

Week Ending

November 20



California Weekly Survey Data

What REALTORS® are saying

Red and green % change indicates change from previous week



31.4% +19.9%

Closed a sale
last week



19.9% -22.3%

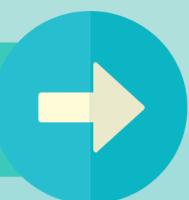
Entered escrow
last week



17.8% -36.4%

Listed a property
last week

What REALTORS® think will happen



19.5% -19.7%

Think sales
will be **up**
next week

30.7% -3.9%

Think prices
will be **up**
next week

18.4% -10.1%

Think listings
will be **up**
next week

Source: California Association of REALTORS®

While the frenzied housing market from earlier this year has plateaued, home sales are still outpacing the levels observed in recent years prior to the pandemic. Homebuyers continued to be motivated by low interest rates and some buyers who had been sidelined by fierce market competition might have jumped back into the market in the last couple months as it started showing signs of easing. Latest economic reports also bode well for the market as they suggest an economy that is recovering but at a pace slower than expected. As such, interest rates are expected to climb gradually but will likely remain below pre-pandemic levels for most of 2022. On the other hand, ongoing input supply shortages in the building industry will continue to be a challenge in the upcoming year and will likely lead to more affordability issues in housing in 2022.

Housing Market Remains Solid in October: Low costs of borrowing continue to fuel housing demand as sales remain strong for both the U.S. and the California markets. Home sales at the national level increased 0.8% in October from the prior month and recorded a seasonally adjusted annual rate of 6.34 million units. While sales at the state level ticked down slightly by 0.9% from September, the California market continued to outpace its pre-pandemic sales levels in 2017, 2018, and 2019. Homes are still selling quickly, and market competition remains intense across the nation. Tight supply continues to put upward pressure on prices, as both the national and statewide median prices surged more than 12% on a year-over-year basis in October.

Housing Starts Dip as Input Shortages Persist: New home constructions dipped 0.7% to 1.52 million units in October, as permits for further homebuilding went up 4% to a rate of 1.65 million units last month. Single-family housing starts declined 3.9% from September, while multifamily housing starts increased 7.1% on a month-to-month basis. Supply shortage in building material and labor in the construction industry continue to be the primary factors that constrain home building activity. Despite the headwinds, the jump in permits suggests that builders are still quite optimistic about the housing market's future, as they believe the rising tide of Millennials buyers and a lack of existing housing inventory will continue to keep demand strong.

Affordability Improves in 2021 Q3: Housing affordability in the third quarter improved slightly from the prior quarter as mortgage rates remained low while prices began to level off. Twenty-four percent of California households could afford to purchase the \$814,580 median-priced home in the third quarter of 2021, up from 23% in second-quarter 2021 but down from 28% in third-quarter 2020. A minimum annual income of \$148,400 was needed to qualify for the purchase of a median-priced home in the latest quarter in the state. With interest rates expected to rise and the state median price projected to climb further in 2022, the housing affordability condition will likely get worse in the coming year.

Retail Sales Surge as Holiday Shopping Starts: U.S. retail sales got a boost in October as Americans started their holiday shopping early because of fears of product shortages. Sales at retail stores, online sellers, and restaurants increased 1.7% from the prior month at the start of the fourth quarter, as consumers stepped up spending despite COVID-19 fears and inflation concerns. Some of the increase can be attributed to higher prices as retail sales figures are not adjusted for inflation. The latest report, nevertheless, raises hopes for the holiday season and brightens the economic outlook for the upcoming year.

California Job Growth Bounces Back: Following a modest increase in September, California nonfarm job growth bounced back in October as the state added 96,800 new jobs and lowered its unemployment rate to 7.3%. Hiring rose solidly in high-contact service industries as the COVID situation continued to improve, with the leisure and hospitality sector added back 21,500 jobs, and retailers added back 8,600 jobs in October. California has added back 67.4% of the 2.7 million jobs lost at the onset of the pandemic, but still lagged behind the national job loss recovery rate of 81%. The state's unemployment rates has declined to the lowest level in the last 19 months, but it is still tied with Nevada for the highest rate in the U.S.