



THE SCOOP

YOUR MONTHLY HOUSING SNAPSHOT

SOUTHERN
CALIFORNIA

JUNE 2023



JUNE RECAP



The housing market in June experienced a dynamic and competitive landscape. With the summer season in full swing, the market saw an upswing in activity as potential buyers and sellers actively engaged in real estate transactions. The market time was slightly extended due to the increased inventory, providing buyers with a broader range of options to explore. However, despite the meager increase in supply, demand remains strong, leading to continued price appreciation in the region.

Buyers must be prepared to act swiftly and competitively, as desirable properties are likely to attract multiple offers. The scarcity of available homes relative to the high demand continues to drive a seller's market, presenting challenges for buyers seeking to secure their dream homes.

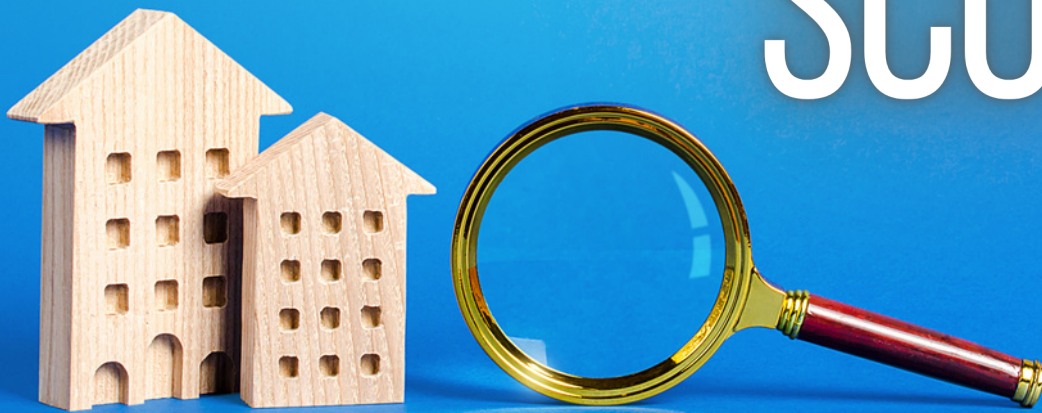
Navigating the Southern California housing market in June required a proactive approach, strategic decision-making, and working closely with experienced real estate professionals to seize opportunities and achieve successful outcomes in this fast-paced and vibrant market.

Inventory numbers measured in at roughly 18,600 homes at the start of June, and continued to climb throughout the month, now up to 19,600 homes to end the month. With the inventory likely peaking in the next four weeks, there is little time left for the already crucially low inventory to rise. The end of June inventory for 2023 was the second lowest end for this month since tracking began in 2012, only behind 2021.

June demand started with about 11,500 pending sales and had fallen by roughly 3% throughout the month, resulting in an end-of-May level of 11,000 pending sales. Demand should continue a slight downward trajectory until the holiday months to conclude the year., at which point will fall even further.

From 49 days on June 1st to 54 days on the 30th, the Expected Market Time has been steadily increasing from early-May. June's market time pace is only slightly slower than May's housing pace. 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



In the face of housing naysayers' dire predictions, the real estate market has defied expectations and continues to thrive despite rising mortgage rates and concerns about affordability. This resilience can be attributed to a key factor: an acute shortage of available homes for sale, which has created an intensely competitive seller's market, driving prices upward.

The housing market saw a period of rapid appreciation from June 2020 to May 2022, leading many to believe that a significant correction was imminent. Moreover, mortgage rates surged from 3.25% in January to 7.37% in October, intensifying concerns. However, the predicted downturn did not materialize. Home values turned positive at the beginning of the year and have continued to rise steadily, albeit not at the torrid pace of 2020 through early 2022.

Looking ahead, the inventory is projected to reach its cyclical peak between July and August, leaving little time for it to grow. Afterward, it is expected to decline slowly and steadily through the end of the year. This trend is likely to exert continued upward pressure on home values, making it an opportune time for potential sellers.

The crux of the issue lies in homeowners' reluctance to sell. Many are unwilling to give up their current homes due to the attractive underlying, locked-in, low fixed-rate mortgages they currently enjoy. The difference between these rates and today's prevailing rates dissuades homeowners from listing their properties and seeking new ones. An eye-opening 87% of California homeowners with a mortgage have fixed rates at or below 5%, and 69% have rates at or below 4%.

The housing market has proven its resilience, defying pessimistic predictions and continuing to thrive even in the face of rising mortgage rates and affordability concerns. The primary driver of this remarkable performance is the catastrophically low supply of available homes, resulting in an extremely competitive seller's market. While some may hesitate due to affordability issues, it's important to recognize that the market is incredibly favorable for sellers, with high demand and limited inventory. Thus, for those considering selling their homes, the current market conditions present a compelling opportunity to capitalize on the ongoing upward trend in home values.

