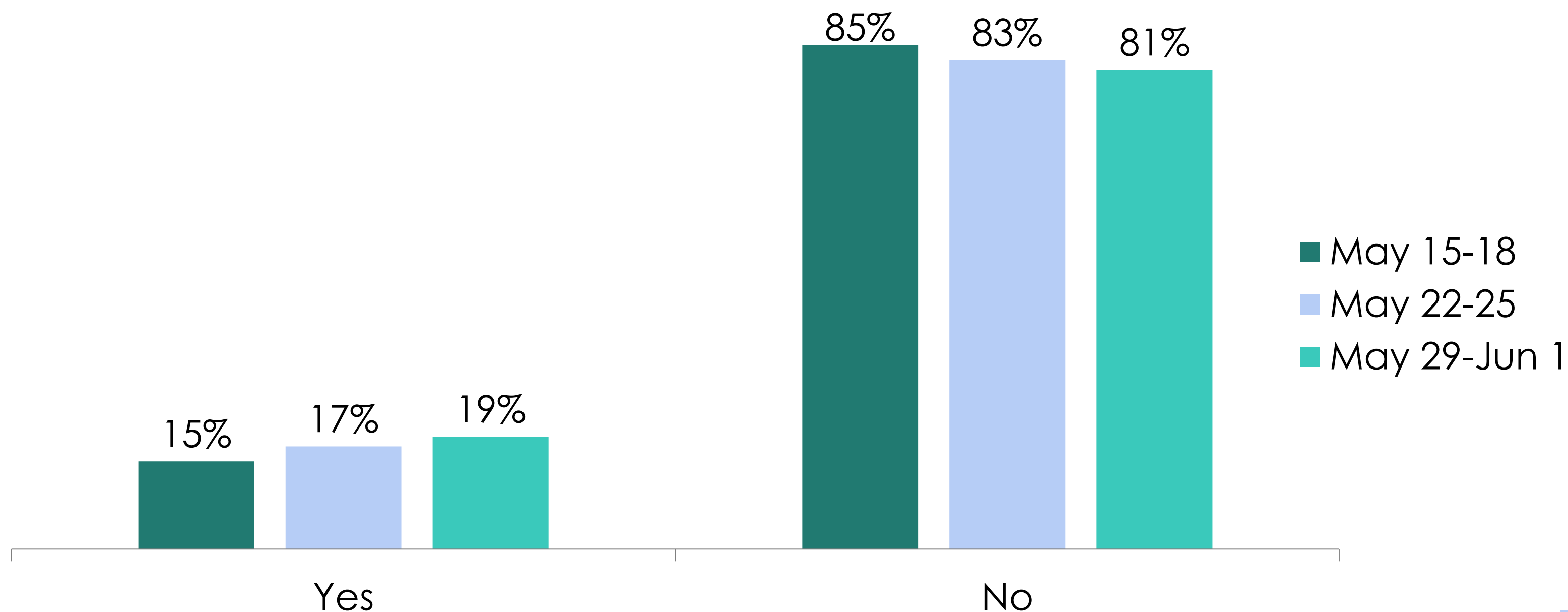
Increase in new escrows **last week**

Q: Did you enter escrow this week?



More transaction closed **last week too**

Q: Have you had a transaction close this week?



Market Data Dates

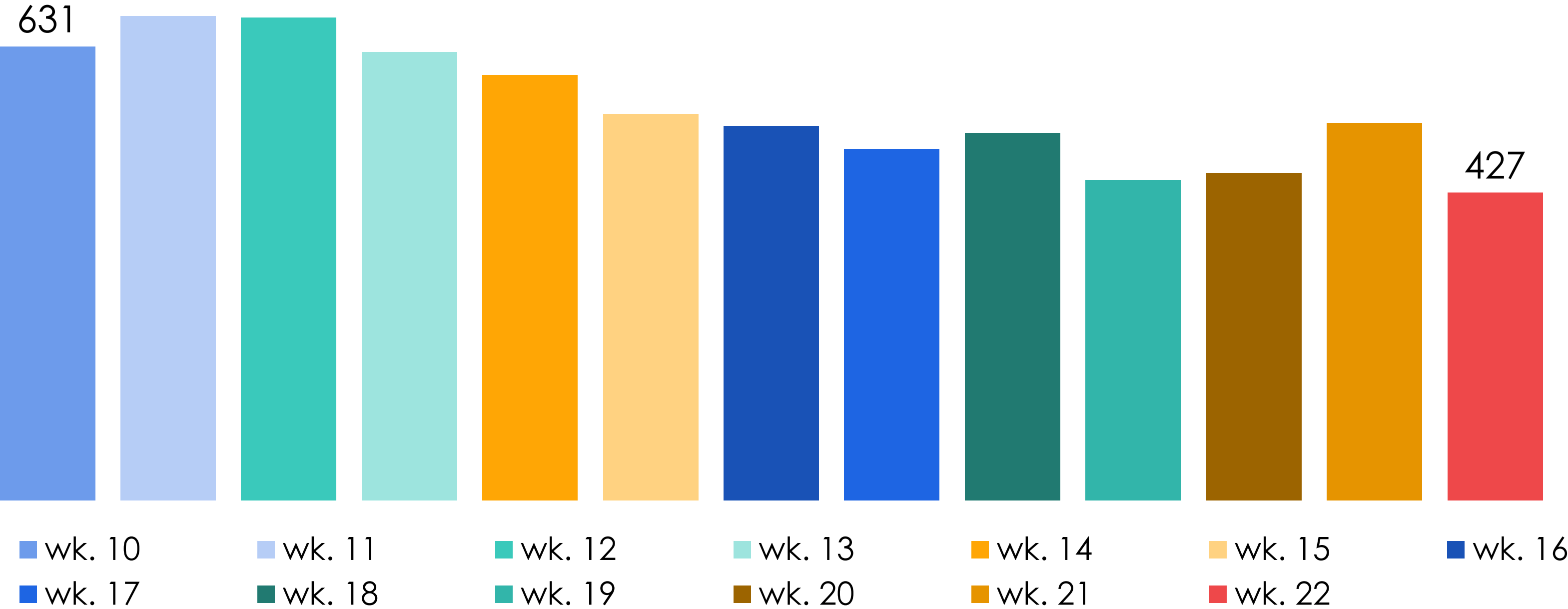
- Wk. 10: Mar 1 - Mar 7
- Wk. 11: Mar 8 - Mar 14
- Wk. 12: Mar 15 – Mar 21
- Wk. 13: Mar 22 – Mar 28
- Wk. 14: Mar 29 – Apr 4
- Wk. 15: Apr 5 – Apr 11
- Wk. 16: Apr. 12 – Apr 18
- Wk. 17: Apr 19 – Apr 25
- Wk. 18: Apr 26 – May 2
- Wk. 19: May 3 – May 9
- Wk. 20: May 10 – May 16
- Wk. 21: May 17 – May 23
- **Wk. 22: May 24 – May 29**



Closed Sales
Find Bottom

Closed sales do show those signs of a bottom

Average Daily Closed Sales



**Closed sales for the latest week will likely be revised upward due to recording delays.

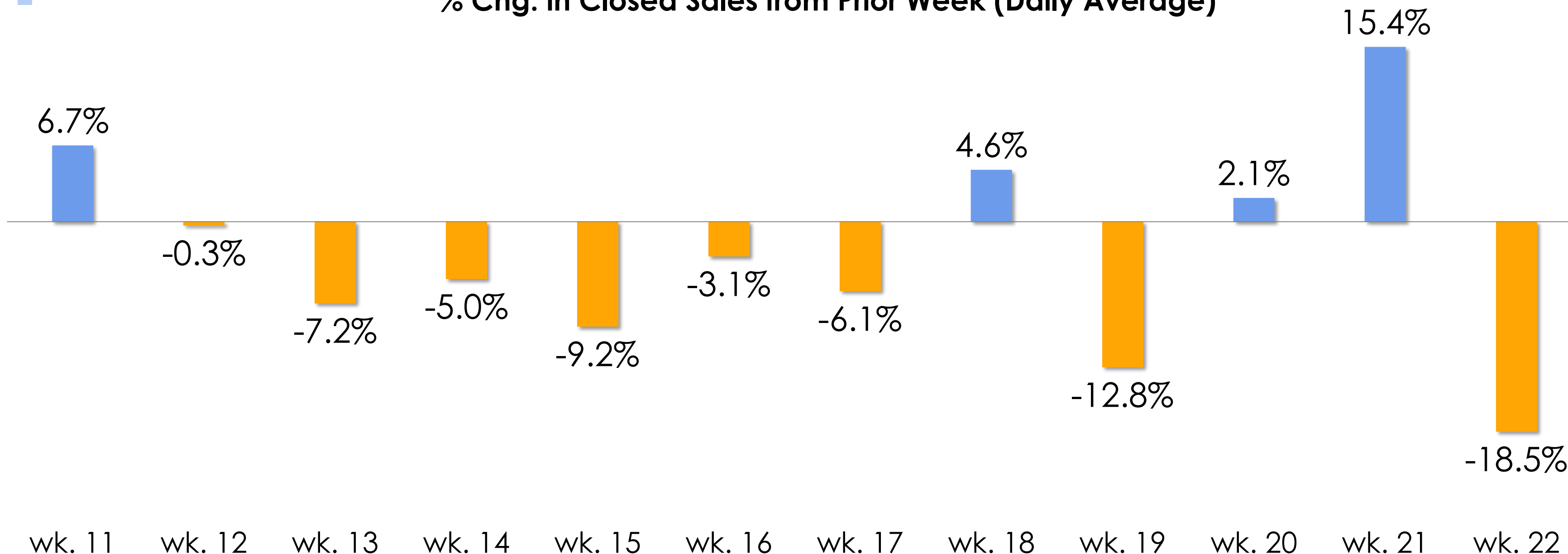


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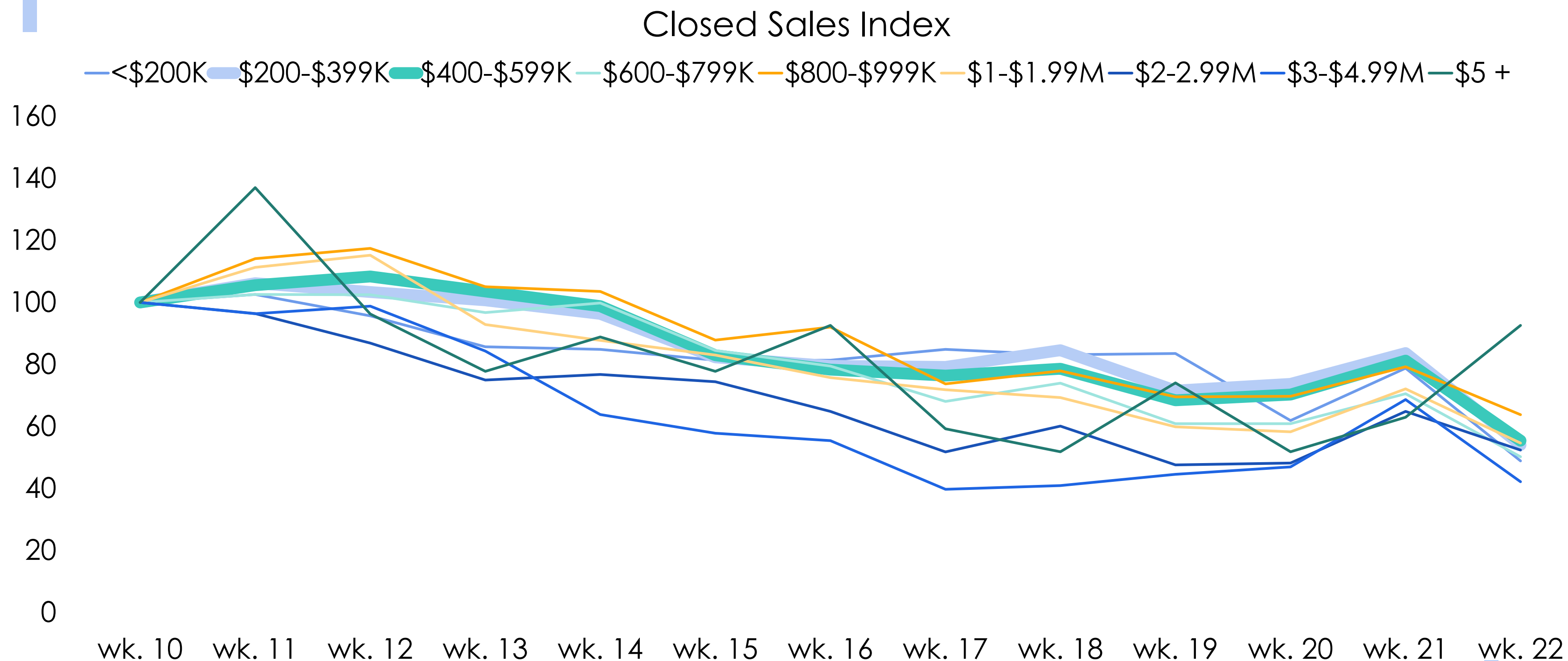
Closed sales decline because of the holiday

% Chg. in Closed Sales from Prior Week (Daily Average)



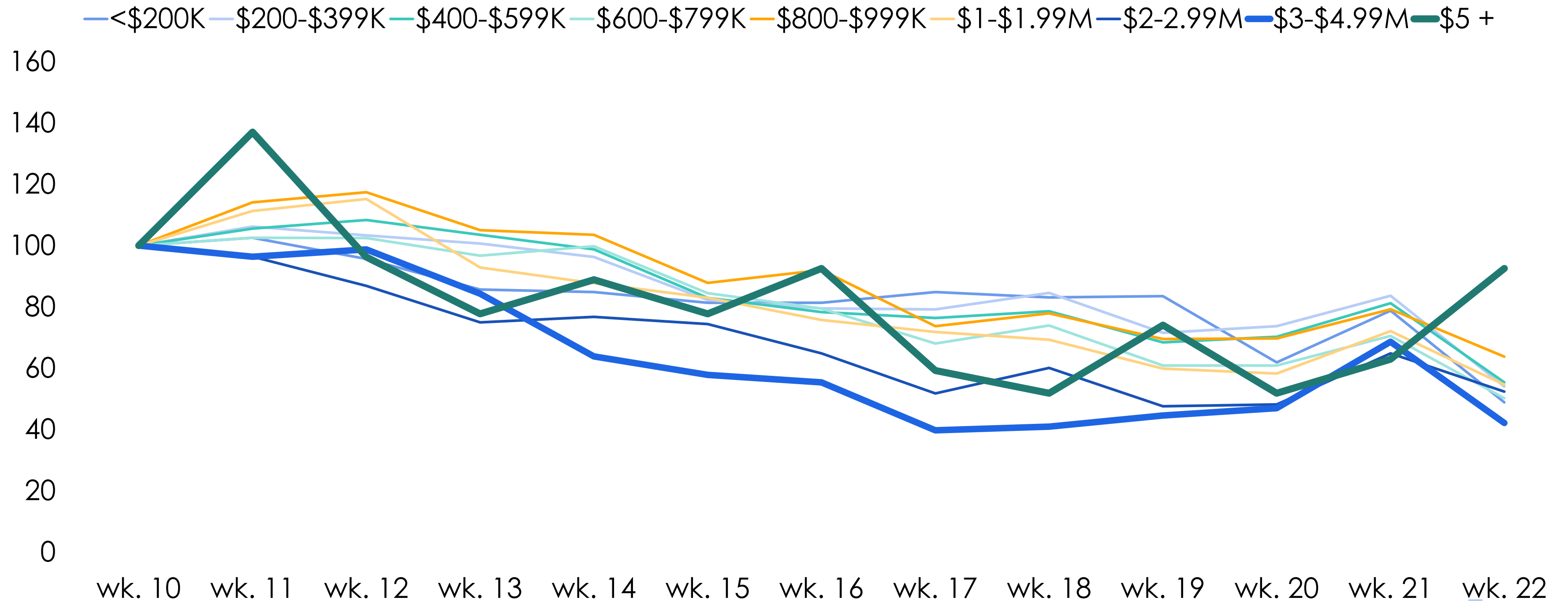
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Biggest decline in sales in lowest price range



Top end on the uptrend since mid-April

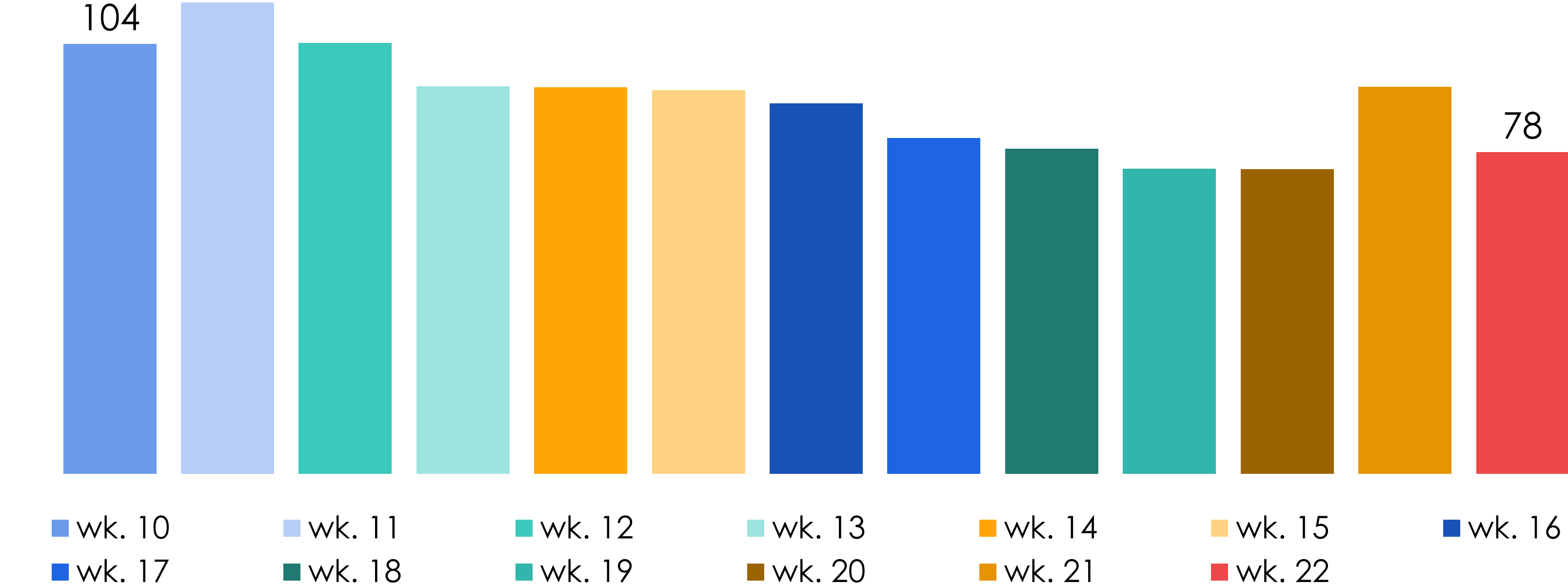
Closed Sales Index



Closed Sales
Find Bottom

Bay Area sales do show those signs of a bottom

Average Daily Closed Sales



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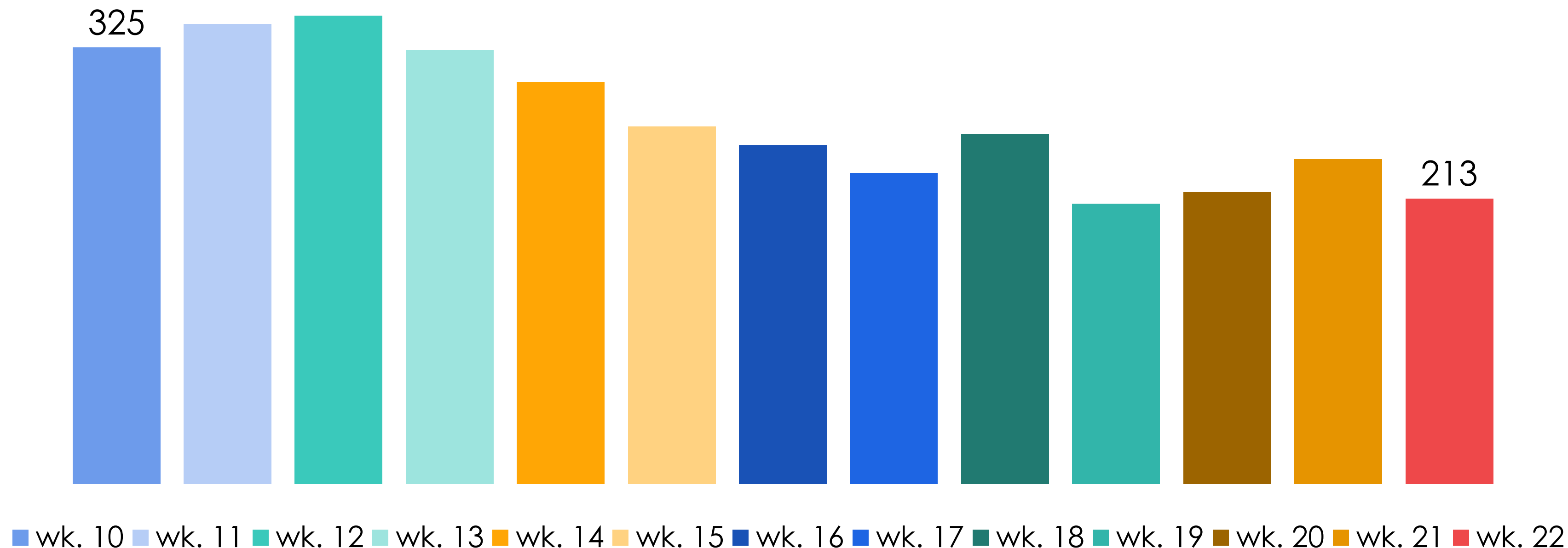
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Closed Sales
Find Bottom

