

Market Snapshot

Greater balance between buyers and sellers

Despite attractive mortgage interest rates and slower price appreciation, November sales failed to excite. Annualized sales for November came at about 376,500 which is over 3 percent lower than the same time last year. The statewide sales figure was at the lowest level since March 2014, despite the fact that the average 30-year fixed rate mortgage declined to the level last seen in May 2013. Low mortgage rates are not enough to ignite sales. What is it then? In short, it is employment growth in high tech industries.

Markets across the state remain bifurcated, both across price segments and geographically. Sales of homes priced at \$750,000 or higher have increased since last year, while sales of homes priced below \$750,000 have decreased continually.

Geographically, markets that have benefited from strong economic recovery and employment growth have performed notably better and experienced lesser slowdown. In particular, San Francisco and adjacent areas have again seen an unprecedented growth in tech related employment and resultant wealth gain. Home prices there are continuing to climb rapidly. Also, market there remains competitive.

According to the new indicator C.A.R. developed, sales to list ratio only in the Bay Area remains above 100 percent. In other words, homes are still selling over the list price. In other markets, sales to list ratios have slowed since last November. In Los Angeles metropolitan area, the ratio decreased from almost 99 percent to 97 percent. Similar decrease occurred in the Inland Empire. Table 1 summarizes Sales to List Ratios by county in California.

What does decrease in Sales to List Ratio mean for consumers? It suggests that the expectations between buyers and sellers are readjusting. Sellers are more likely to reduce their list prices and sell below the list price as the market competition wanes. Buyers are, on the other hand, in a better predicament as they do not have to compete with as many bidders as they did last year. All things considered, housing market appears to be moving to a greater balance.

November-14	Sales to List Ratio		
State/Region/County	Nov-14	Oct-14	Nov-13
CA SFH (SAAR)	97.2%	97.4%	98.4%
CA Condo/Townhomes	97.5%	97.6%	98.7%
Los Angeles Metropolitan Area	97.3%	97.7%	98.8%
Inland Empire	97.2%	97.4%	99.2%
S.F. Bay Area	100.5%	101.3%	100.8%
S.F. Bay Area			
San Mateo	101.8%	103.3%	101.9%
Santa Clara	100.0%	100.4%	100.6%
Southern California			
Los Angeles	97.8%	98.2%	99.5%
Orange County	96.5%	96.5%	97.1%
Riverside County	97.2%	97.5%	100.0%
San Bernardino	97.3%	97.2%	98.5%
San Diego	96.1%	96.2%	97.1%
Central Coast			
Monterey	95.6%	97.5%	97.3%
San Luis Obispo	96.5%	95.7%	96.5%
Santa Barbara	96.0%	97.8%	100.0%
Santa Cruz	97.5%	97.1%	97.5%
Central Valley			
Fresno	96.9%	96.6%	97.3%
Glenn	87.5%	94.3%	98.4%
Kings County	97.6%	97.6%	97.2%
Madera	94.6%	98.4%	94.0%
Merced	94.3%	96.4%	100.0%
Placer County	97.0%	97.1%	97.5%
Sacramento	97.5%	97.6%	98.9%
San Benito	97.7%	97.7%	100.0%
San Joaquin	98.0%	98.4%	100.0%
Stanislaus	97.9%	98.2%	100.0%
Tulare	97.1%	96.3%	96.9%

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