SOUTHERN CALIFORNIA AFFORDABILITY

THE CURRENT HOUSING MARKET FACES CHALLENGES RELATED TO AFFORDABILITY, LOW BUYER DEMAND, A SCARCITY OF WILLING SELLERS, AND A NOTABLY MEAGER INVENTORY. TO GRASP THE REASONS BEHIND THE WEAKENED BUYER DEMAND, IT IS CRUCIAL TO EXAMINE HISTORICAL TRENDS IN INTEREST RATES, INCOMES, AND HOME PRICES AND THEIR INFLUENCE ON AFFORDABILITY. WHILE INTEREST RATES HAVE BEEN HIGHER IN THE PAST COMPARED TO THEIR CURRENT LEVELS, IT DOESN'T NECESSARILY IMPLY THAT HOUSING WAS LESS AFFORDABLE BACK THEN.



	AVG RATE	MEDIAN HOME PRICE/INCOME
1980	13.75%	\$88,000 / \$18,300

	AVG RATE	MEDIAN HOME PRICE/INCOME
2006	6.41%	\$633,930 / \$62,600

MORTGAGE

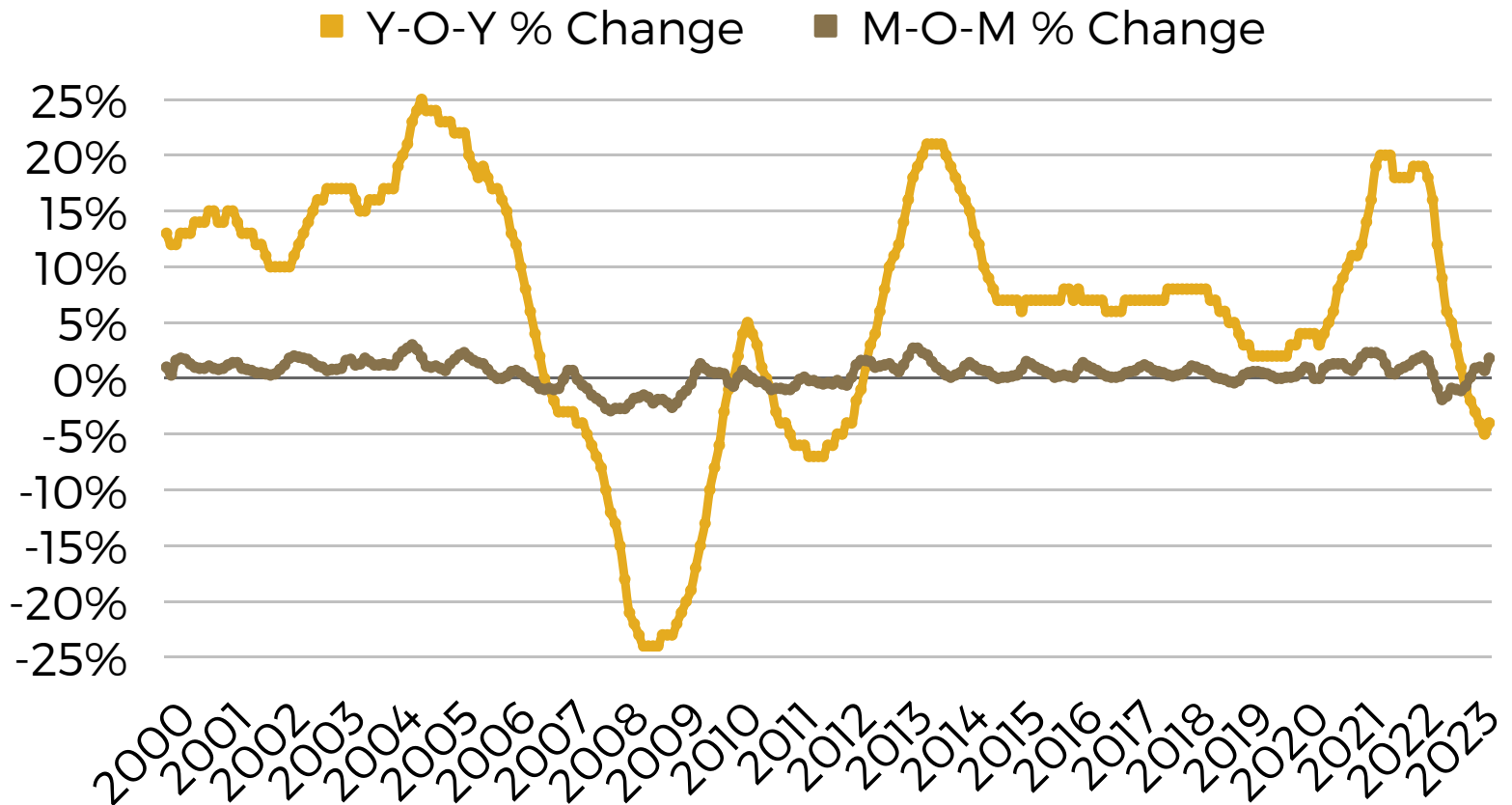
	AVG RATE	MEDIAN HOME PRICE/INCOME
2020	3.11%	\$618,200 / \$80,800