SoCal sales do show those signs of a bottom

Average Daily Closed Sales

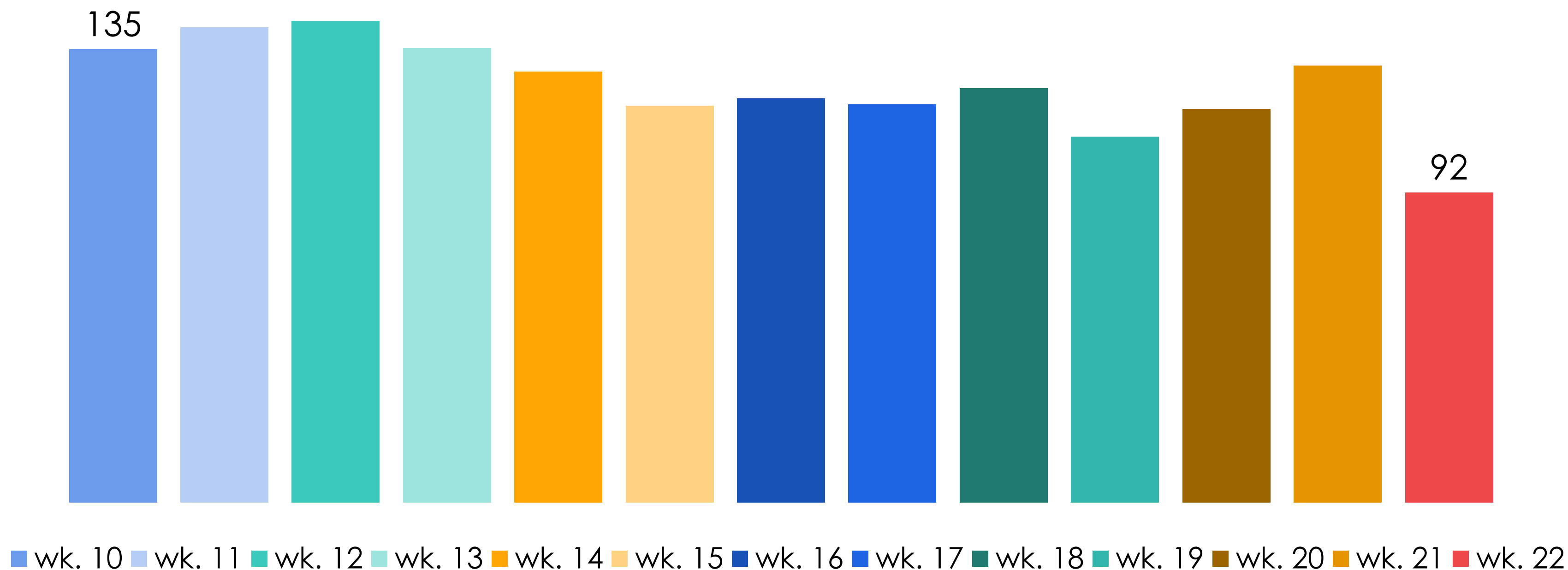


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Closed Sales
Find Bottom

Central Valley sales do show those signs of a bottom

Average Daily Closed Sales

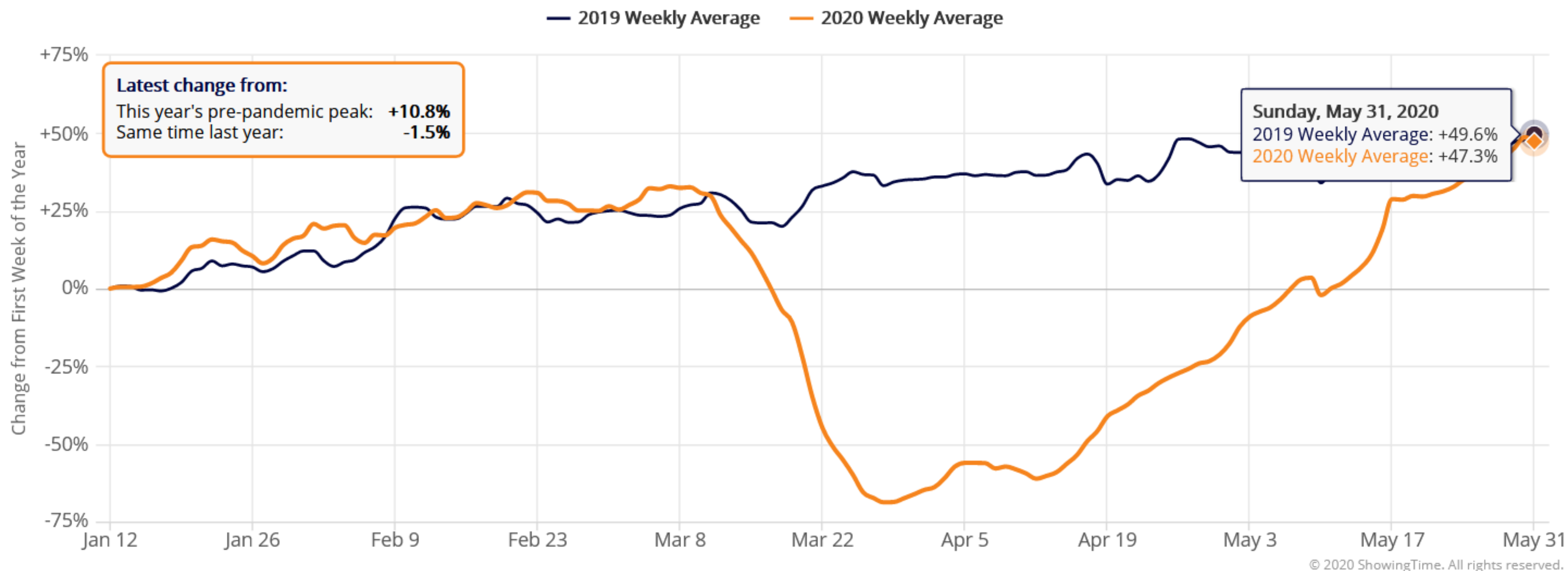


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Several
OTHER
sources
of light
at end
of the
tunnel

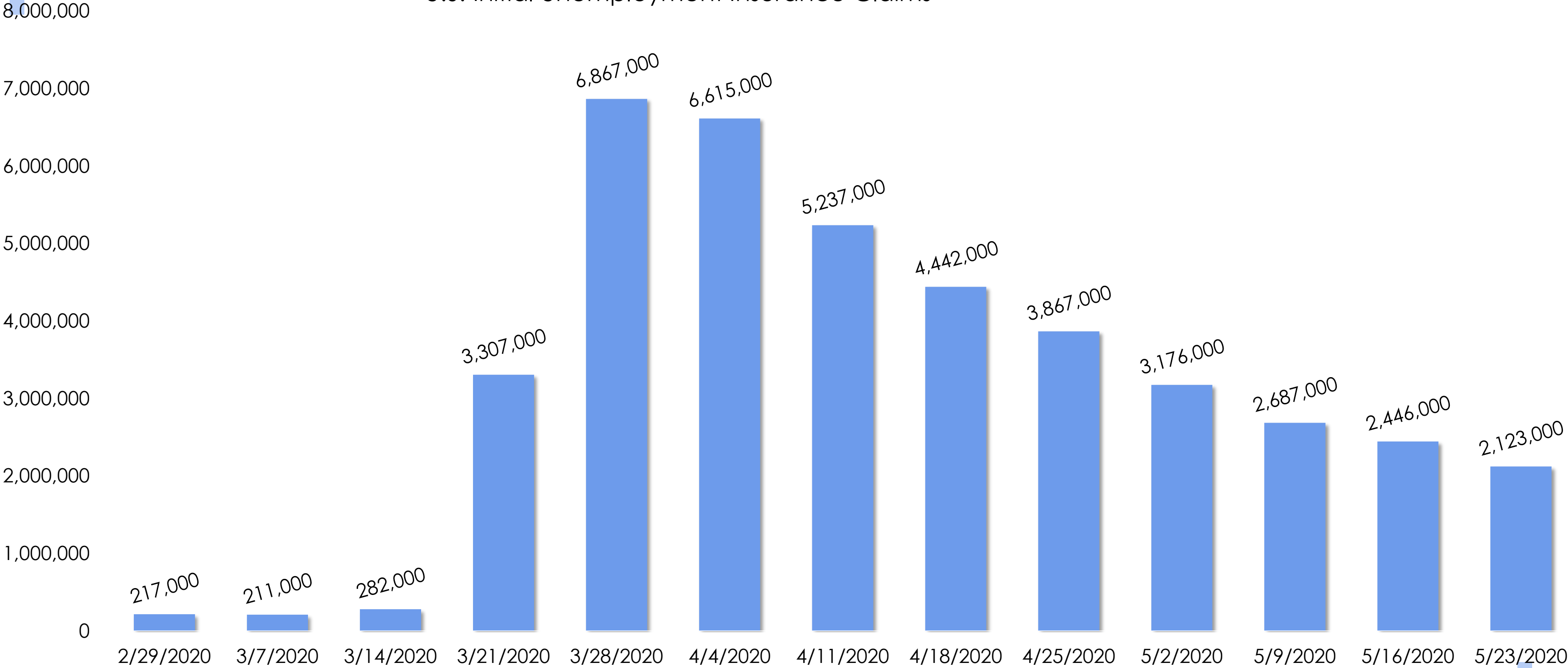


Showings closing the gap



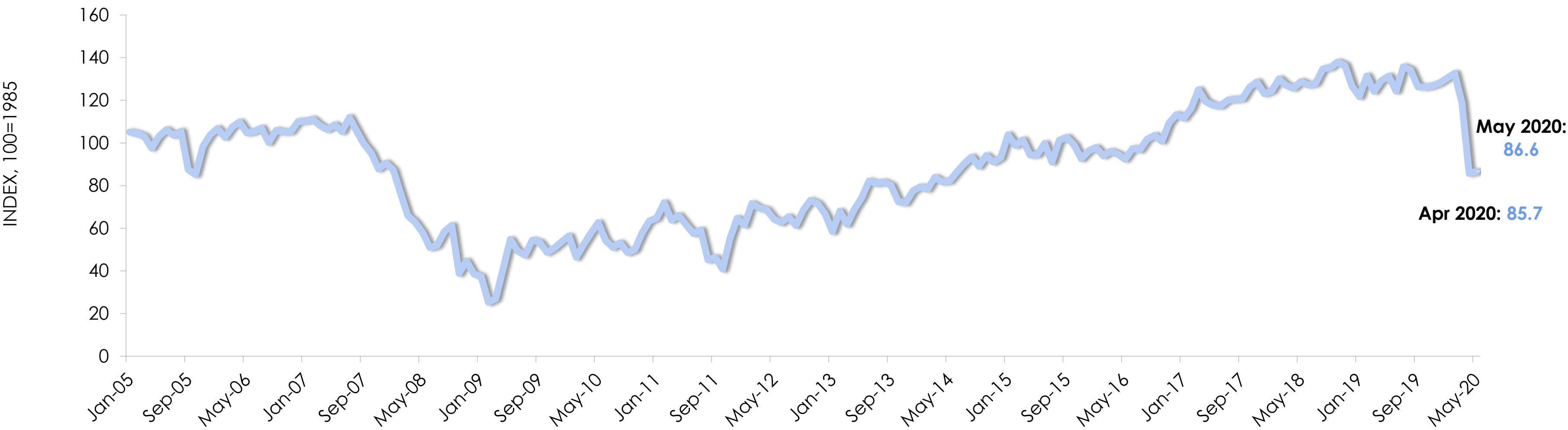
Jobless claims still easing

U.S. Initial Unemployment Insurance Claims



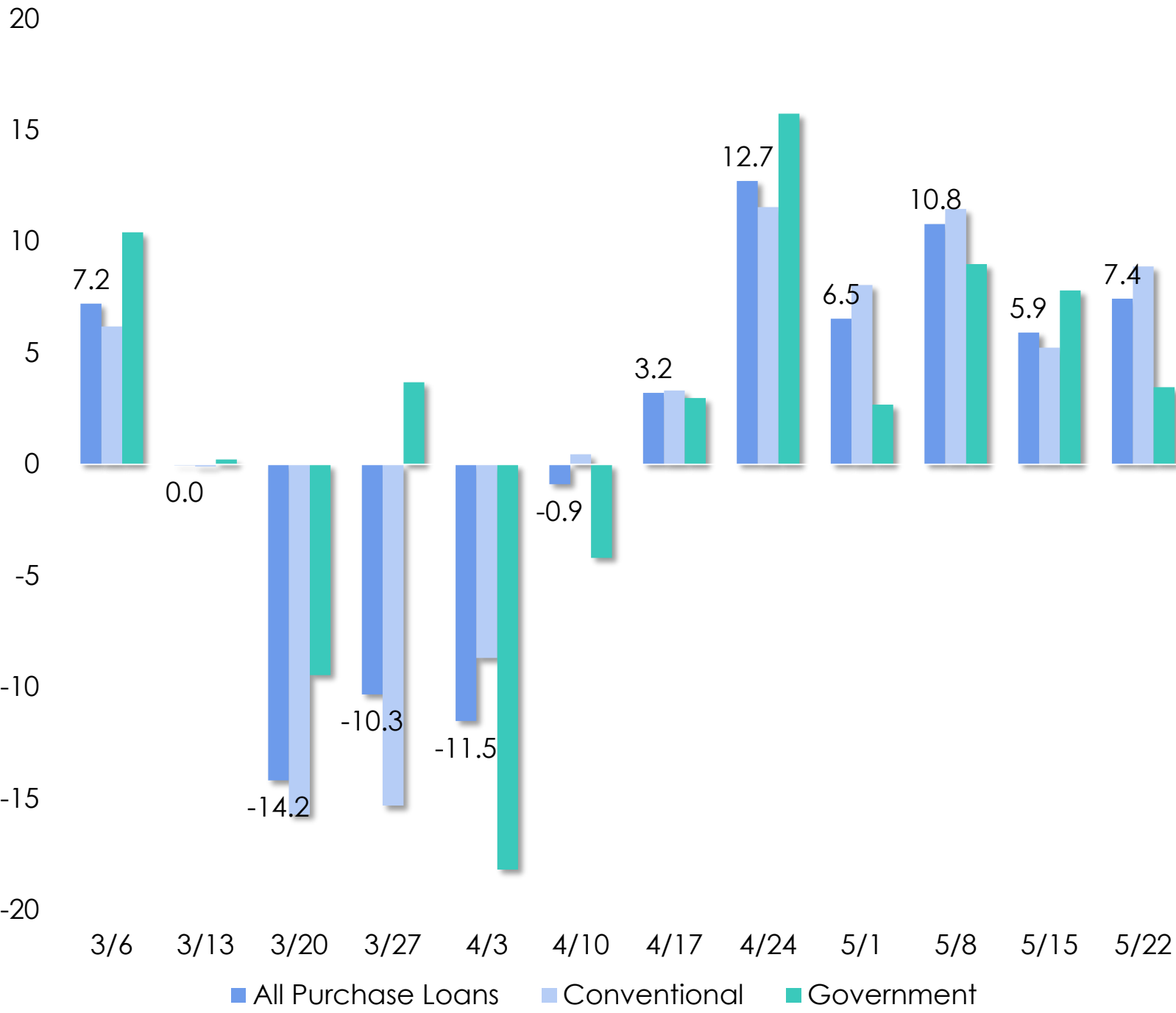
Consumer Confidence Index finds bottom too

Composite Index

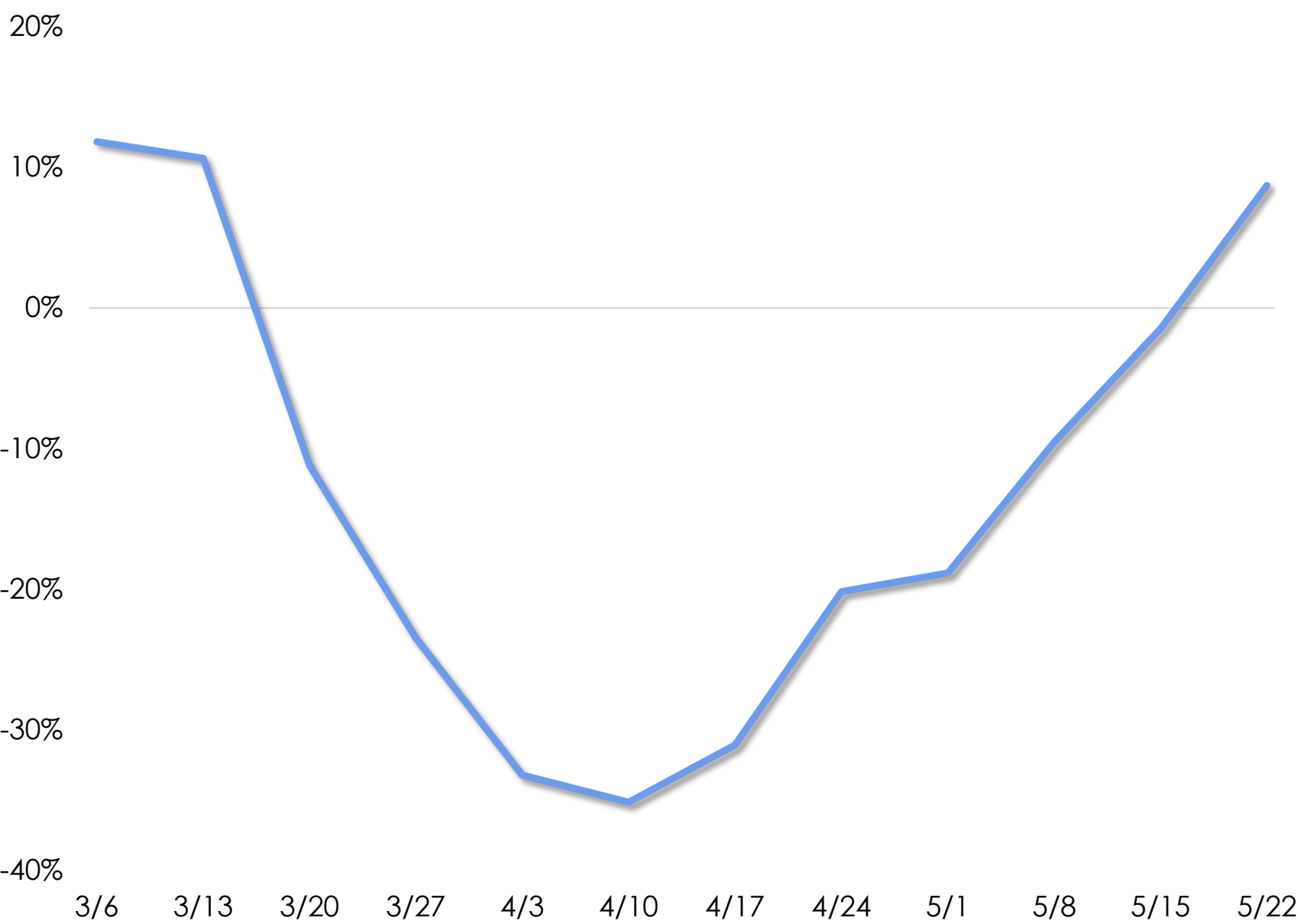


New applications surpassed last year's level for the first time in 10 weeks

Weekly Change in New Mortgage Purchase Applications



Year-to-Year Change in New Mortgage Purchase Applications



CA mortgage apps almost positive again too

	Week-over-week % Chg.		Year-over-Year %Chg.	
	Week ending 5/22/2020	Week ending 5/15/2020	Week ending 5/22/2020	Week ending 5/15/2020
CA	11.6%	5.7%	-1.7%	-15.1%
NY	19.7%	11.7%	-16.9%	-32.8%
WA	3.5%	4.7%	-23.1%	-31.1%
US	7.0%	6.0%	9.0%	-1.5%

Note: Not seasonally adjusted, home purchase applications only

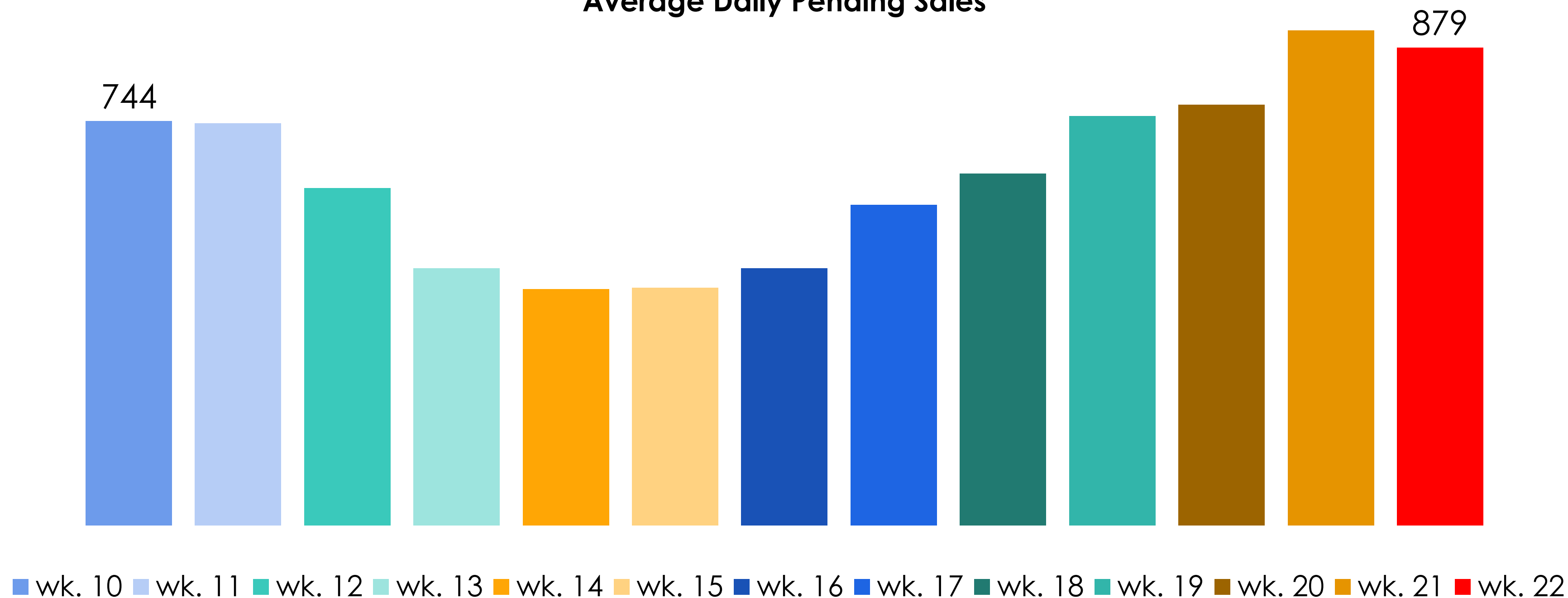


More Progress
Next Week!



