



# THE SCOOP

YOUR MONTHLY HOUSING SNAPSHOT

SOUTHERN  
CALIFORNIA

MAY 2023





Graduation caps being tossed in the air signifies the beginning of the Summer Market for housing. With the school year ending, it is time to usher in all the distractions of summer: the beach, the community pool, hiking, biking, camping, traveling, and all kinds of camps for the kids. As everyone turns their attention to fun in the sun, the housing market evolves and downshifts slightly.

The May housing market is typically one of the hottest months of the year for housing, if not the hottest. With the passage of May comes the passing of the peak time for buying and selling a house: **Spring Time.**

With the Summer Market approaching, buyers and sellers can expect an increase in inventory, a slight decrease in demand, and a rise in the market time. Many buyers are looking to take advantage of a slowed housing market, but the market is lining up to be in favor of sellers for the remainder of the Summer.

Inventory numbers measured in at roughly 18,000 homes at the start of May, and by month's end, had turned around the downward pattern, now climbed to 18,600 homes. This marks the first month of the year in which the inventory is greater at the end of the month than it was at the beginning. Look for the inventory to continue rise over the next couple of months.

May demand started with about 12,000 pending sales and had fallen by roughly 4% throughout the month , resulting in an end-of-May level of 11,500 pending sales. The demand peak for 2023 is likely to stay around the 12,000 home mark.

From 45 days on May 1st to 49 days on the 31st, the Expected Market Time has begun to slow as we hit the Summer Market. This is only a slight change in the pace of the market, with the balance between buyers and sellers pointing towards sellers. Sellers are still in control of the negotiating process even with the slowing housing pace taking place in the market today.



# HERE'S THE SCOOP



The market has transitioned. Buyers, sellers, and their agents will feel the real estate market start to slow. They will scratch their collective heads and wonder what is going on. Housing is changing pace, it is shifting to a new cyclical season of the year: **The Summer Market.**

The various seasons of the housing market do not necessarily align with the official start and end dates of the four seasons. Summer officially begins on June 21st, yet, with the housing market, it aligns with when students leave school for Summer break, typically around the end of May. It is hard to look for a home during the busy end-of-school-year activities and graduation festivities, while on vacation, enjoying the warmth of summer surf, or carpooling to and from camps, pools, water parks, and friends' houses.

The Summer Market comes to an end around the third week of August when schools are back in session. Housing then transitions to the Autumn Market. From there, housing decelerates even further as many prospective buyers and sellers are hesitant to move their children during the school year. The Summer Market is still the second quickest paced market of the year, behind only the Spring Market.

During the summer market, demand, a reading of recent pending sales activity, decreases slightly with all the distractions. For many buyers, it still feels as busy as ever, but the numbers illustrate a drop in demand regardless. With a decrease in demand, the number of available homes rises as more homes continue to come on the market. Many sellers mistake summer as the best time of the year for housing. With a drop in demand and a rising inventory, the Expected Market Time, the amount of time between hammering in the FOR-SALE sign to opening escrow, grows longer. The overall speed of the market slows a touch.

In looking at these trends, buyers may conclude that the market will slow down enough to line up in their favor. That will not be the case. Negotiations will continue to favor sellers, yet the unbelievable housing pace will slow. As the Summer Market progresses, housing will not be as instantaneous. In the hottest price ranges many homes that would have sold after the initial weekend will take an extra week to sell. Homes will still procure plenty of traffic, multiple offers, and sales prices above their asking prices. The market transformation will be characterized by fewer showings, slightly fewer offers generated, and not as many sales above their list prices.