	AVG RATE	MEDIAN HOME PRICE/INCOME
2023	6.81%	\$804,100 / \$89,900

PAYMENT AS % OF INCOME

1980 - 54%	2006 - 60%	2020 - 31%	2023 - 55%
------------	------------	------------	------------

CALIFORNIA HOME PRICE INDEX

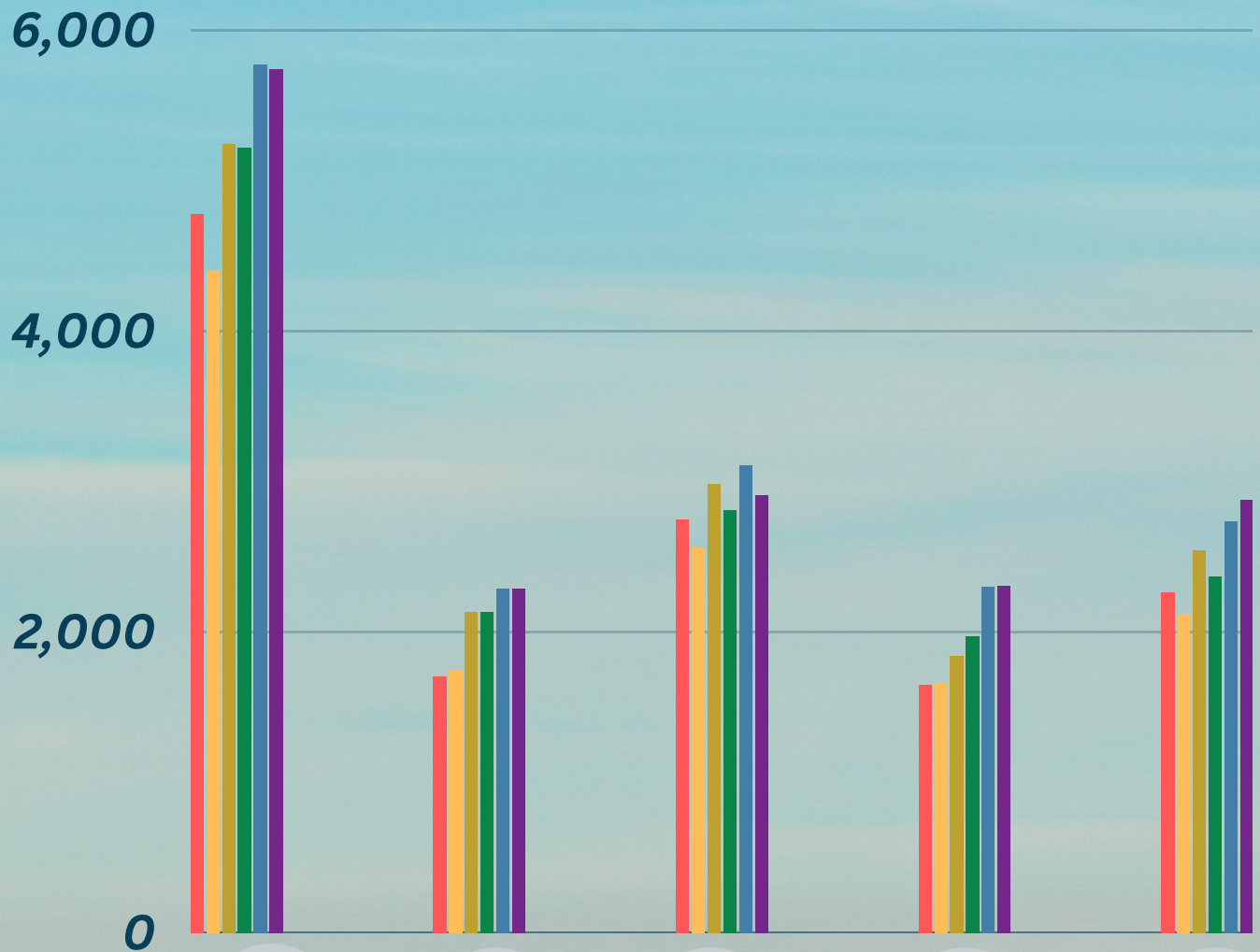


*Data captured
from Freddie
Mac HPI



NEW LISTINGS - FIRST HALF OF 2023

January February March
April May June



Los Angeles County
Missing 18,227 Homes
compared to 3-Yr Avg*

Orange County
Missing 9,872 Homes
compared to 3-Yr Avg*

Riverside County
Missing 9,807 Homes
compared to 3-Yr Avg*

San Bernardino County
Missing 8,563 Homes
compared to 3-Yr Avg*

San Diego County
Missing 13,676 Homes
compared to 3-Yr Avg*

*3 Year Average is Pre-COVID
years: 2017 - 2019



ADVERTISING OPPORTUNITIES AVAILABLE!

949.537.1114 | OFFICE PHONE
INFO@REPORTSONHOUSING.COM | EMAIL