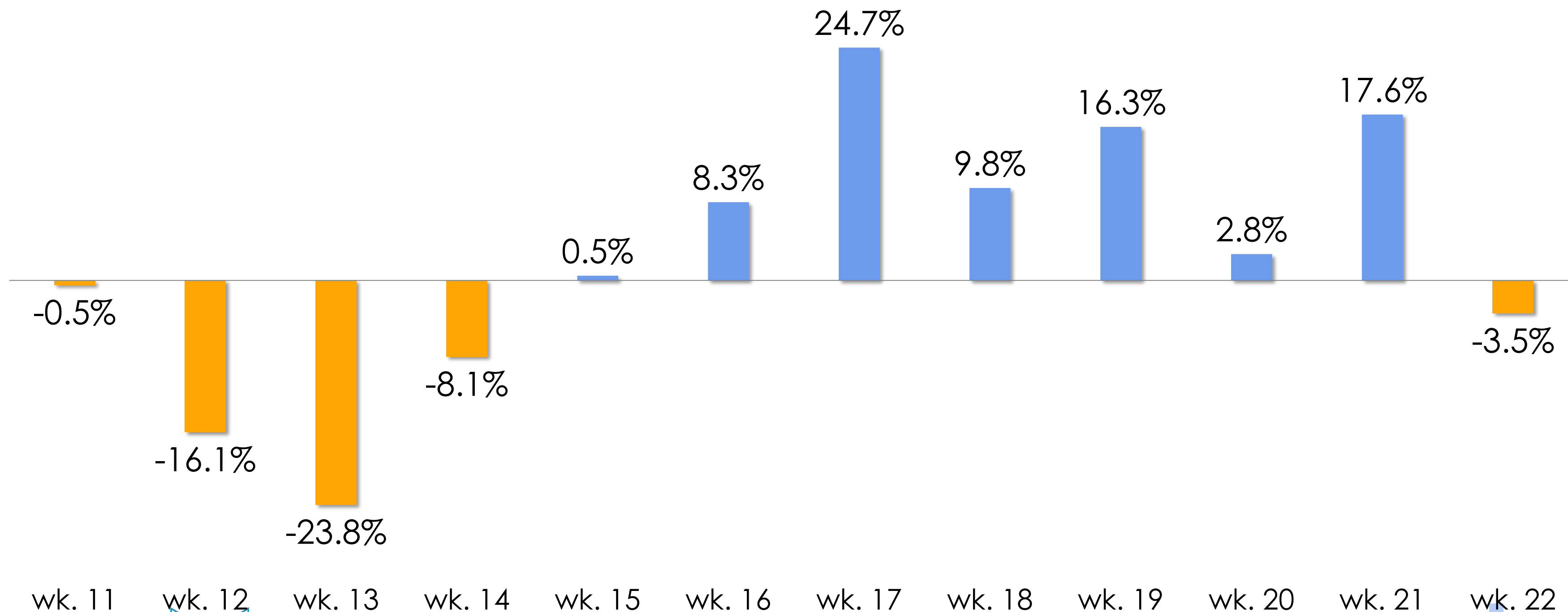
Pending sales have made significant progress

Average Daily Pending Sales



Yet recently, pending loses momentum

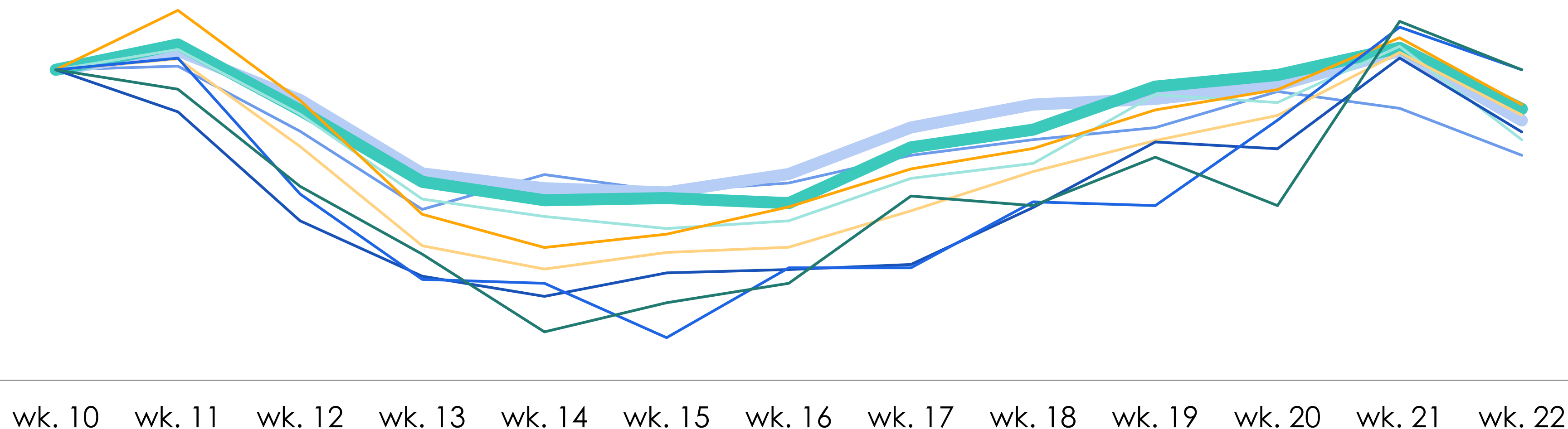
% Chg. in Pending Sales from Prior Week (Daily Average)



Pending sales slowed in all price segments

Weekly Pending Sales

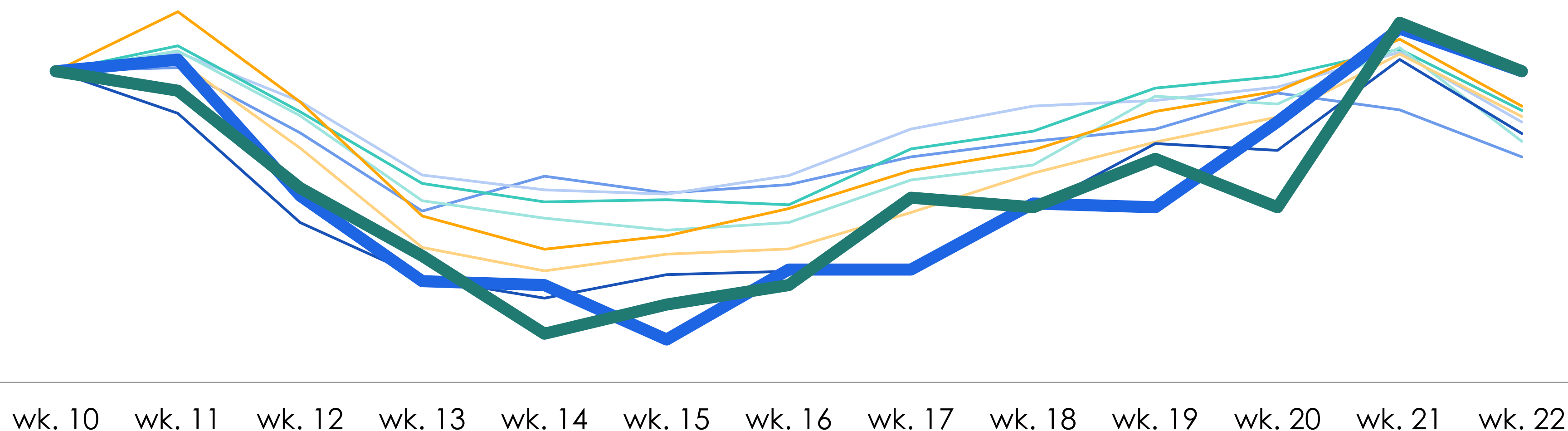
—<\$200K —\$200-\$399K —\$400-\$599K —\$600-\$799K —\$800-\$999K —\$1-\$1.99M —\$2-\$2.99M —\$3-\$4.99M —\$5 +



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Weekly Pending Sales

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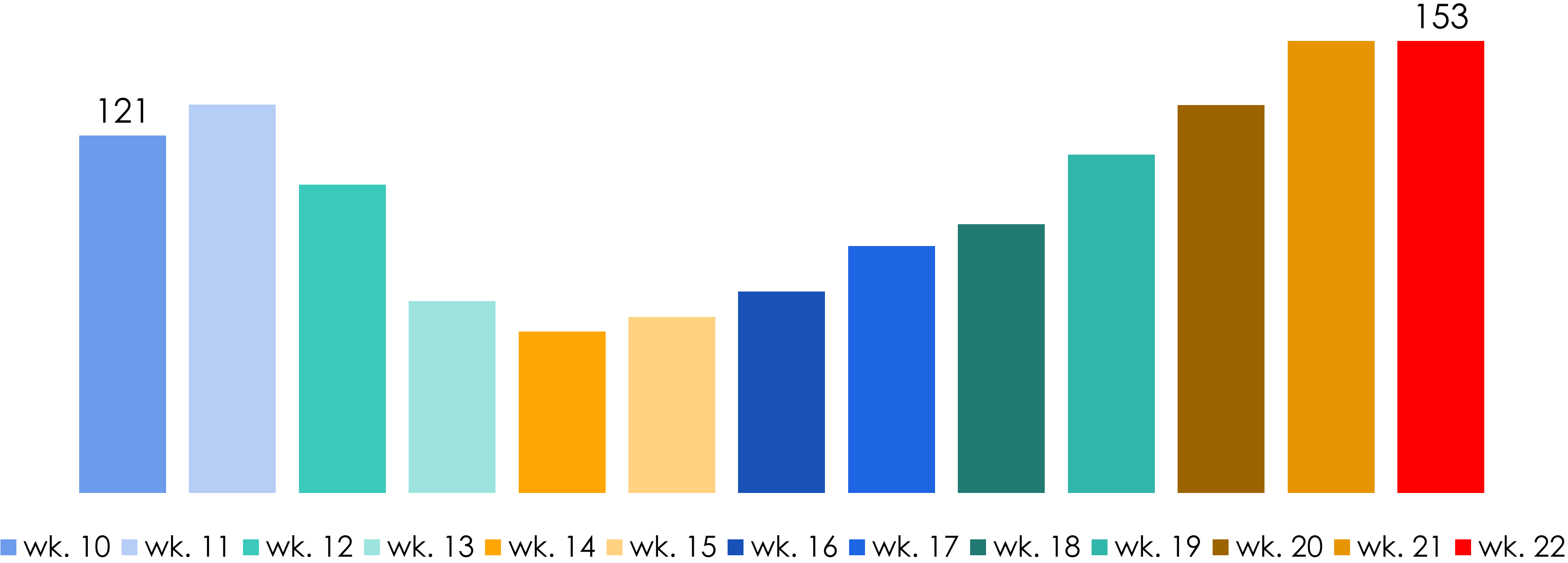


More Progress
Next Week!



Bay Area pending up from bottom consistently

Average Daily Pending Sales



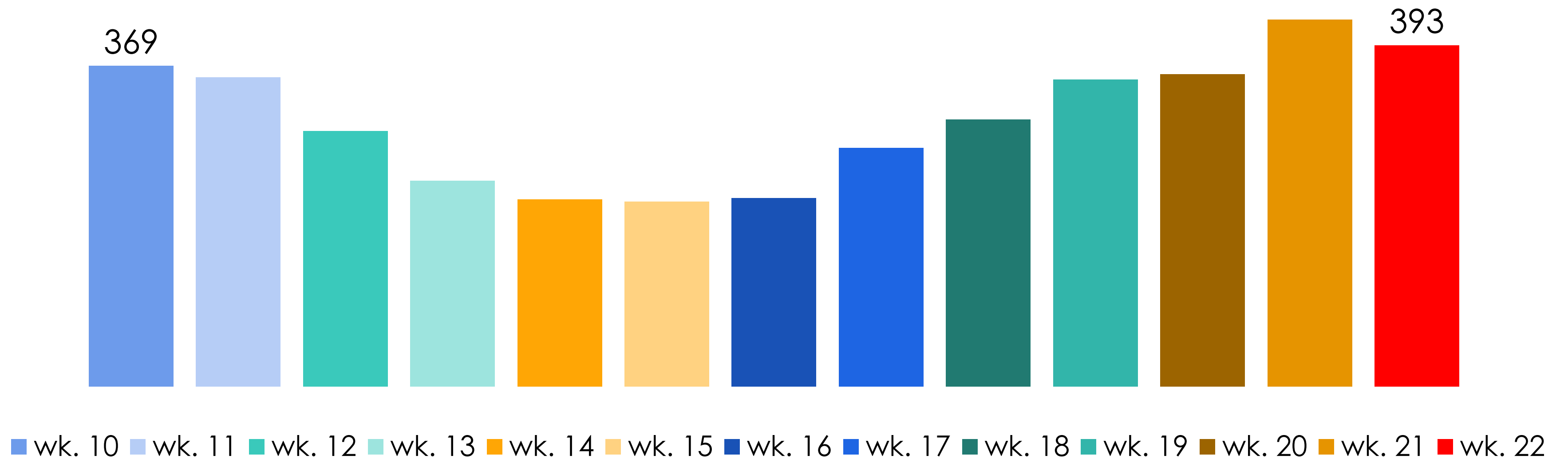


More Progress
Next Week!



SoCal pending sales mimic statewide trend

Average Daily Pending Sales



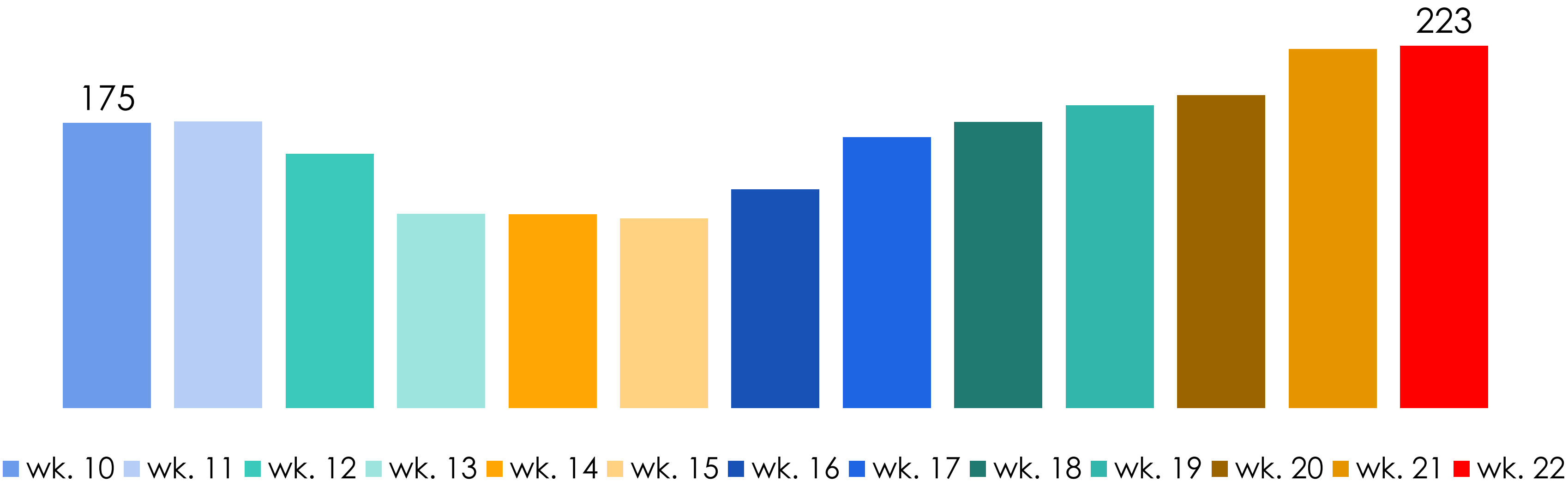


More Progress
Next Week!



Central Valley pending sales heat up

Average Daily Pending Sales



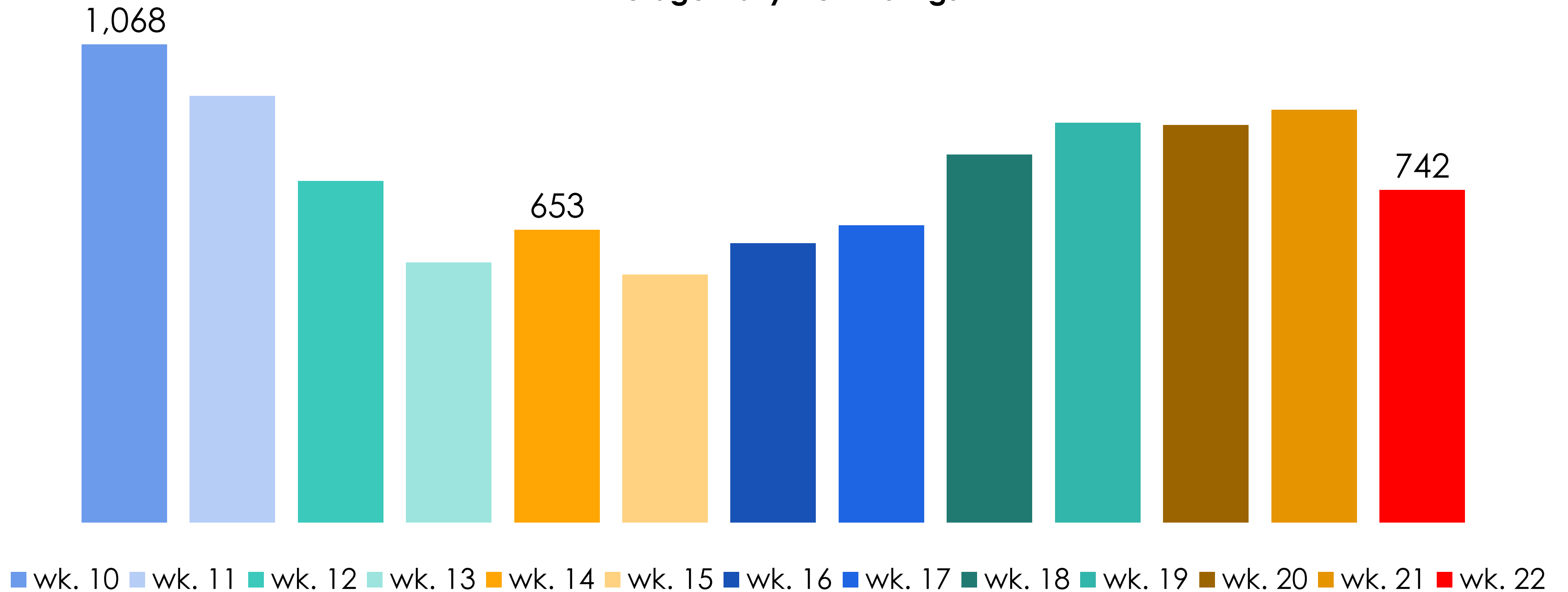


**BUT, Listings Point
To Slow Recovery**



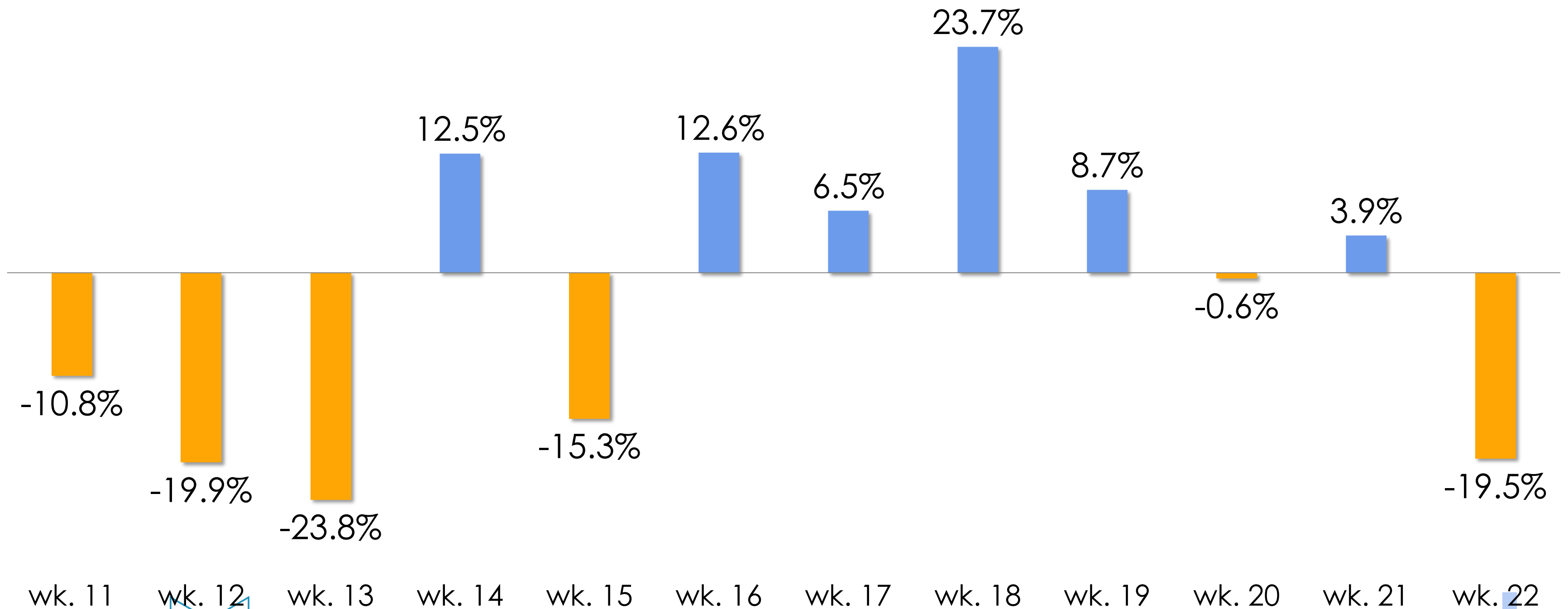
One area that HAS gotten back to normal

Average Daily New Listings



Much smaller bounce in inventory

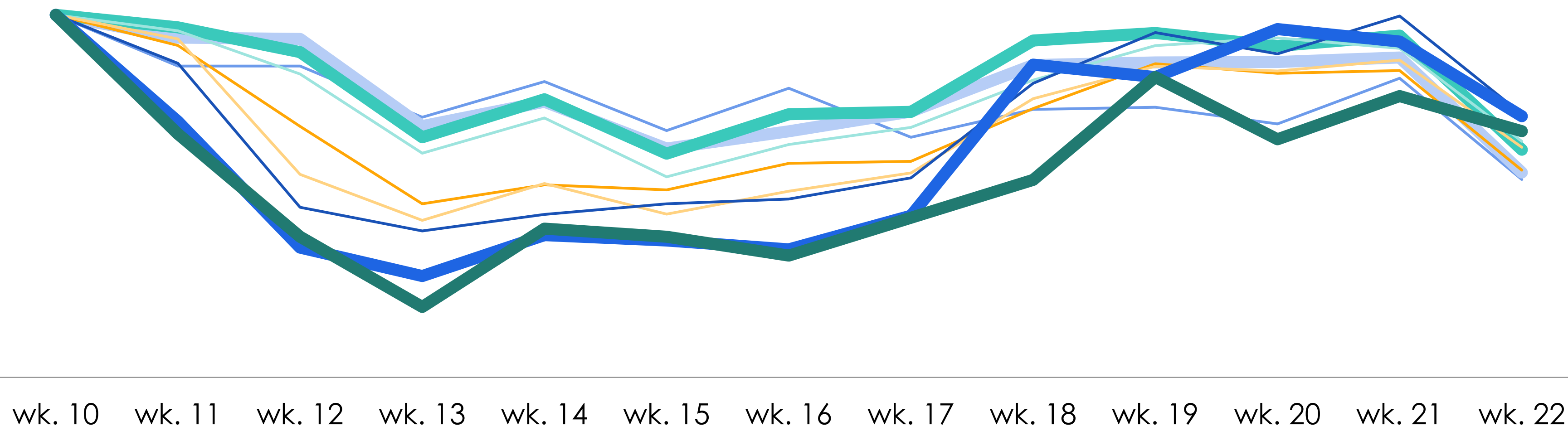
% Chg. in New Listings from Prior Week (Daily Average)