# SOUTHERN CALIFORNIA MEDIAN AND RATES

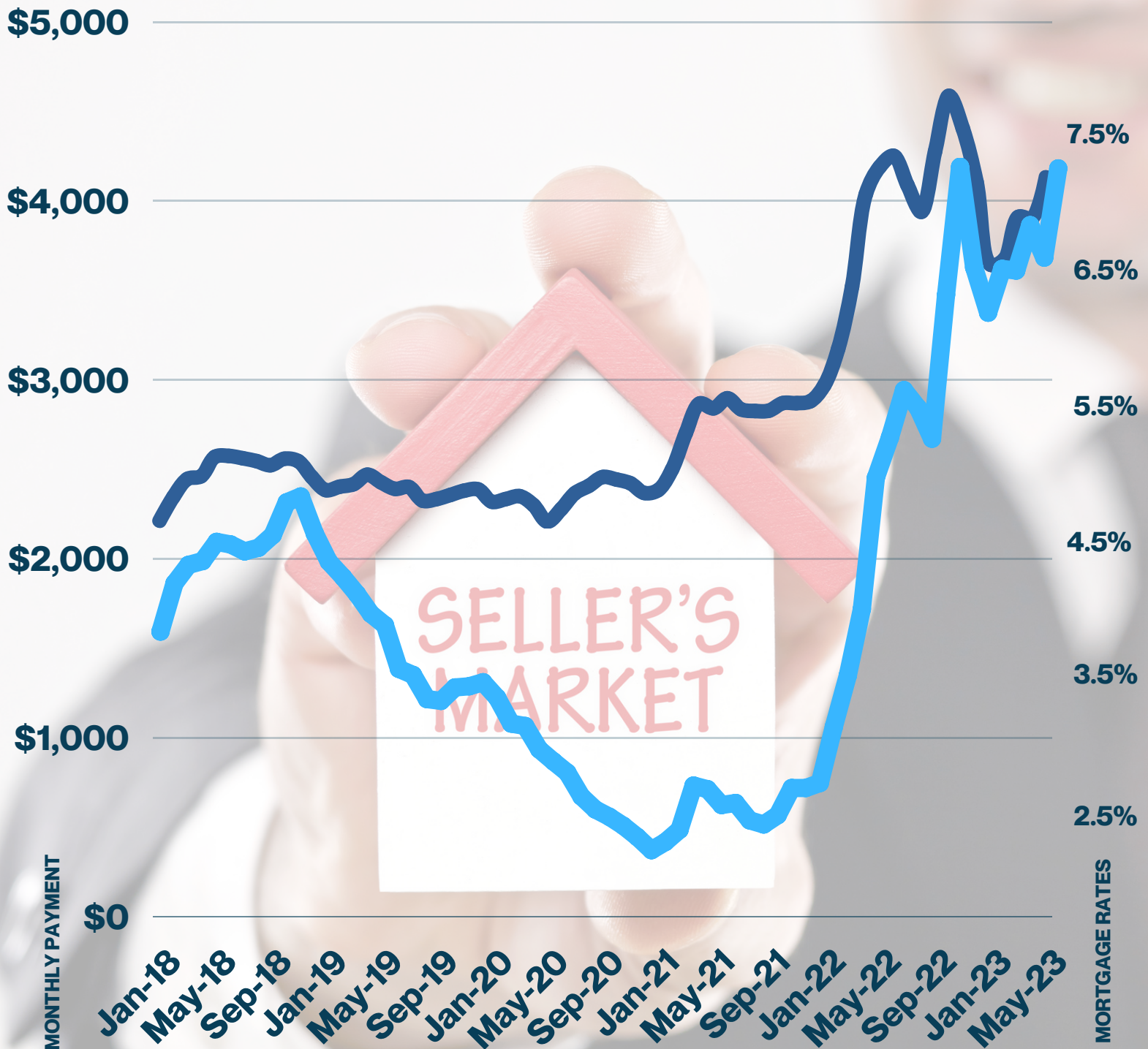
Mortgage Rates and Monthly Payments of  
Median Detached Homes Over Time



