Jan. 31 - Feb. 6

California Weekly Data 2021

CALIFORNIA ASSOCIATION OF REALTORS®

How the market is doing

% change indicates change from previous week

*Daily Average

Last week, there were...

493 -26.5%
Closed Sales per day*

746 8.1%
Pending Sales per day*

675 4.1%
New Listings per day*

NEW

What REALTORS® are saying

23.3% +15.3%
Closed a sale last week

25.9% 7.9%
Entered escrow last week

20.1% -9.9%
Listed a property last week

What REALTORS® think will happen

46.8% -9.5%
Think sales will be up next week

61.3% 3.9%
Think prices will be up next week

46.5% 5.0%
Think listings will be up next week

Source: California Association of REALTORS®

Housing demand is stronger than normal so far in 2021, while tight supply continues to put upward pressure on housing values. Robust price growth will not ease up until some balance between supply and demand is restored. Recent survey results suggest that the housing market could be getting more listings in the coming weeks, possibly because of the improving pandemic situation and a recovering economy.

Signs of Improvement on the Supply Side: While the number of active listings remained near the lowest level since the pandemic began, the rate of decline appeared to be leveling off. Last week's average daily new listings, in fact, had its first weekly increase in three weeks based on the weekly MLS data. Survey results also suggest a bounce back in supply as 46.5 percent of those who responded to the survey - the highest level in five weeks – believed listings would go up in the following week. Over a third (35 percent) had a listing appointment last week, which was the highest level since early November 2020. Sellers also became more positive about the market as only 6.4 percent of them removed their home from the market, significantly below the 24.1 percent recorded in early June, and was the lowest level since then.

Home Prices Not Expected to Ease: Despite a possible improvement on the supply side of the market, upward pressure on prices continued to build up. All parties involved – buyers, sellers, and agents – agreed that home prices will likely remain on their upward trend in the short term. Three of five REALTORS® (61.3%) who responded to the weekly survey believed that prices would go up in the upcoming week, nearly doubled the level observed in late July and was the highest level in at least the last six months. The share of buyers who expected lower prices also has dropped by more than half from 66.7 percent in early June 2020 to 32.7 percent in the latest week. Meanwhile, the share of sellers who reduced price to attract buyers dipped to the lowest level of 6.8 percent in the last seven months.

Overall Homeownership Rate Rose but Black Homeownership Fell: U.S. homeownership rose in the last quarter of 2020, increasing to 65.8 percent from 65.1 percent in the same period a year earlier. The homeownership rate for white Americans in the fourth quarter of 2020 reached a nine-year high of 74.5 percent, and Hispanic American homeownership rate rose to the highest fourth quarter rate in three years at 49.1 percent. Homeownership rate for Black Americans, however, fell to 44.1 percent, the lowest rate since the first quarter of 2020. So, while the overall homeownership rate might have improved due to favorable lending environment, the economic recession is having a more negative effect on Black American homeownership than other ethnic groups.

Interest Rates Flat and below Recent High: Mortgage rates were unchanged in the past week and remained near record lows, after increasing briefly for a couple weeks in January. The short spike in rates was due to concerns that higher likelihood of passing new fiscal stimulus could spark inflation sooner than anticipated. Those concerns have subsided in recent weeks and rates have moderated since then. While rates could fluctuate as more economic data become available throughout the year, the average 30 year fixed-rate average will likely stay close to 3 percent in 2021.

Unemployment Rate Declined for Mixed Reasons, but Better Days Ahead: The labor market recovery continued with the unemployment rate dropping 0.4 percentage points to 6.3 percent in January. Despite the unemployment falling to the lowest level since March 2020, the labor market condition is less upbeat than suggested by the indicator. First, the increase of 49k jobs in January only partially reversed the job loss of 227k reported by employers in December. In addition, the sharp decline in the unemployment came as the labor force participation rate edged lower to 61.4 percent and 406,000 workers left the labor force. The employment conditions, nevertheless, look brighter in the days ahead as vaccine rollouts are expected to improve, while additional fiscal stimulus in the work should help strengthen hiring conditions.