New listings sputtering at high and low end

Weekly New Listings

—<\$200K —\$200-\$399K —\$400-\$599K —\$600-\$799K —\$800-\$999K —\$1-\$1.99M —\$2-2.99M —\$3-\$4.99M —\$5 +





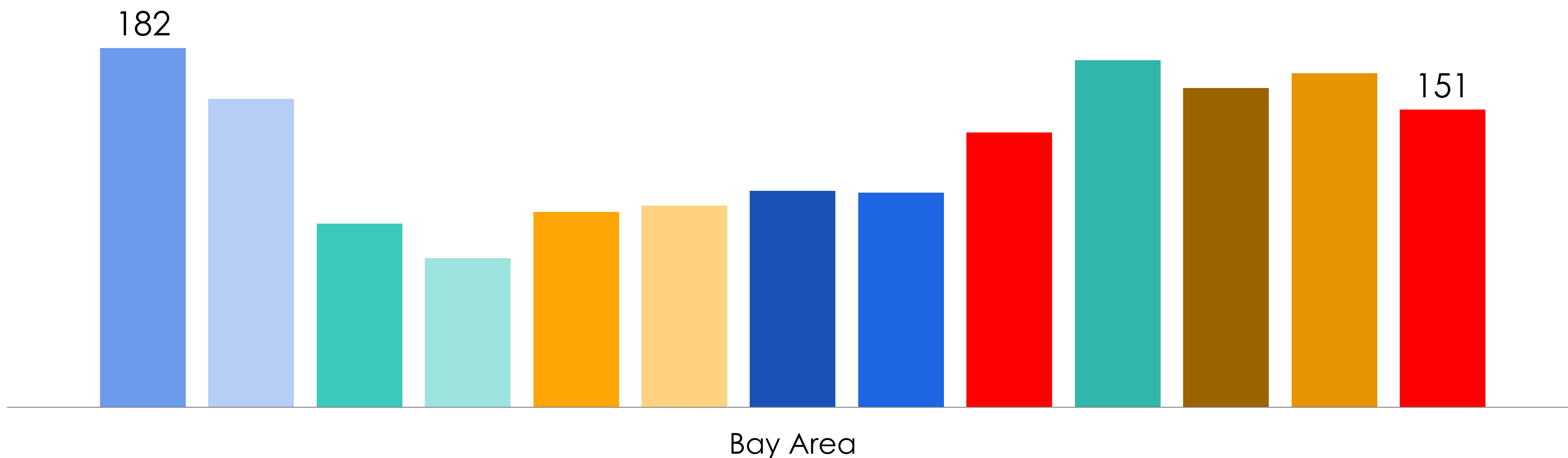
**BUT, Listings Point
To Slow Recovery**



1 way Bay Area HAS gotten back to normal

Average Daily New Listings

■ wk. 10 ■ wk. 11 ■ wk. 12 ■ wk. 13 ■ wk. 14
■ wk. 15 ■ wk. 16 ■ wk. 17 ■ wk. 18 ■ wk. 19



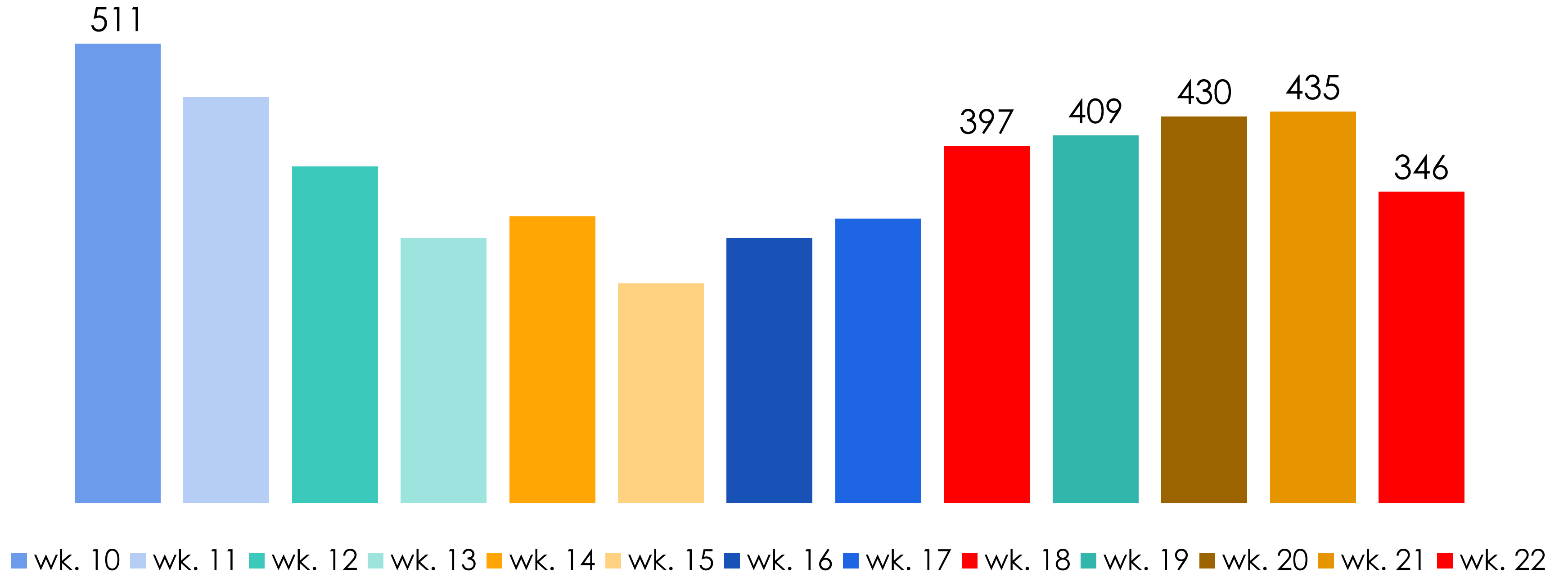


**BUT, Listings Point
To Slow Recovery**



SoCal inventory rebound petering out

Average Daily New Listings



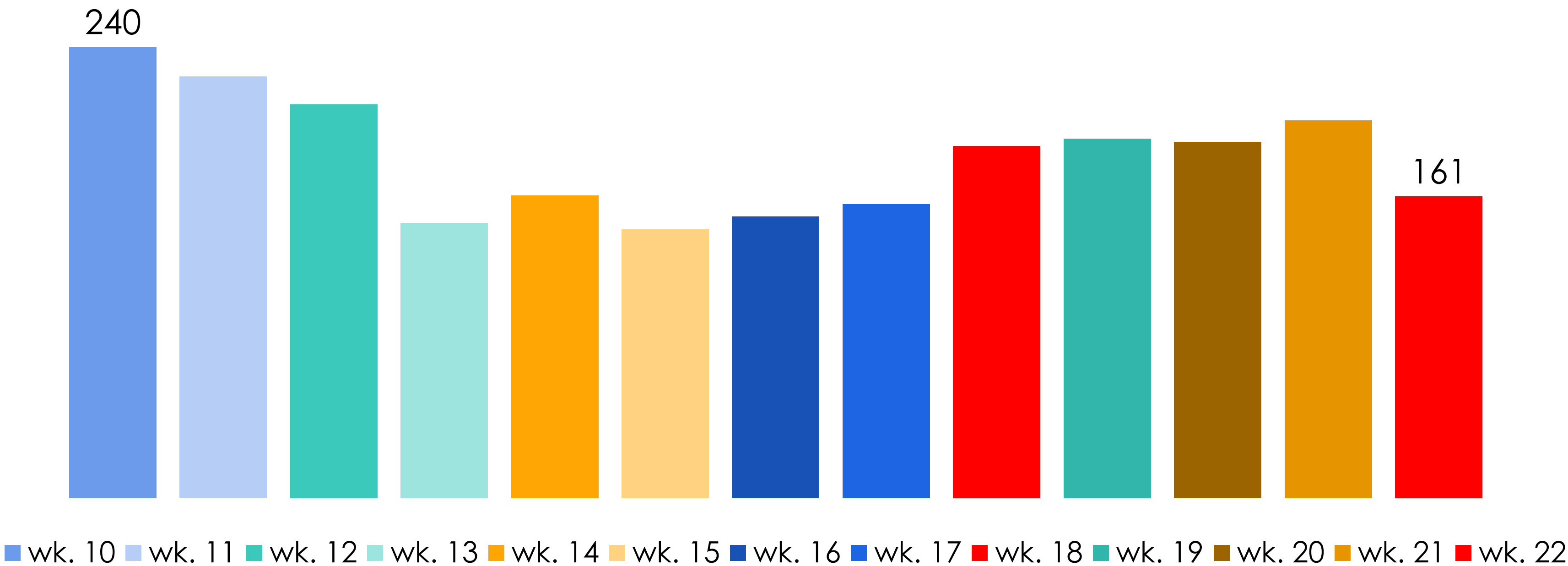


**BUT, Listings Point
To Slow Recovery**




Central Valley seeing new listings peter out

Average Daily New Listings




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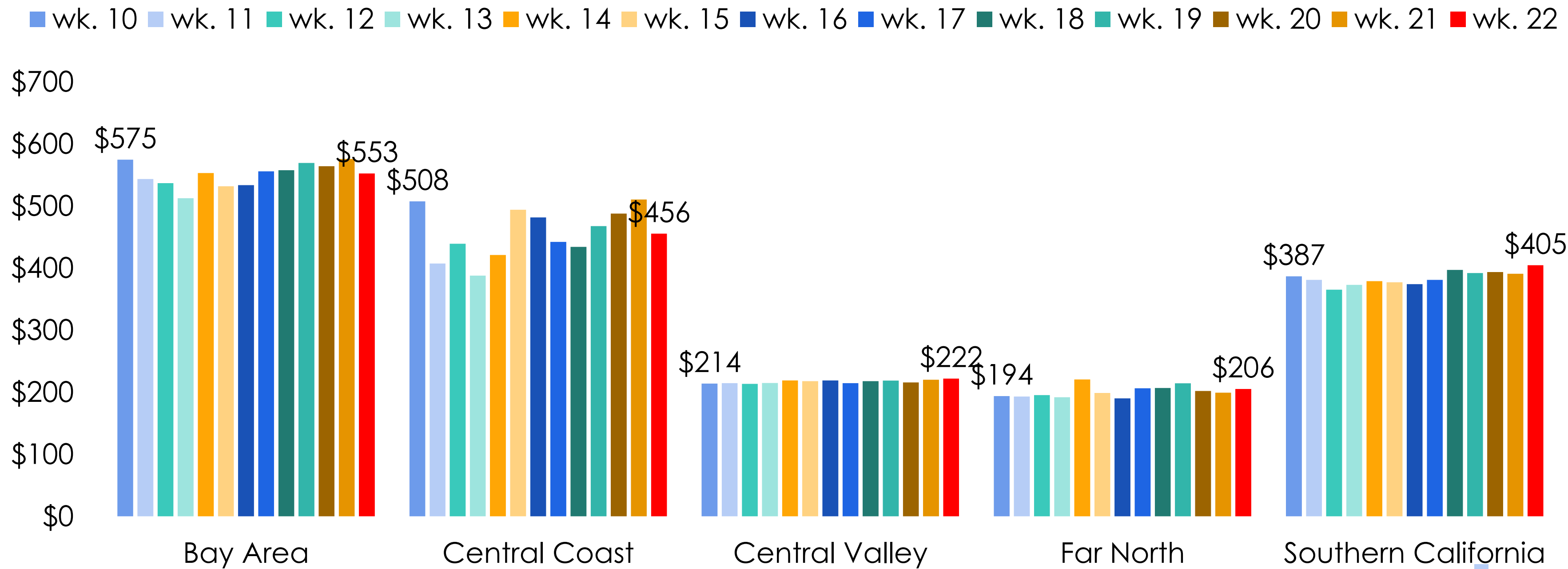


Prices Not Impacted
Thus Far...



Listings prices **still mostly stable**

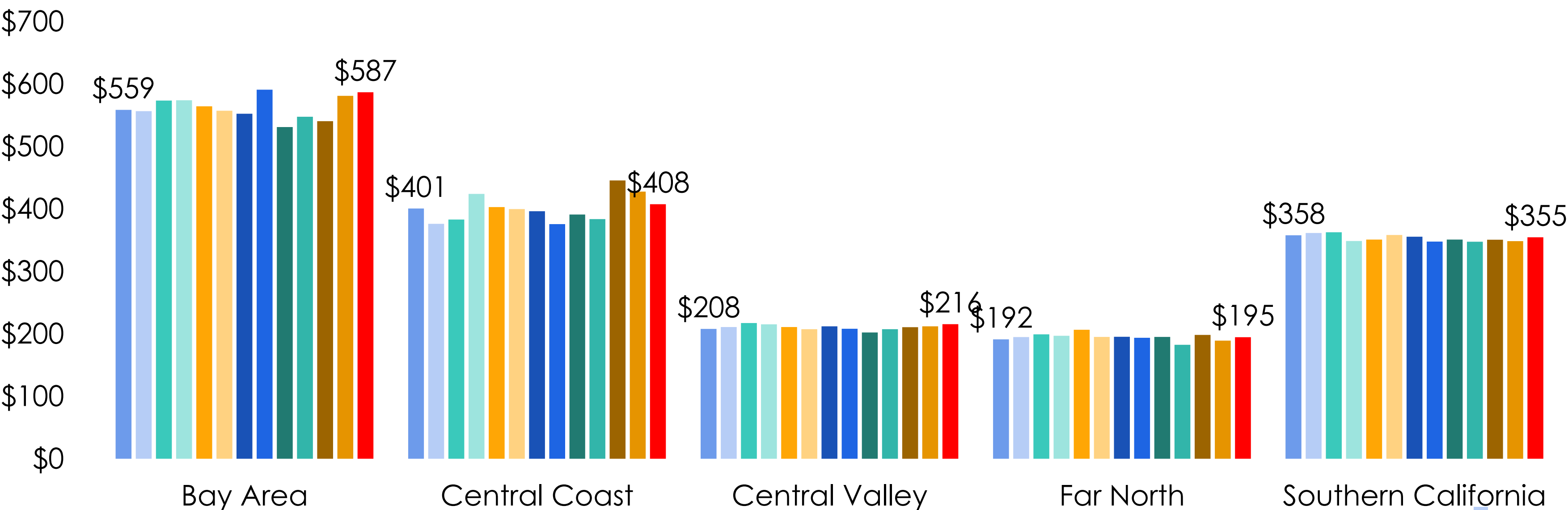
Median List Price (\$/SF)



Closed prices also stable in most regions

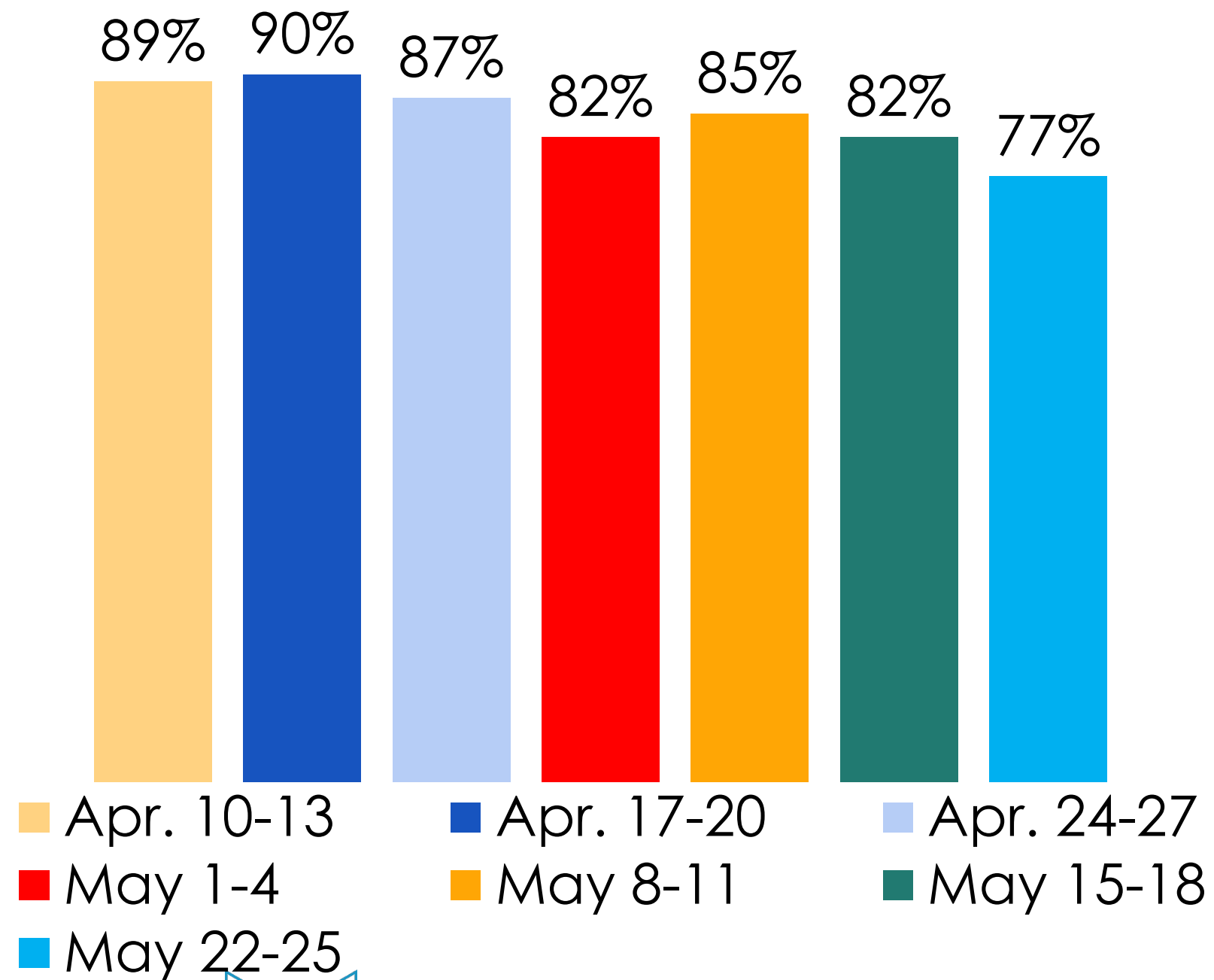
Median Closed Sale Price (\$/SF)

■ wk. 10 ■ wk. 11 ■ wk. 12 ■ wk. 13 ■ wk. 14 ■ wk. 15 ■ wk. 16 ■ wk. 17 ■ wk. 18 ■ wk. 19 ■ wk. 20 ■ wk. 21 ■ wk. 22

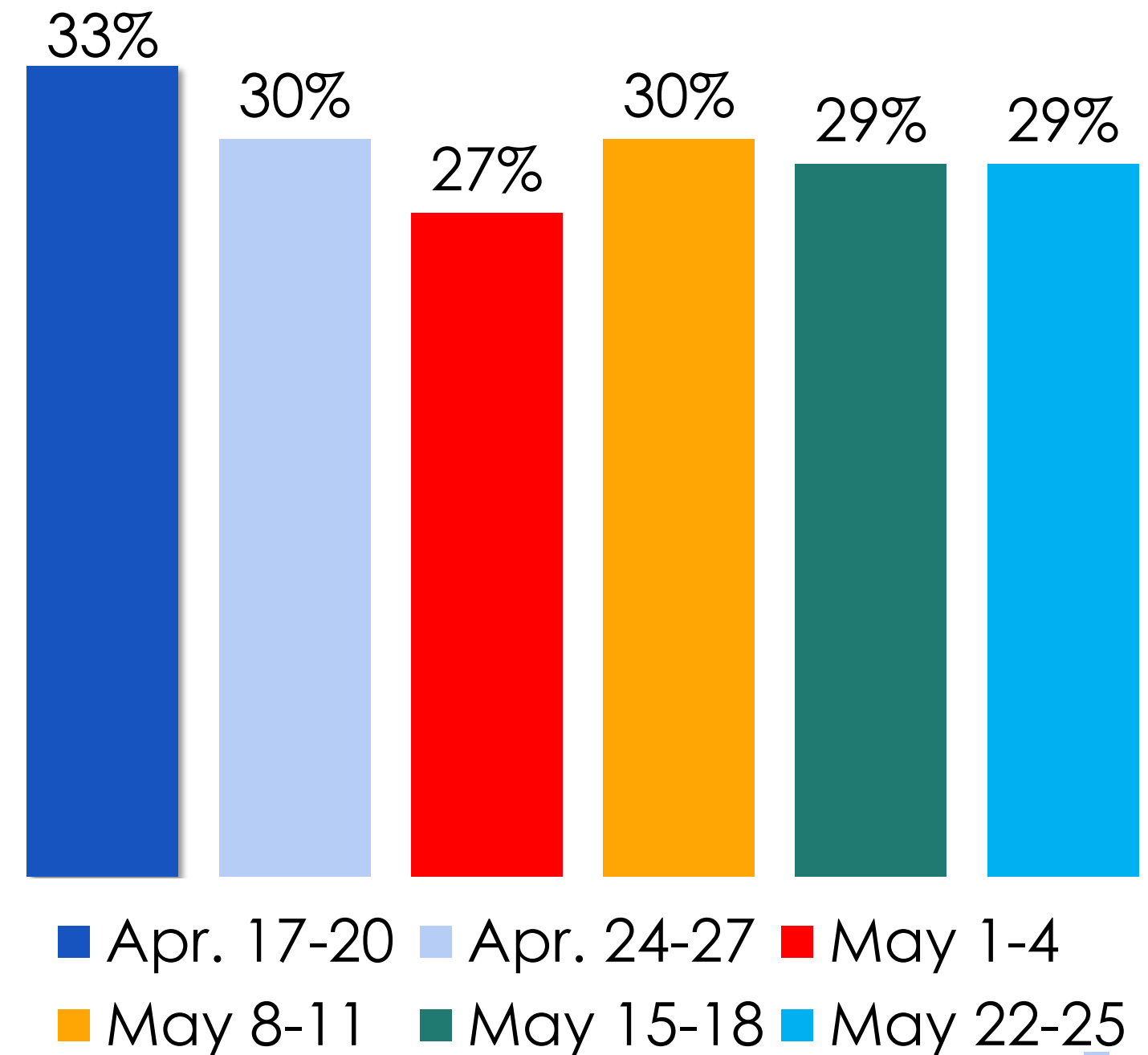


Big gap in consumer expectations

Q: In general, are home buyers expecting lower prices now? A: Yes



Q: Have any of your home sellers recently reduced price to attract buyers? A: Yes.