MONTHLY PAYMENT



MORTGAGE RATES

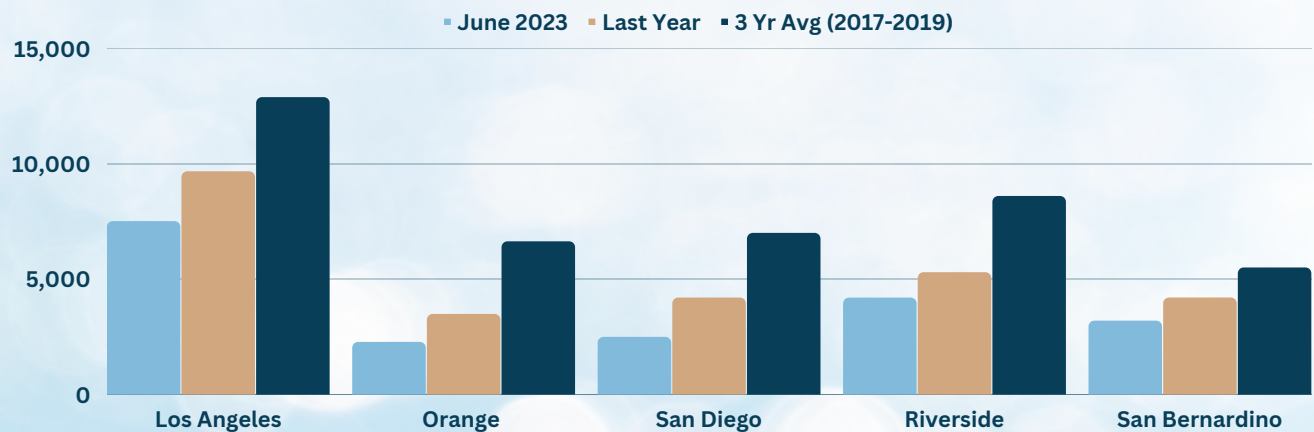




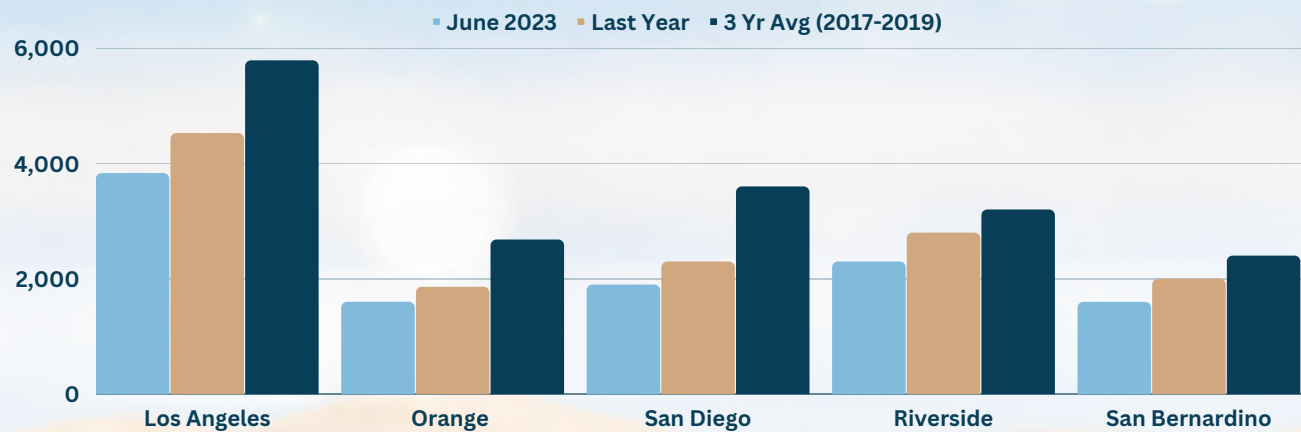
# SOUTHERN CALIFORNIA SUMMER UPDATE

Data Captured: June 22nd, 2023

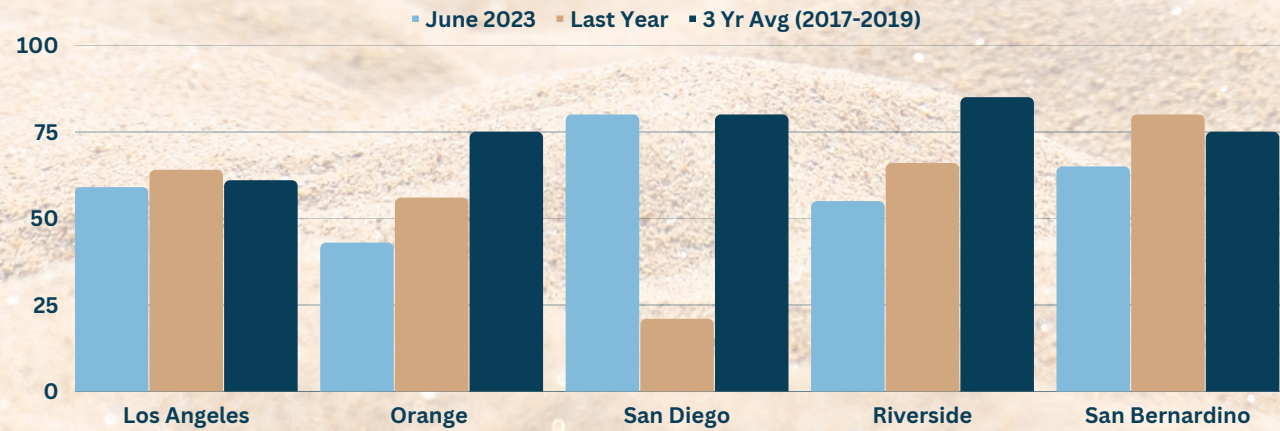
## INVENTORY



## DEMAND



## MARKET TIME





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