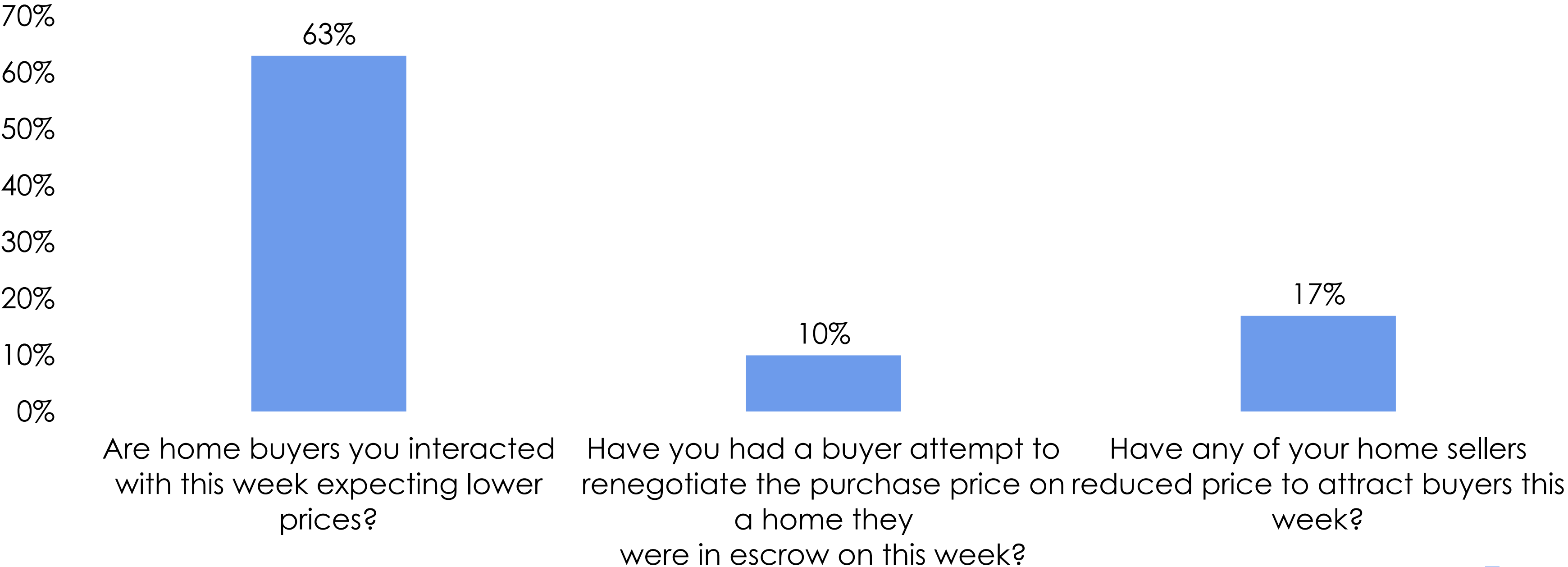
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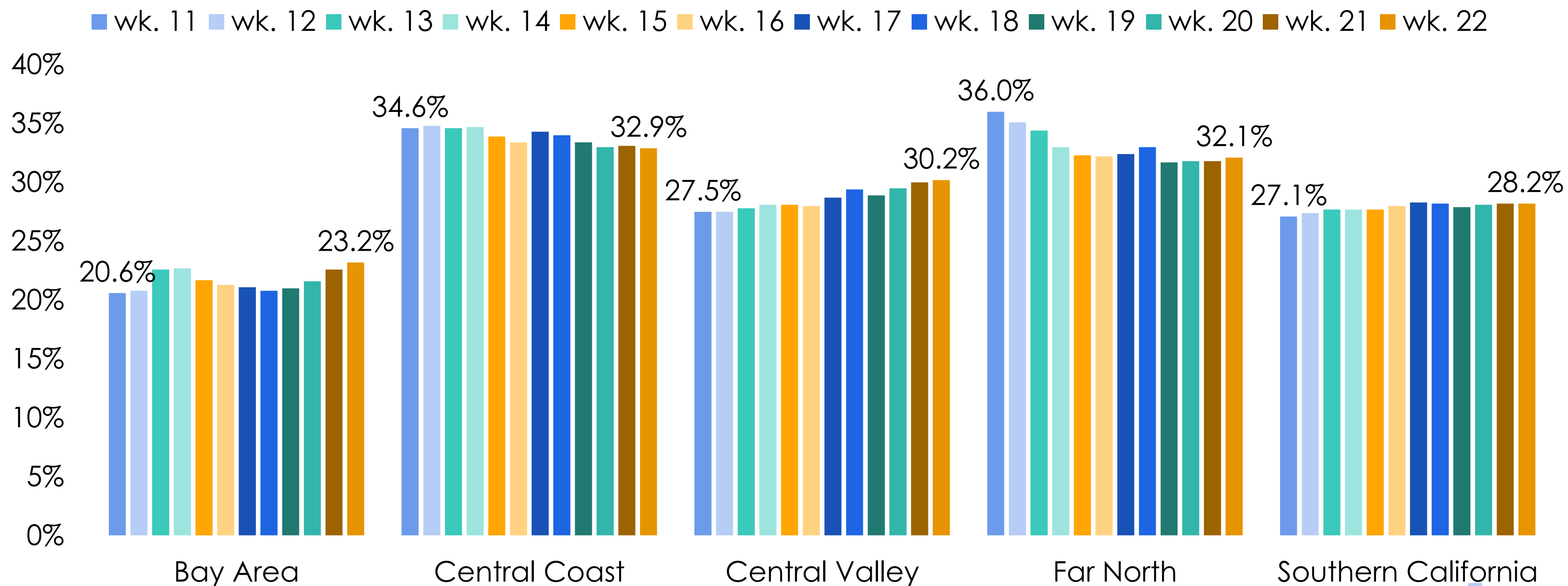
Buyer and Seller Price Expectations

■ May 29-Jun 1



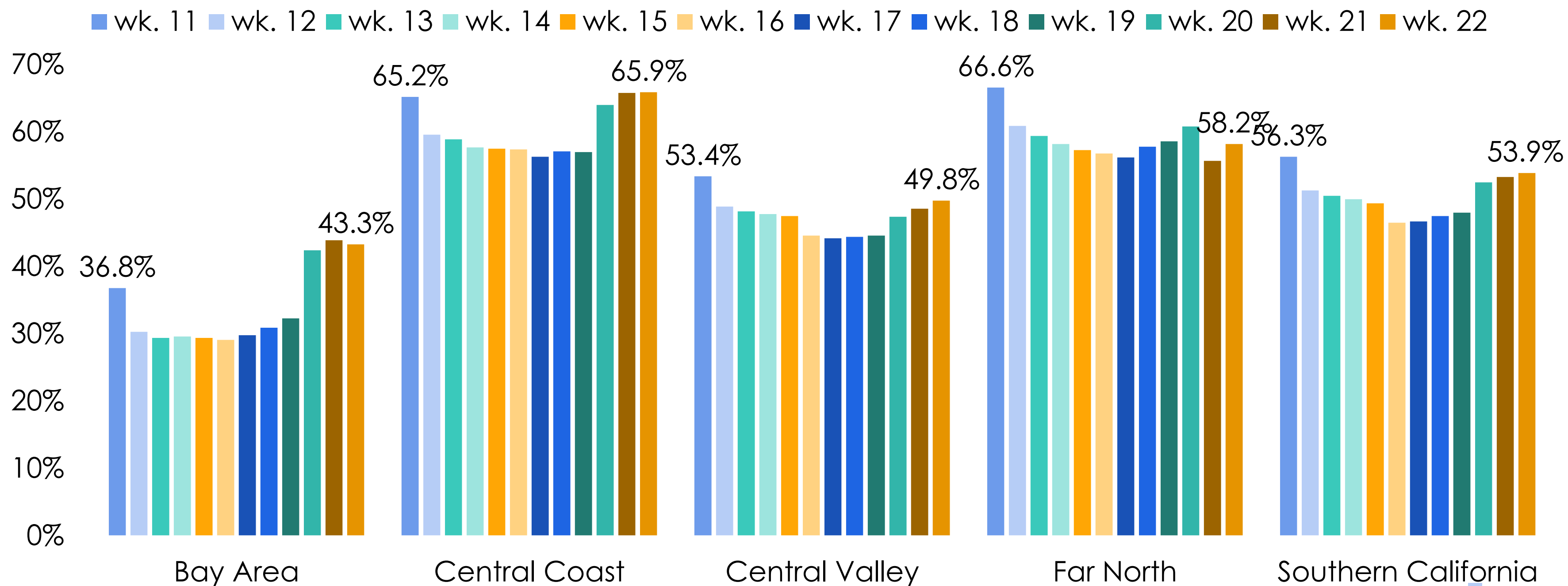
More active listings being reduced recently


Percentage of Active Listings Reduced from Original List Price




Price pressure showing up in recent closings too

Percentage of Closed Sales Reduced from Original List Price



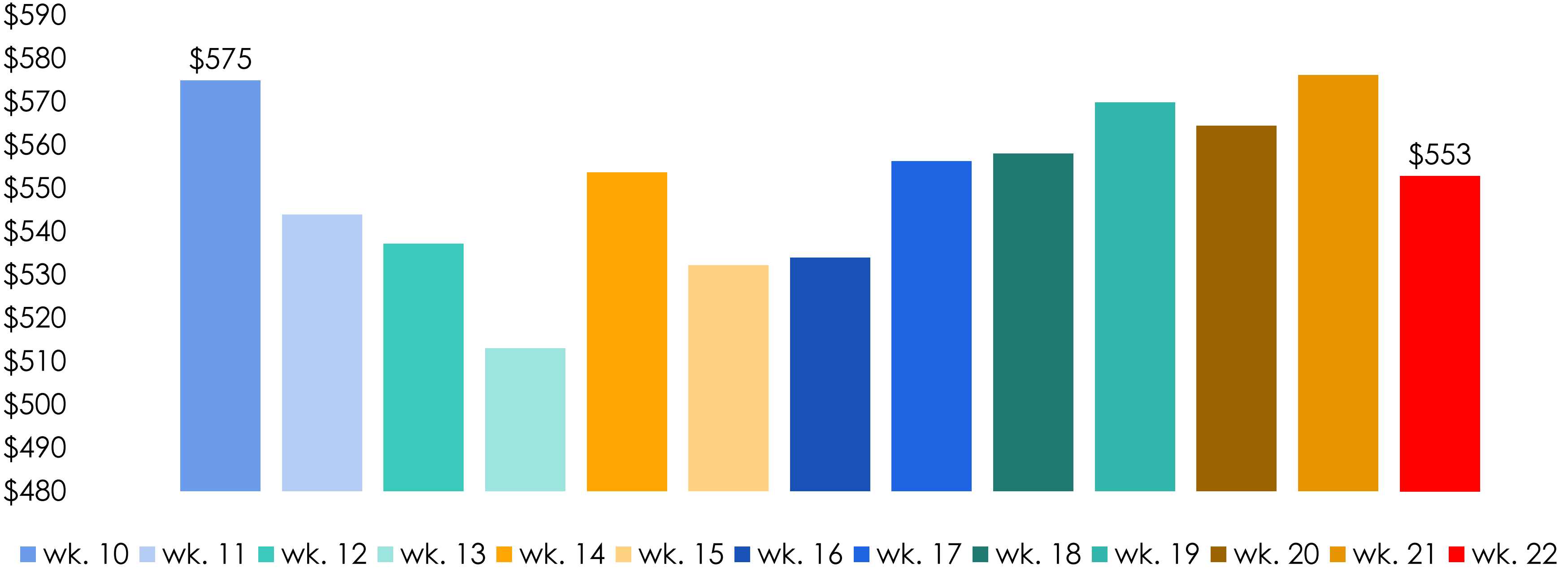


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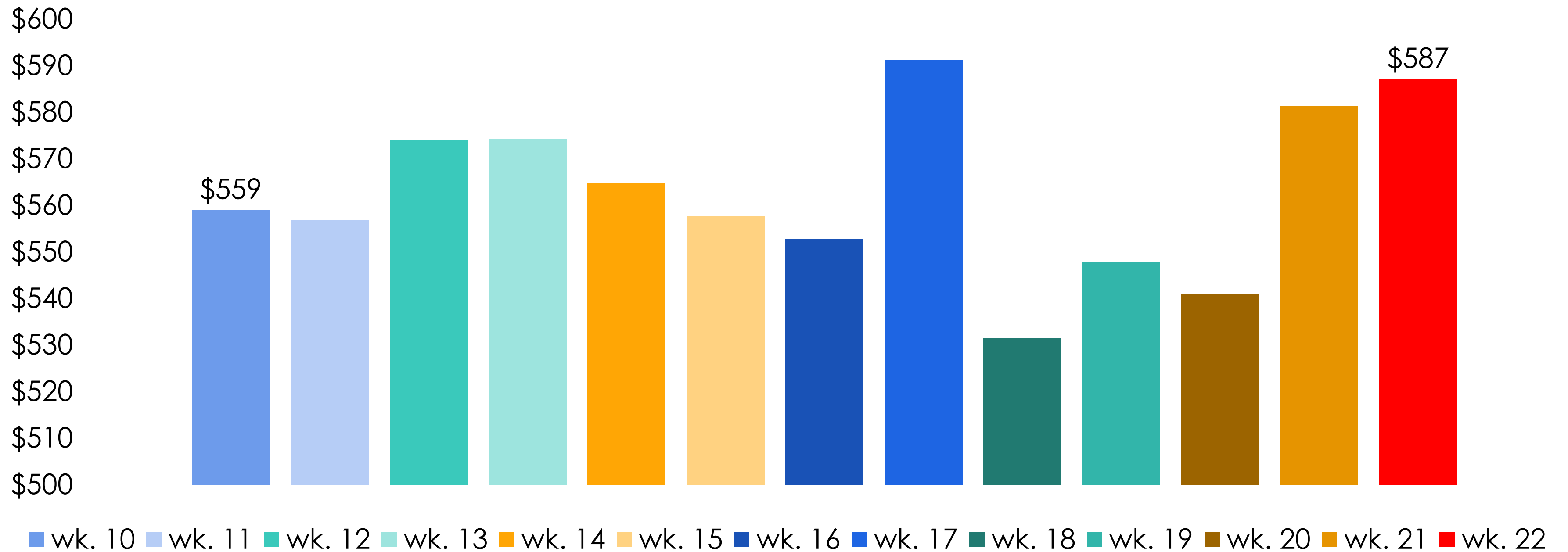
Bay Area listings prices **still mostly stable**

Median List Price (\$/SF)



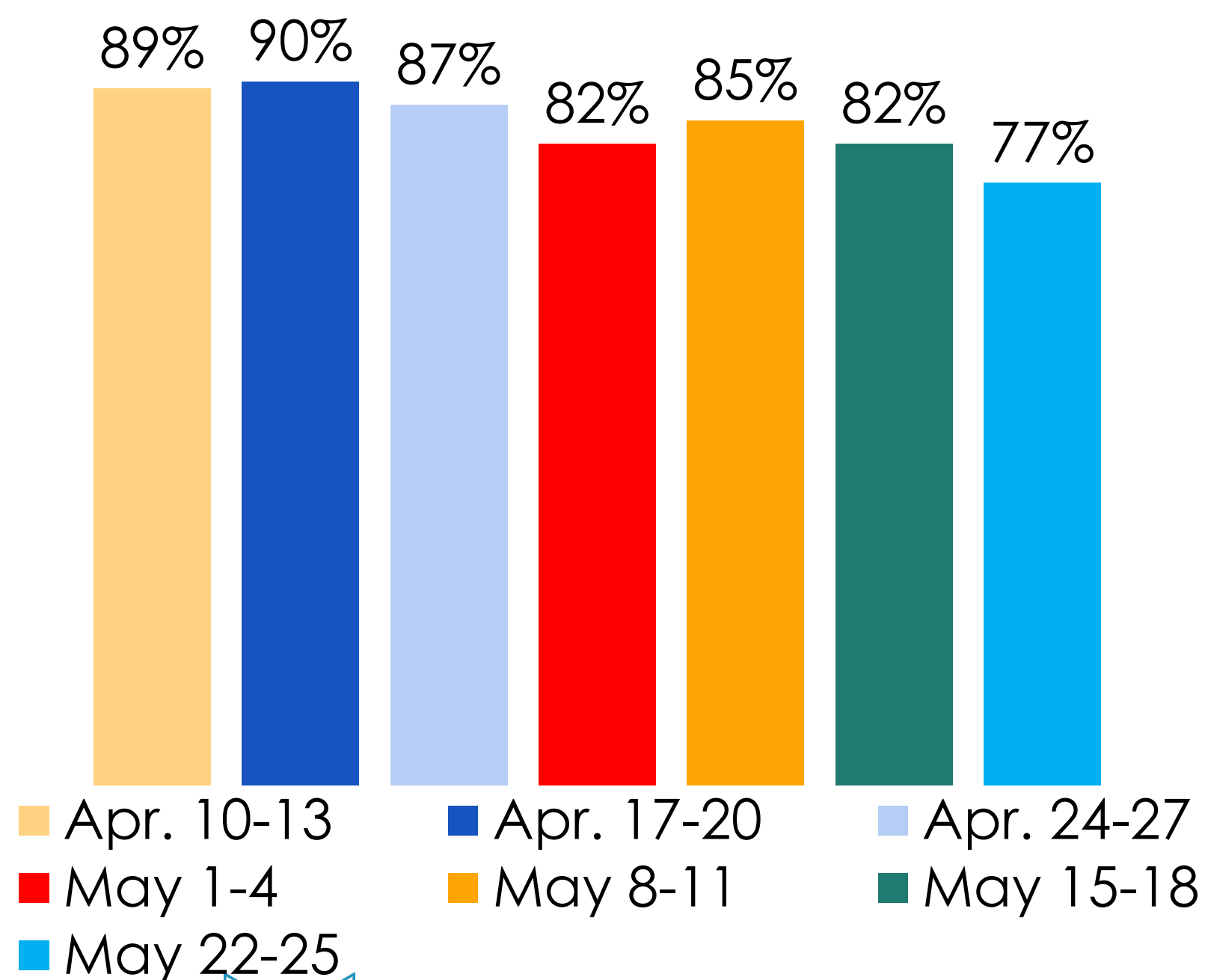
Bay Area closed prices also stable in most regions

Median Closed Sale Price (\$/SF)

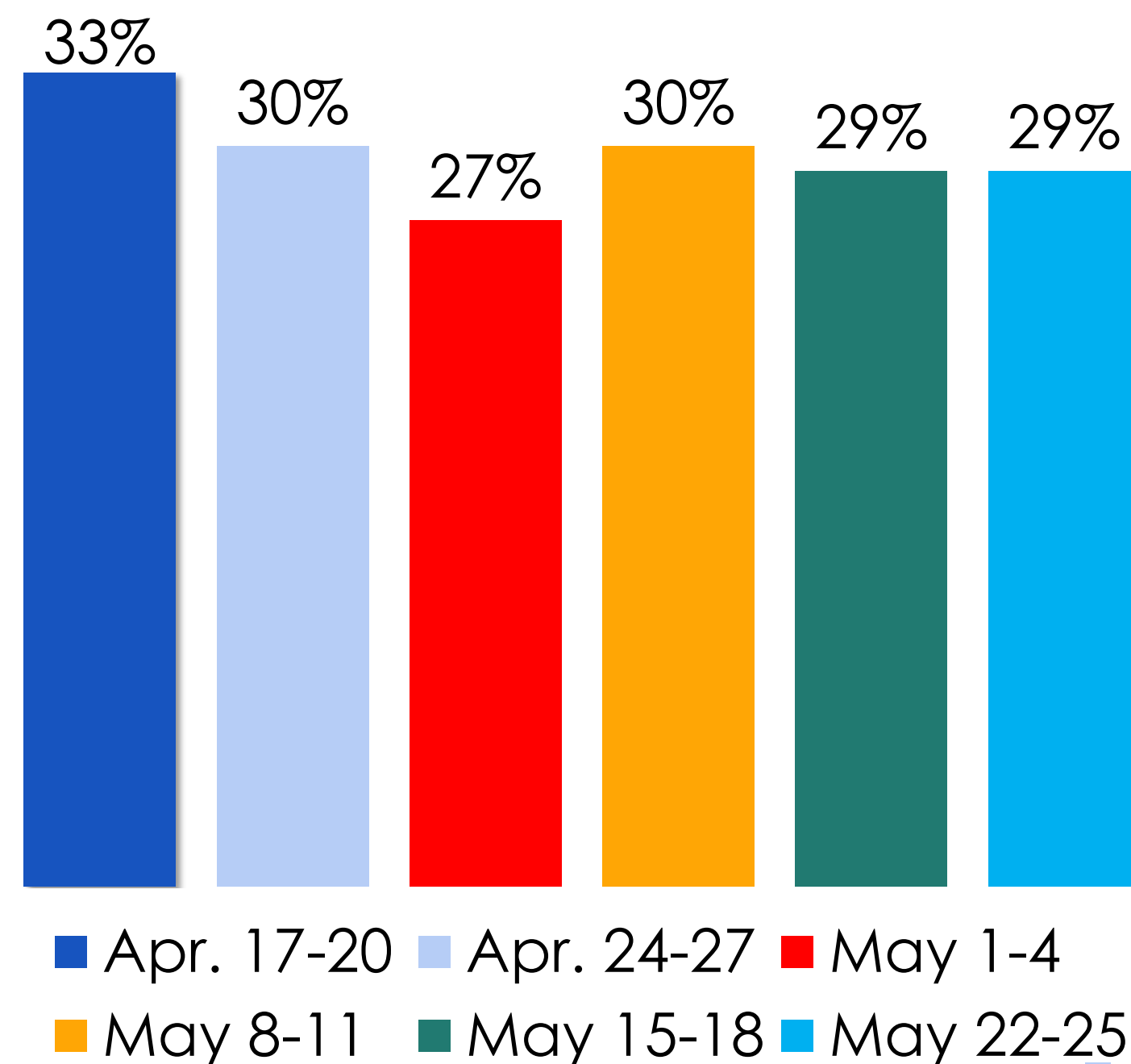


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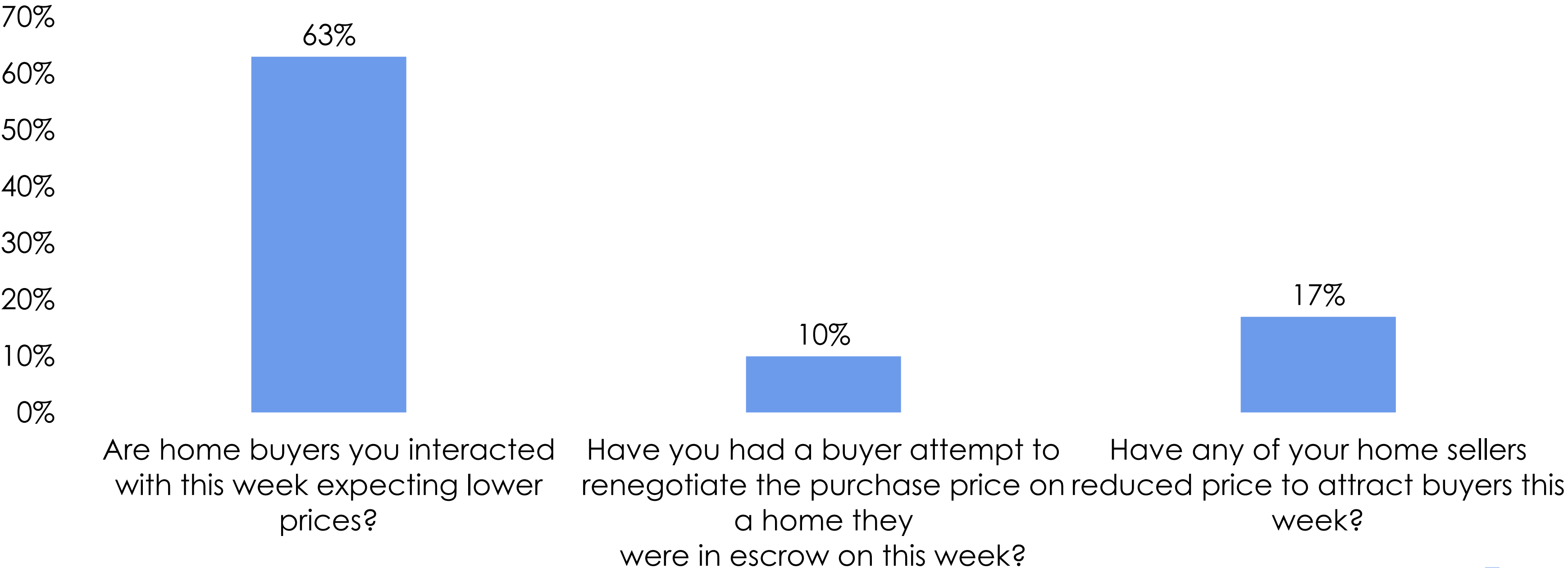
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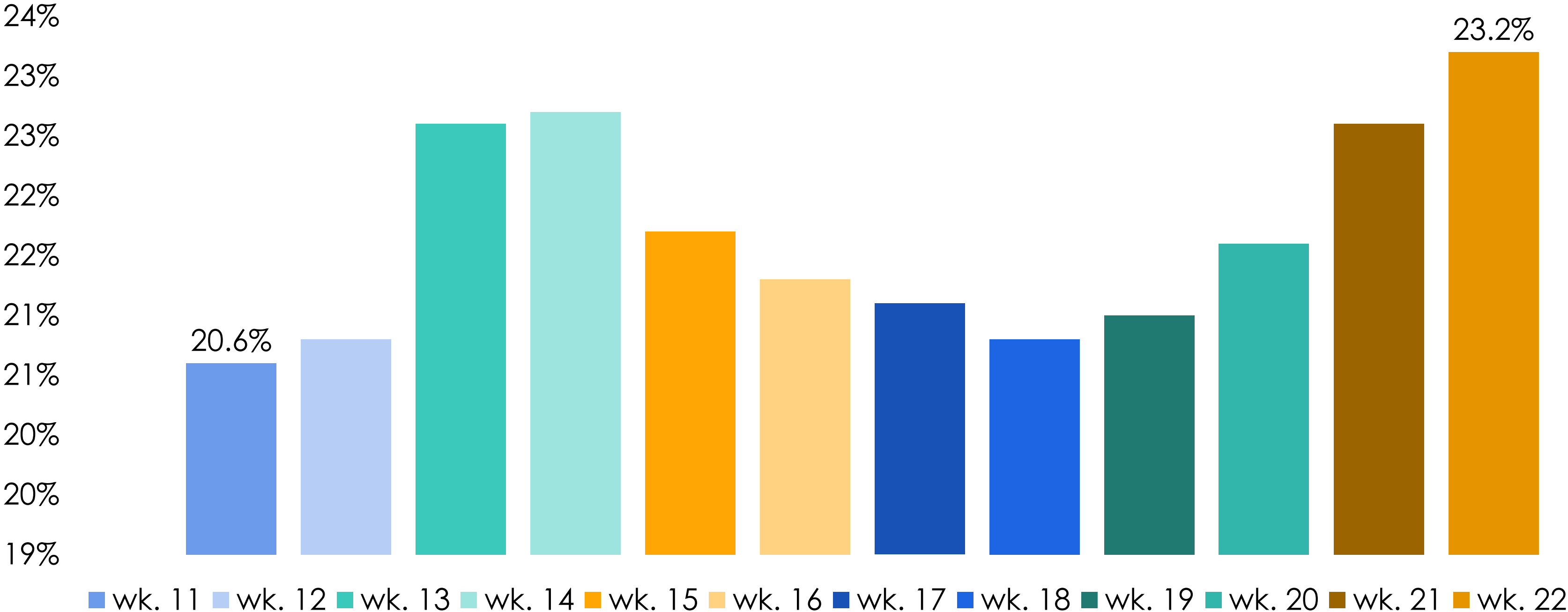
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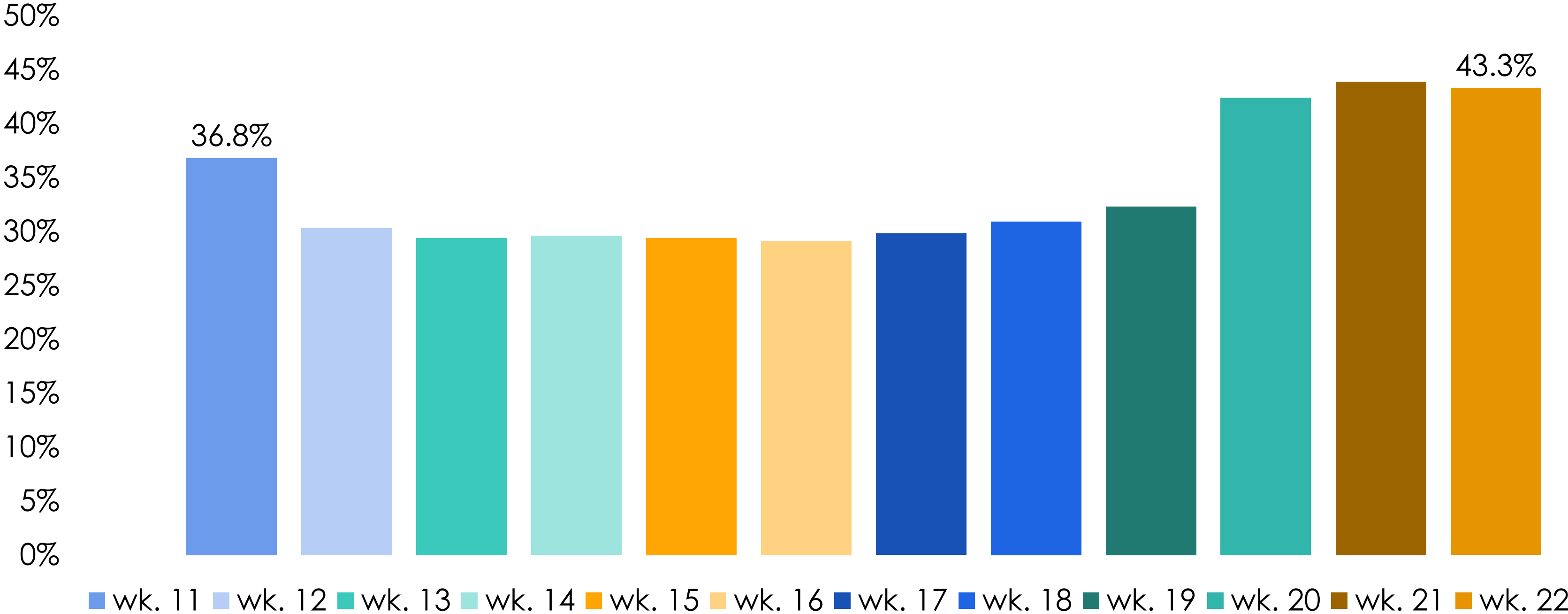
More Bay Area actives being reduced recently


Percentage of Active Listings Reduced from Original List Price




Price pressure showing up in recent closings too

Percentage of Closed Sales Reduced from Original List Price



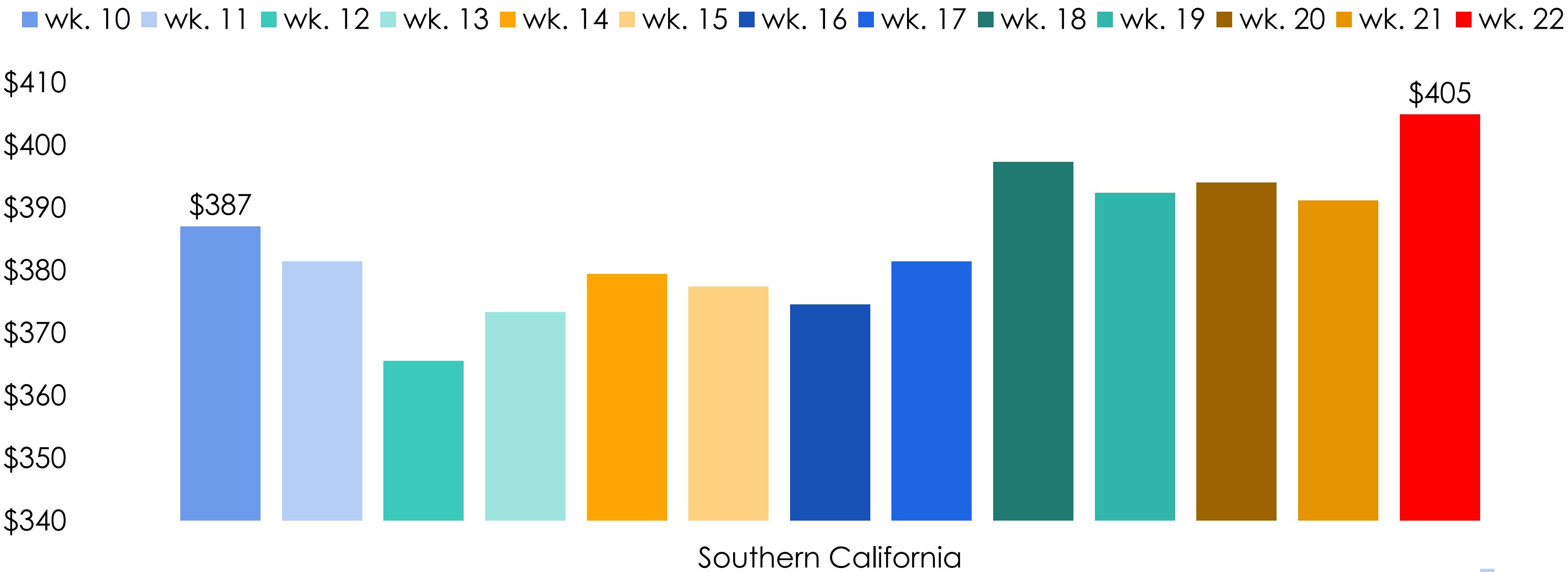


Prices Not Impacted
Thus Far...



SoCal listings prices **actually up a bit**

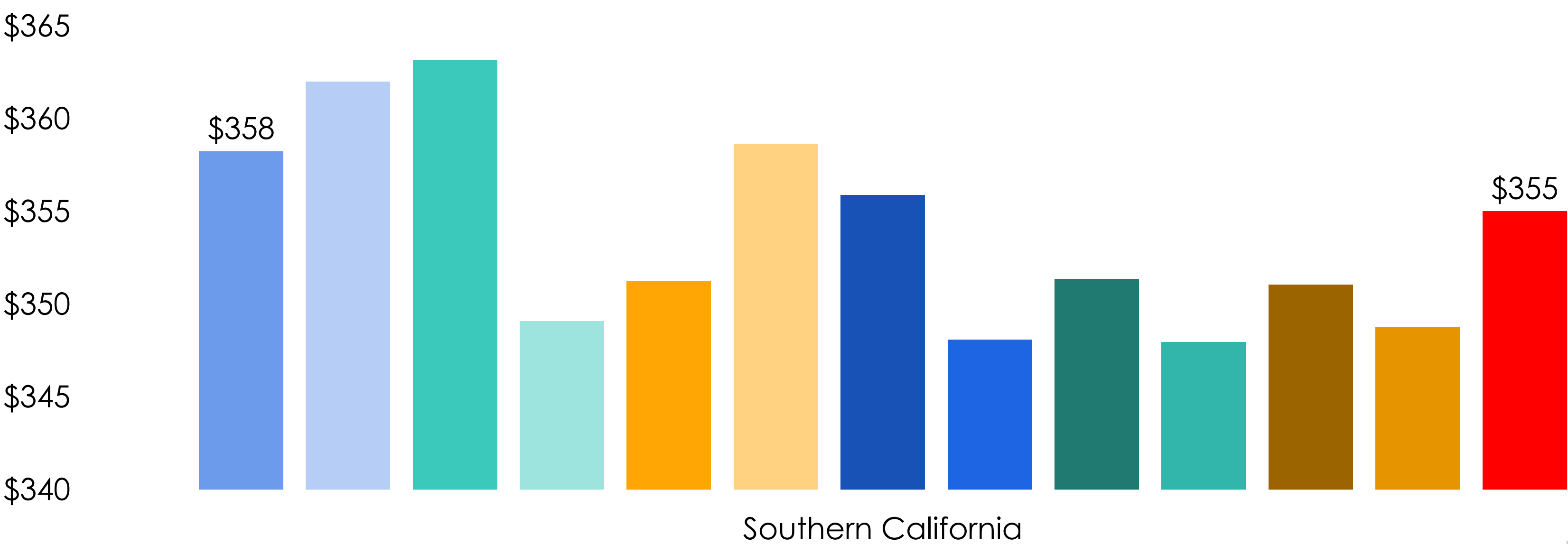
Median List Price (\$/SF)



SoCal closed prices **also mostly stable**

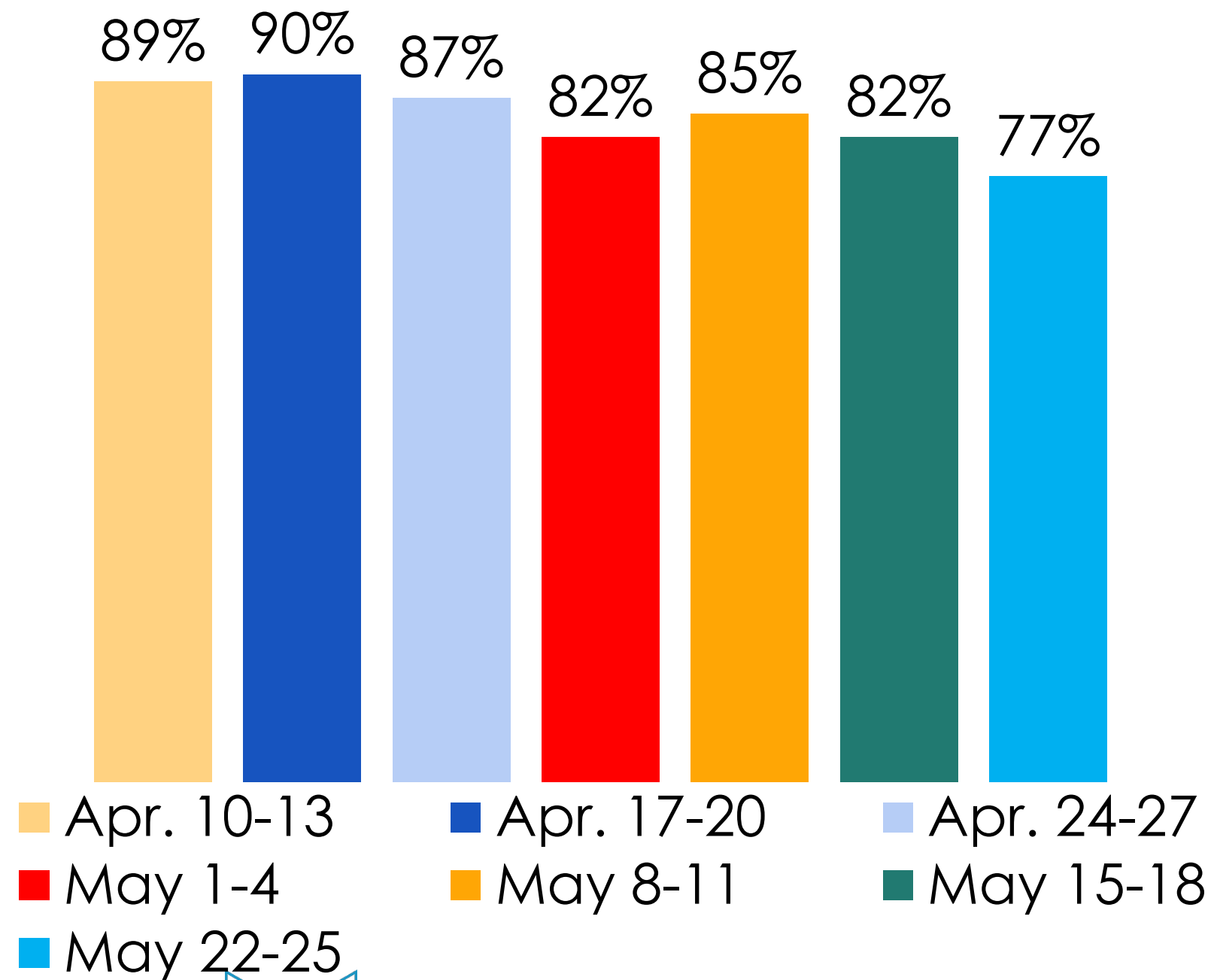
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wk. 10 wk. 11 wk. 12 wk. 13 wk. 14 wk. 15 wk. 16 wk. 17 wk. 18 wk. 19 wk. 20 wk. 21 wk. 22

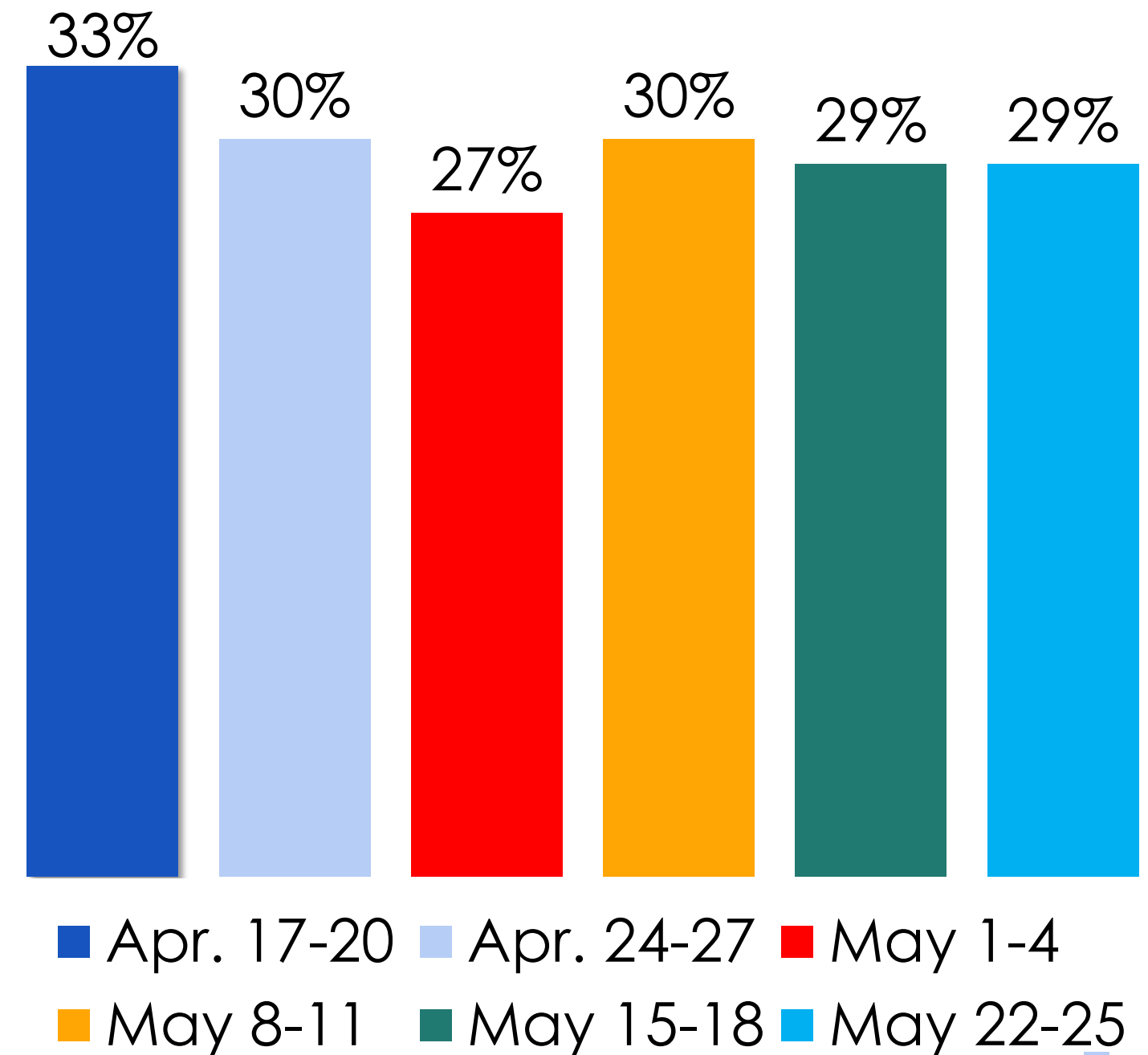


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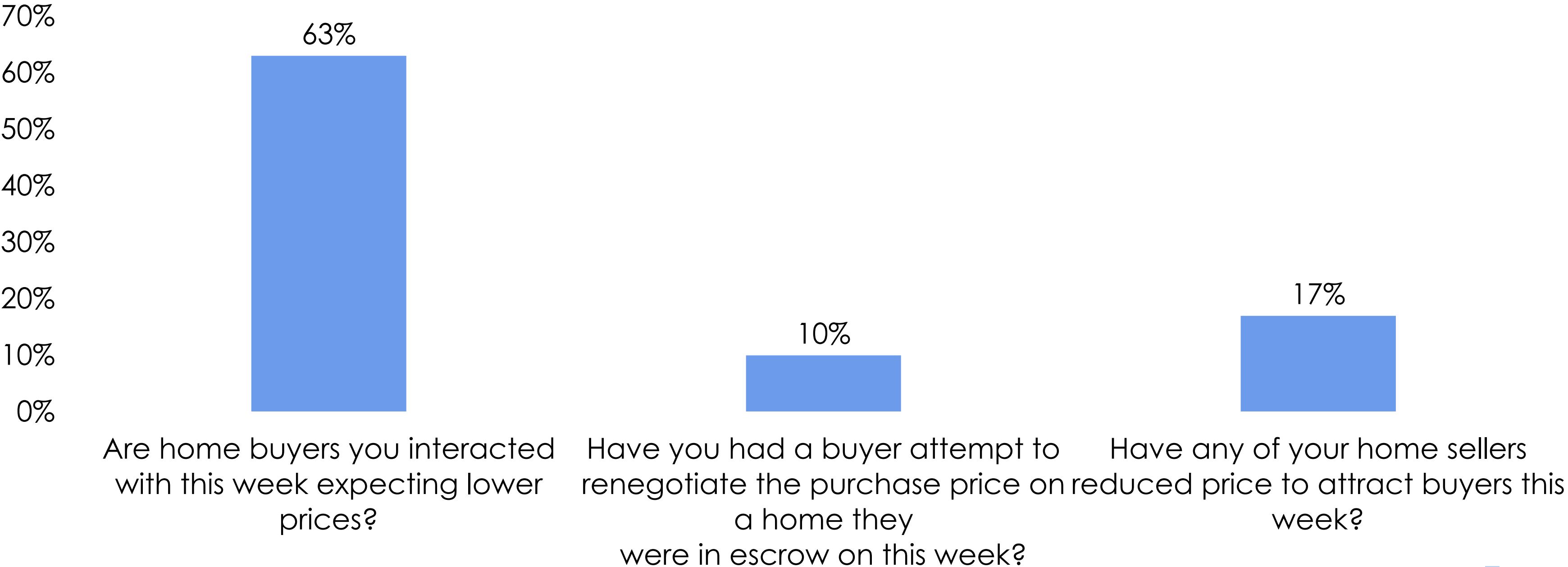
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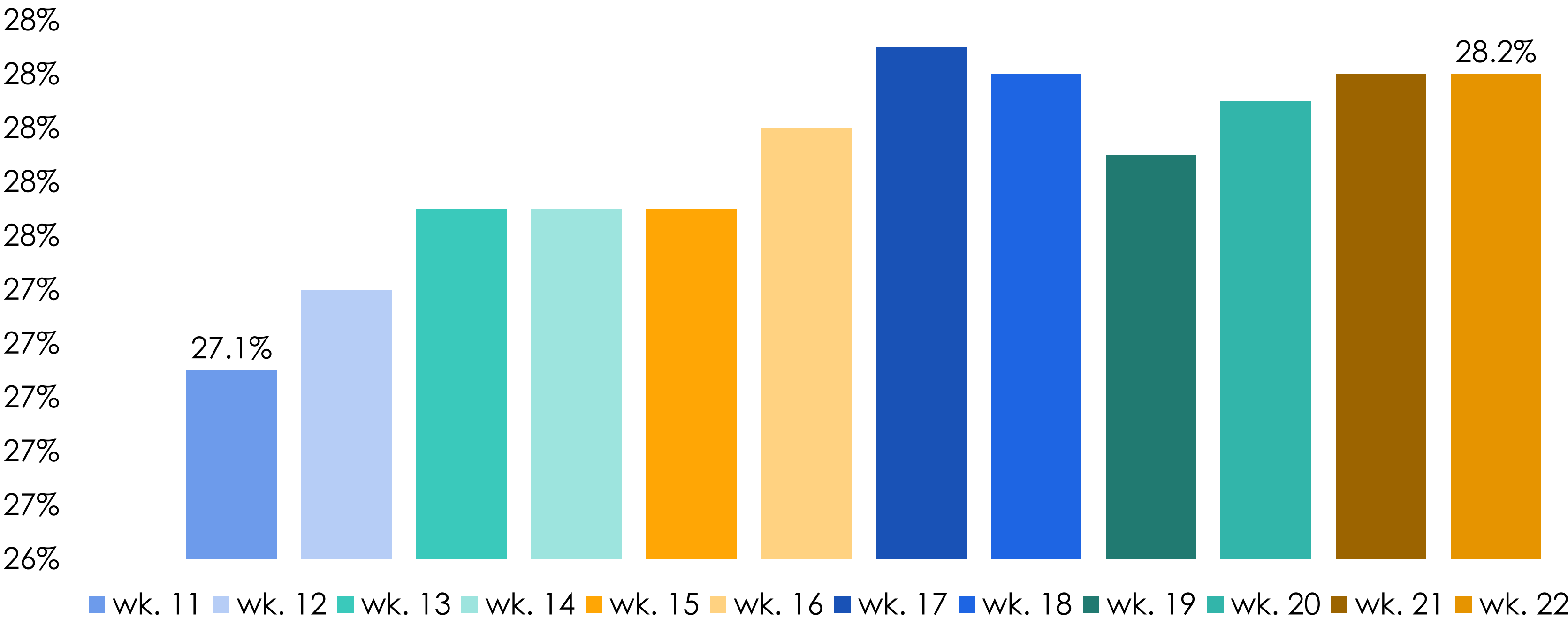
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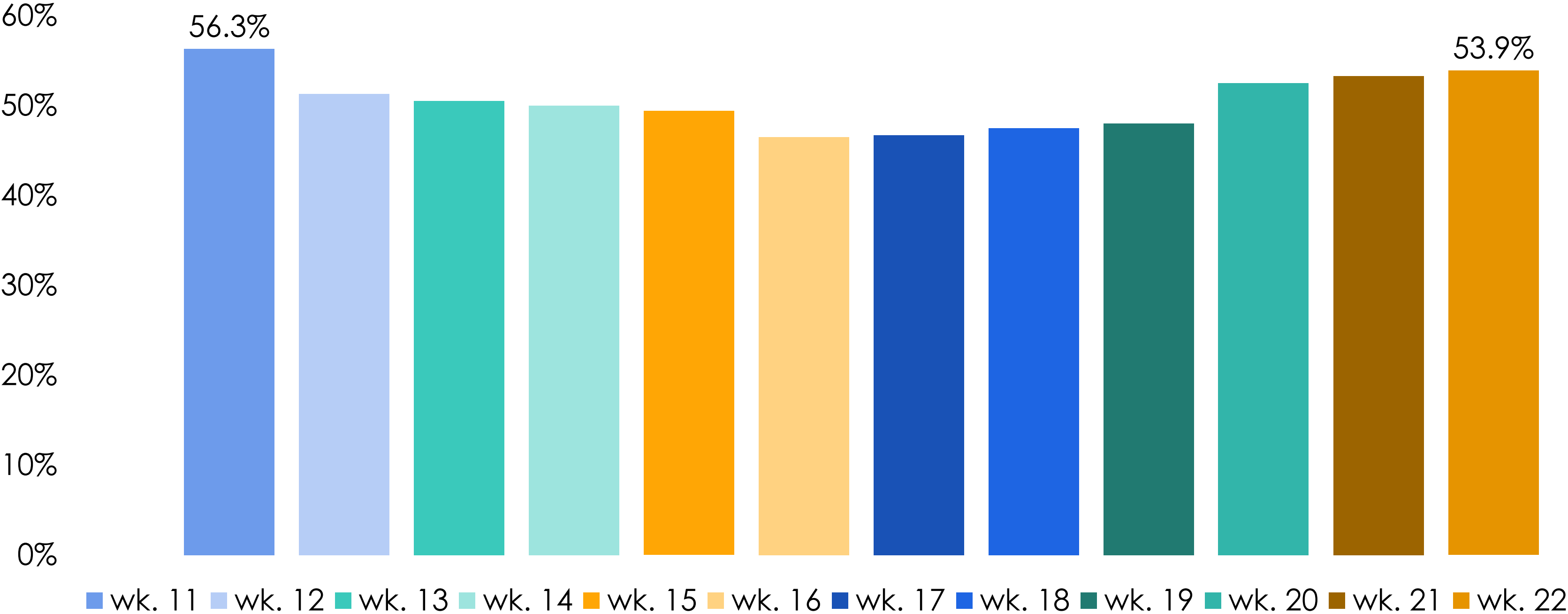
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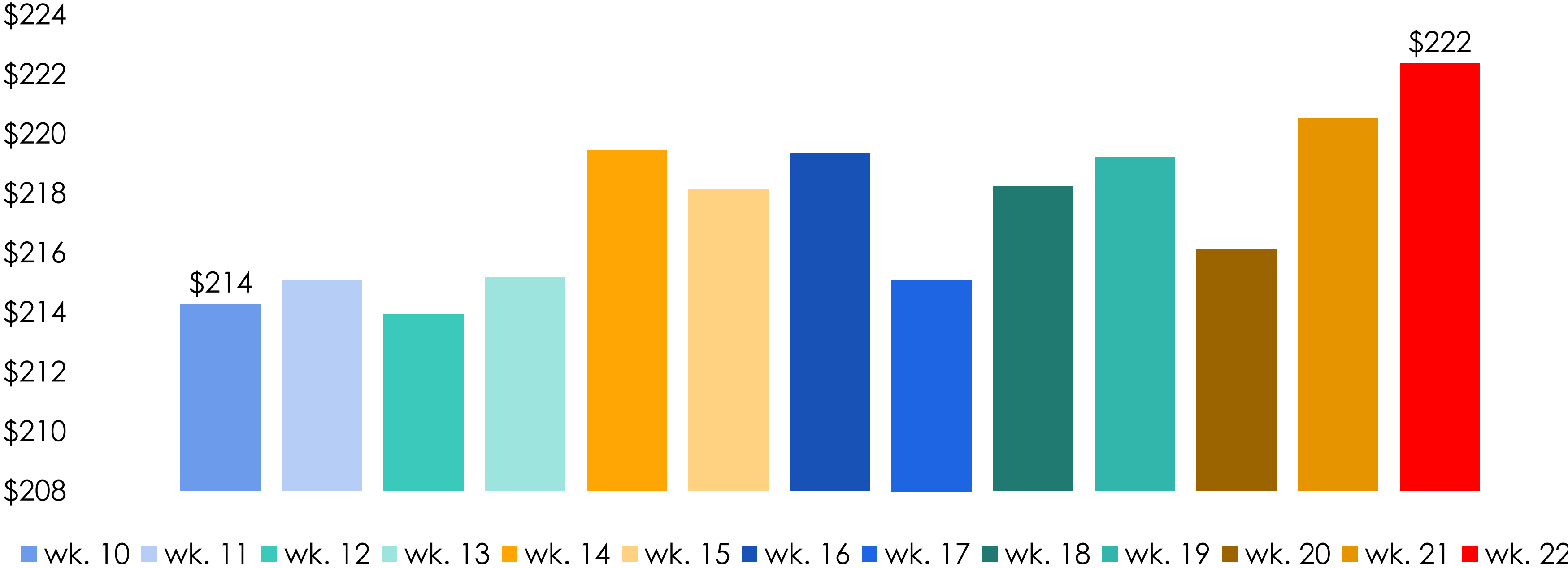


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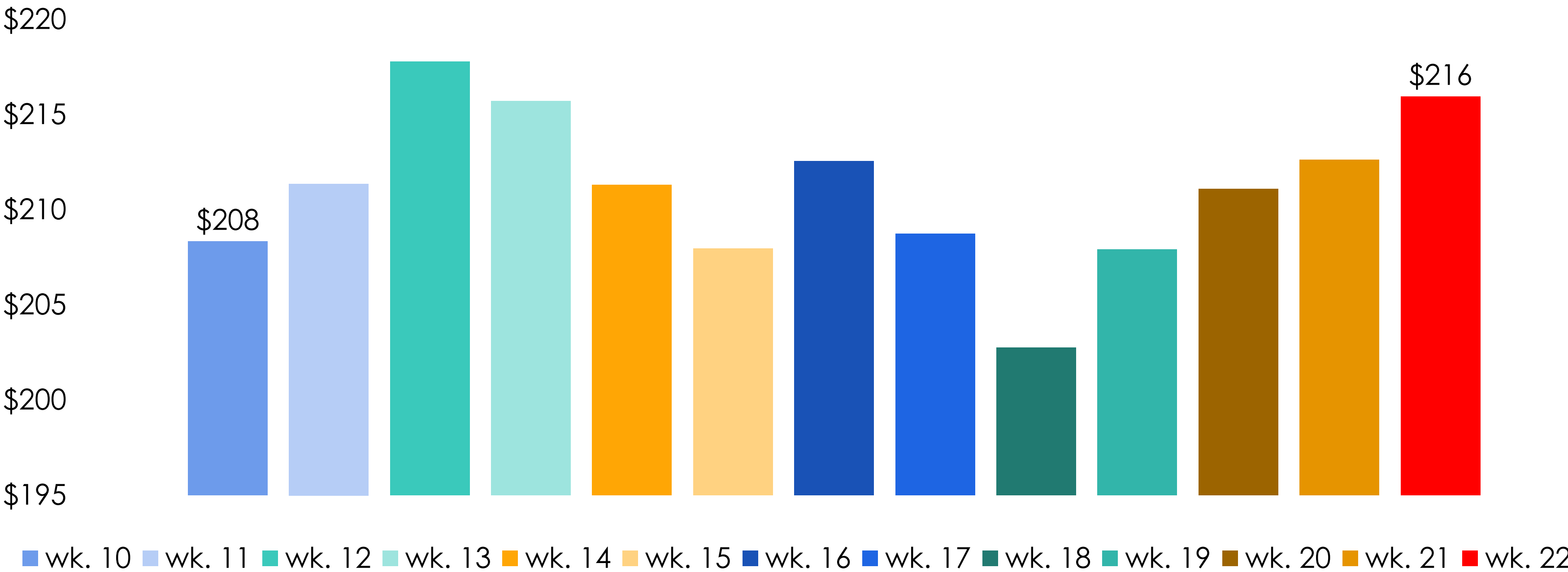
Listings prices **actually** rising throughout

Median List Price (\$/SF)



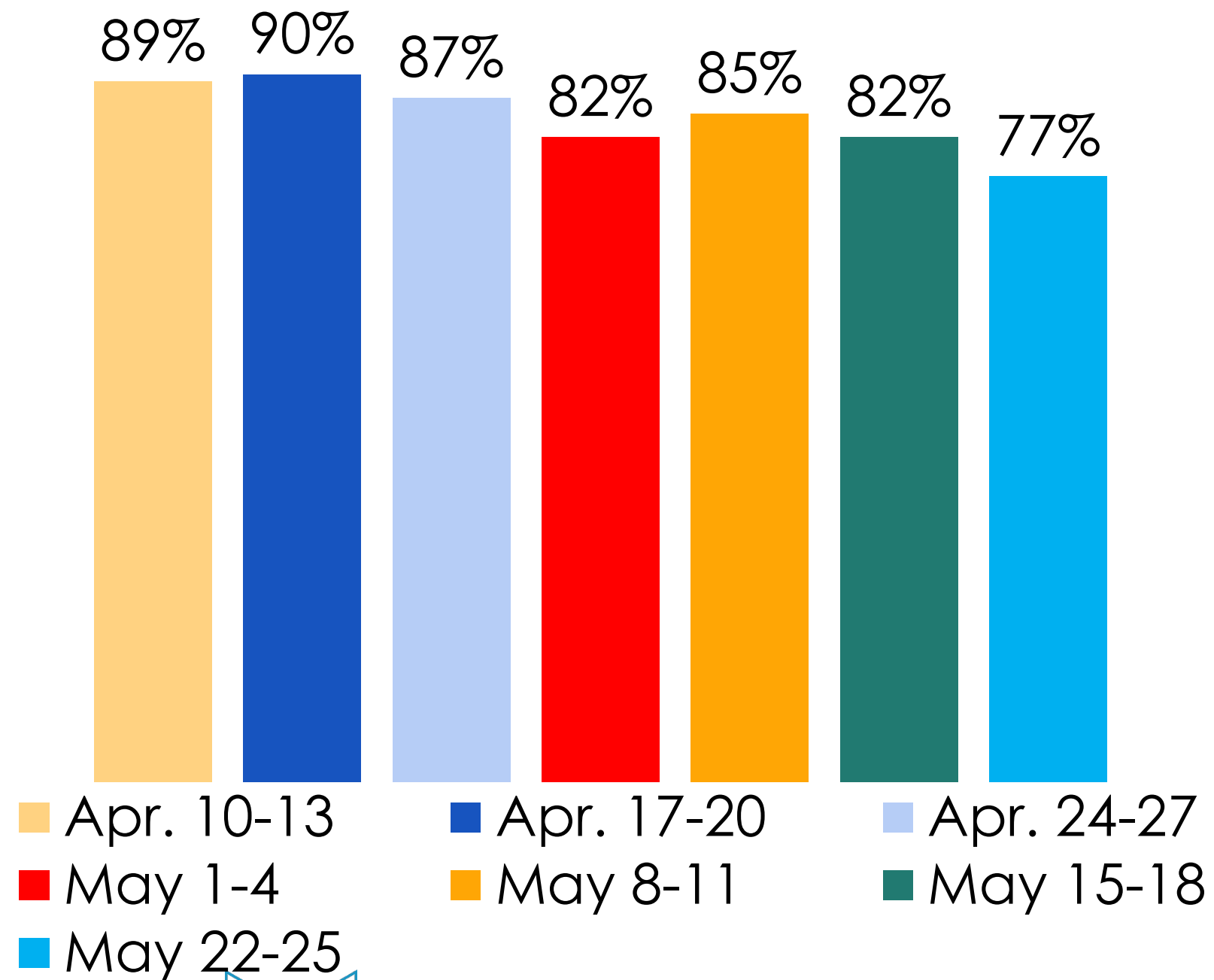
Closed prices mixed, but mostly stable

Median Closed Sale Price (\$/SF)

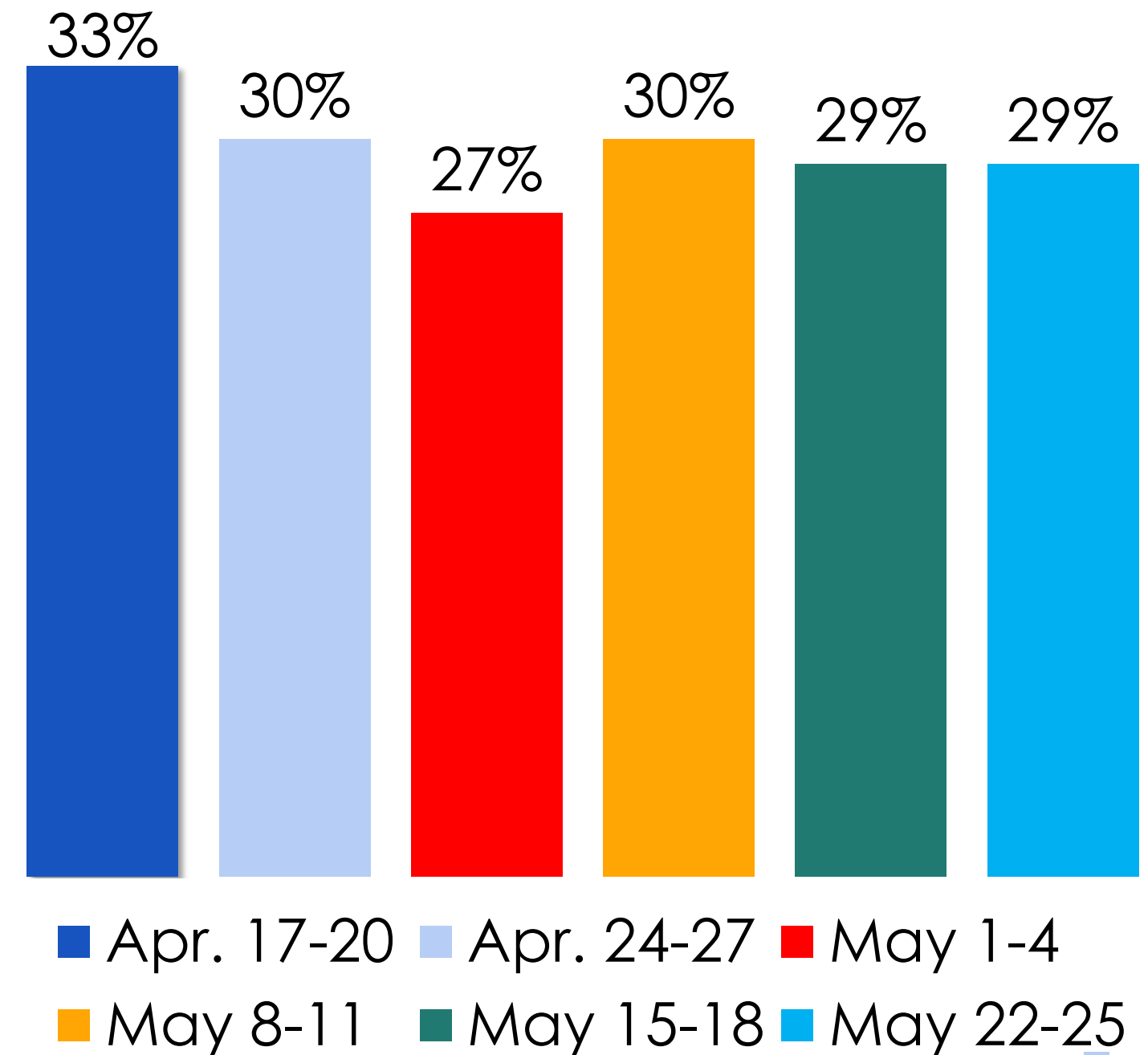


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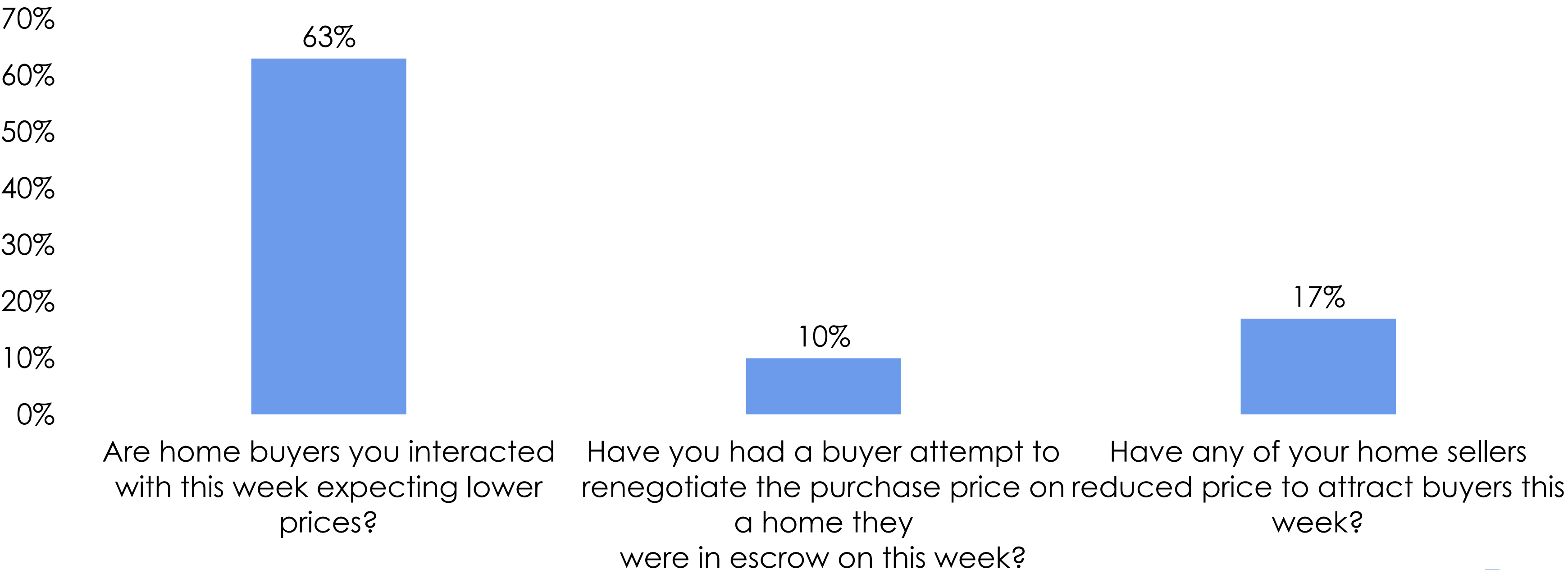
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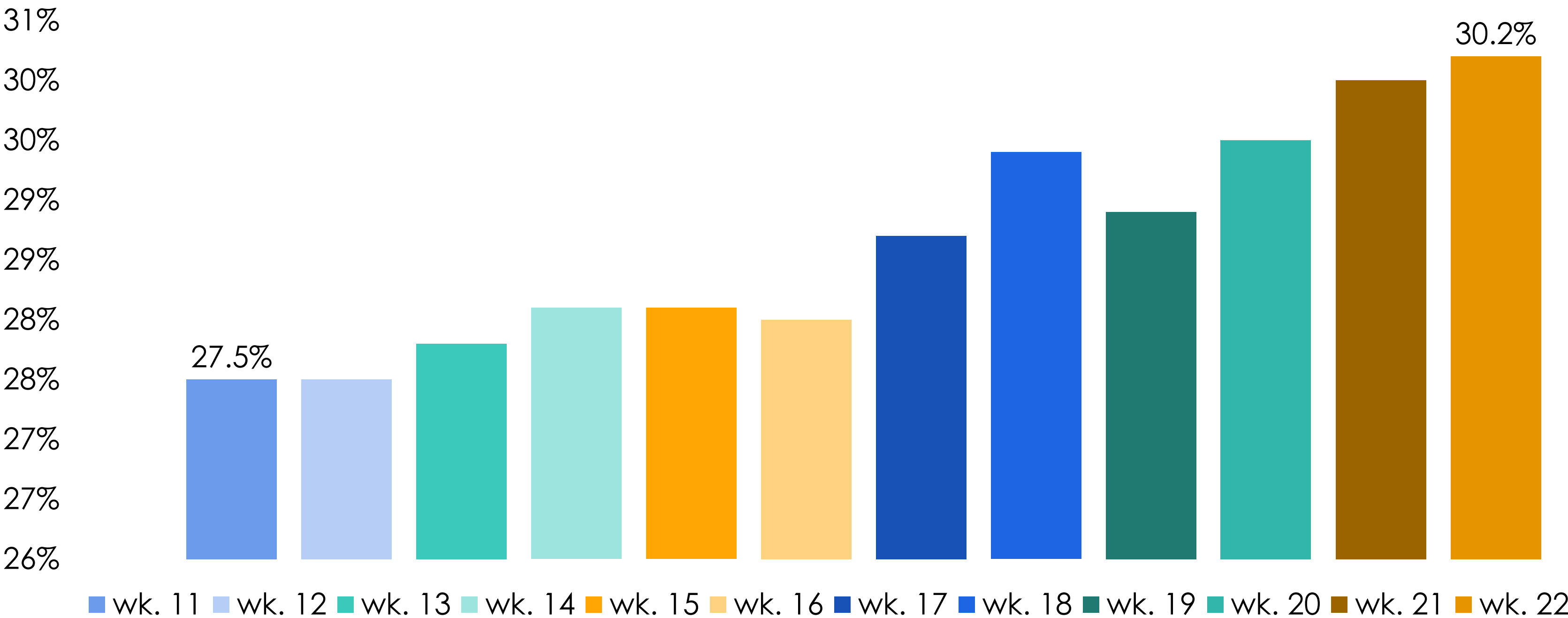
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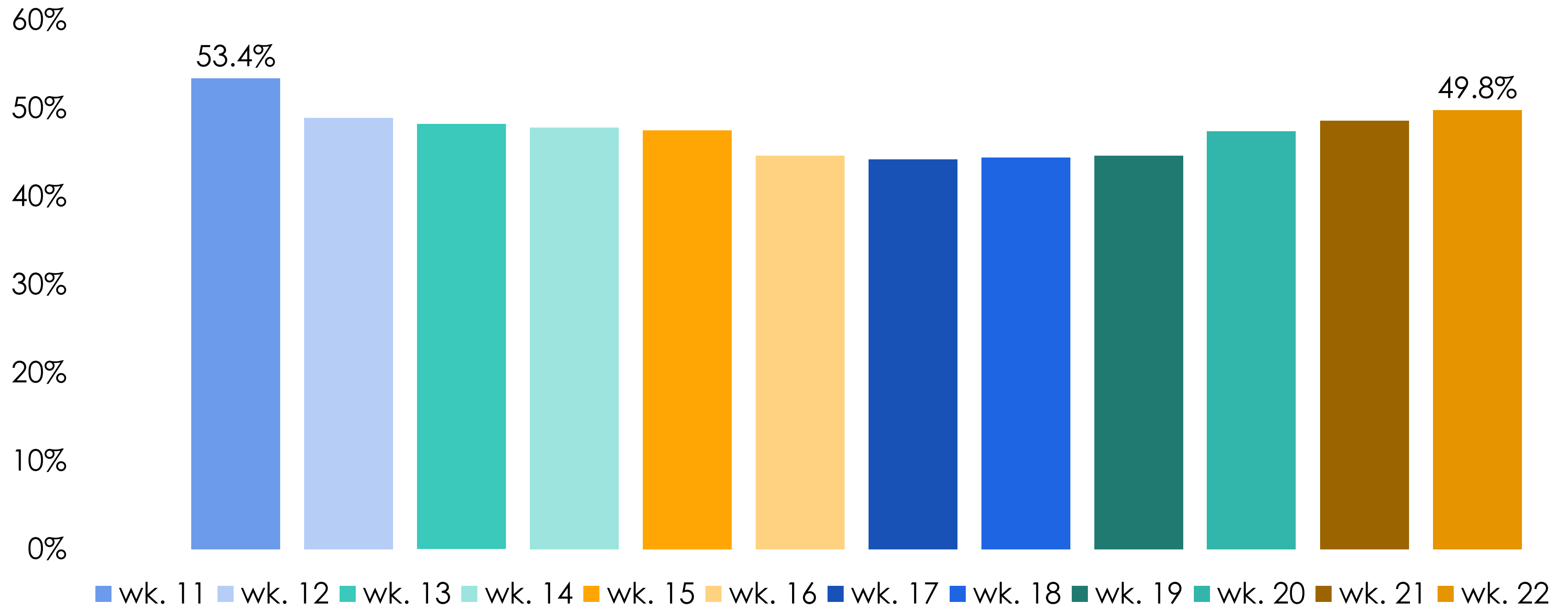
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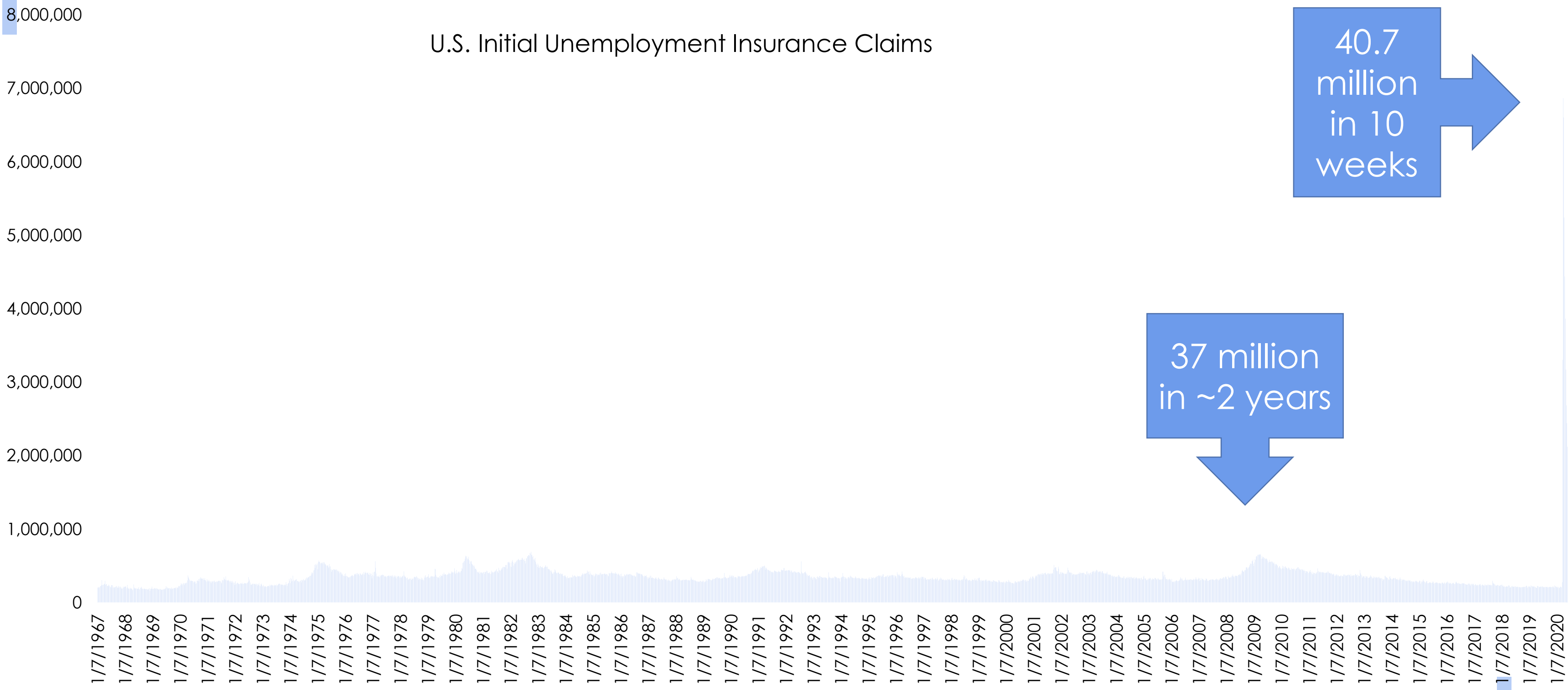
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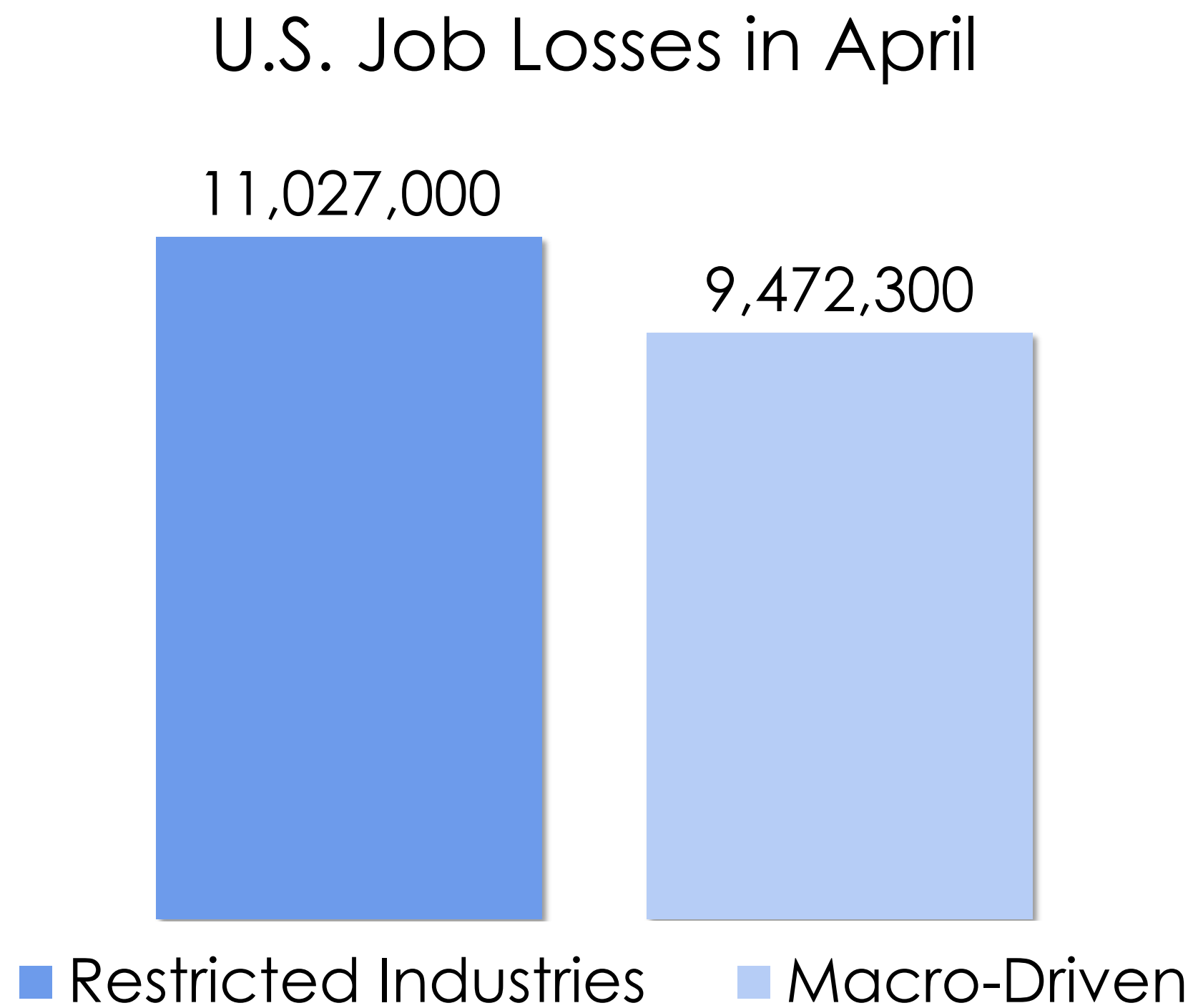


Words of Caution

Over 40 million have lost jobs...



BUT, many sectors face ongoing restrictions



Restricted Industries

Bars/Restaurants

Retail trade

Arts/ent./recreation

Other services

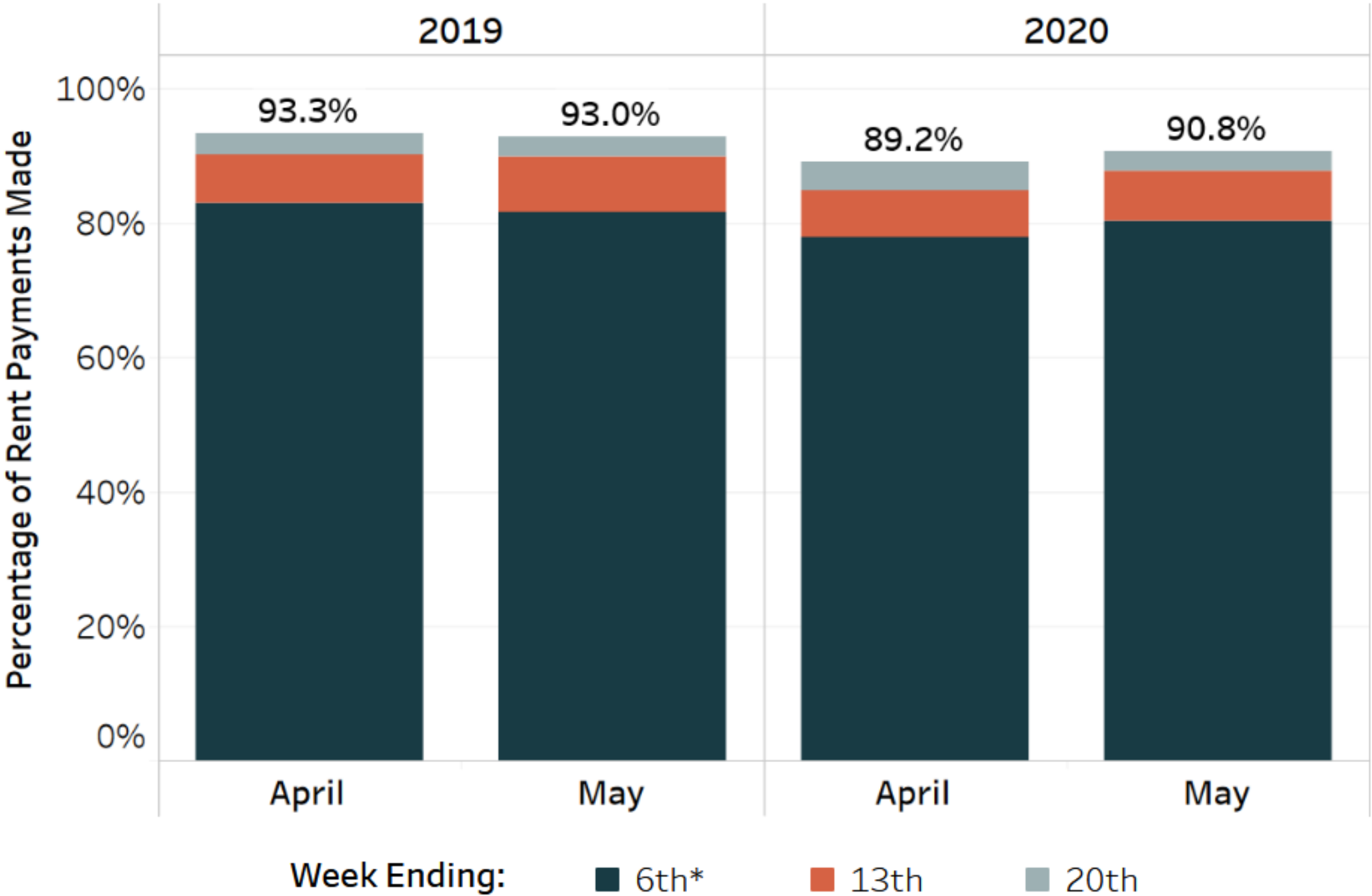
Accommodation



Many homeowners skipping payments

	2-Ju
Mortgages Covered by MBA	38,300
Coverage Rate	
Total First Mortgages	49,740
% in Forbearance	8
# in Forbearance (MBA)	4,208
# in Forbearance (BK)	6,648

**Data collected from 11.4 million apartment units in May and 11.5 million apartment units in April



Concluding remarks



Yes, things are getting better

- Sales improving alongside forward looking indicators
- External data also showing signs of improvement

No, it is way too early to celebrate

- Recent rebound losing steam
- Back to our age-old problem of inventory

Keeping it really real

- Deep damage done with multiplier effects yet to hit
- Yes, continue to improve, but yes also to slow recovery
- COVID-19 remains the wildcard (second wave?)
- So, be encouraged, but also expect it to remain tough





Thank You

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