

Week Ending

September 11, 2021



California Weekly Data

How the market is doing



% change indicates change from previous week

*Daily Average

Last week, there were...

666 **-34.8%**

Closed Sales per day*



803 **-19.7%**

Pending Sales per day*



870 **-5.7%**

New Listings per day*



What REALTORS® are saying



24.4% **-31.3%**

Closed a sale last week



23.7% **-33.8%**

Entered escrow last week



28.2% **-2.5%**

Listed a property last week

What REALTORS® think will happen



25.2% **25.8%**

Think sales will be **up** next week

21.9% **-17.1%**

Think prices will be **up** next week

38.1% **43.9%**

Think listings will be **up** next week

The last week or two, the public health numbers have started to rejoin the broader economic numbers with some signs of gradual progress. In addition, interest rates remain favorable and new listings resumed their uptrend last week. Rising mortgage applications and home sales have yet to materialize, but California consumers have gotten slightly less pessimistic about buying over the past month, so the rest of the year is expected to remain at or around the 400,000 unit benchmark through December.

Public Health Numbers on Upswing Again: After rising in the face of a more aggressive Delta variant of COVID-19, the number of new cases has been on the decline for the past week after reaching a plateau the preceding week. Hospitalizations also appear to have peaked, and though they have yet to come down from their elevated levels, they should begin to follow new cases down as well. California has also made some progress on vaccinations with nearly two-thirds of adults having received their first dose of the vaccine.

U.S. P/E Ratio Improves on Stronger Profits: Following a strong bump in U.S. corporate profits during the second quarter, equity markets valuations make a little more sense. Over the past 18 months, the value of publicly traded companies here at home (as measured by the Wilshire 5000) has reached nearly 18 times the current level of U.S. corporate profits. Last quarter, that number fell to 16.8, which is still elevated relative to the standard range of 7-11 times, but it is a positive sign for overall risk that the two indicators have started to come back into alignment.

Interest Rates Hold Steady for Now: Despite ongoing inflation and improving economic conditions generally, uncertainty about the virus and future economic conditions, particularly in light of the expiration of several key government stimulus programs including forbearance and pandemic unemployment assistance, interest rates remain near historic lows. Although this has yet to show in the mortgage applications or weekly sales figures, it is perhaps preventing a stronger seasonal cooldown after such a strong homebuying season earlier this year. Consumer even showed a slight uptick in homebuying sentiment in our July Housing Sentiment Survey.

REALTORS® Report More Seasonal Cooling Last Week: Last week, REALTORS® reported declines in business activity across the board. Fewer members did a listing appointment (33.3%), fewer added a new listing to the MLS (28.2%), fewer entered escrow (23.7%), and fewer closed a transaction (24.4%). However, more REALTORS® reported an increase in optimism about sales and listings next week, which is consistent with the broader market data that has held up surprisingly well despite ongoing supply constraints and some buyer fatigue. In another positive sign, the number of REALTORS® reporting a transaction falling out of escrow has fallen for the past 3 weeks.

Large Rolls of Unemployed as Pandemic Unemployment Ends: The Pandemic Unemployment Assistance, or PUA program, has now ended with nearly 1.6 million Californians on continuing claims at the end of August. Some of those workers may go over to traditional unemployment insurance, but some may begin to reenter the workforce as well in the coming months as job openings remain near record highs. However, with more than two million workers on some form of unemployment assistance as we began September, the economy still has a lot of healing left to do and the expiration of many forms of assistance will likely usher in more disruption in coming months as stimulus starts to work its way out of our economic system.

Mortgage Applications Corroborate REALTOR® Survey: Despite a modest increase in homebuyer sentiment for California consumers in August, mortgage applications just posted their 16th consecutive year-to-year decline last week. The overall index is showing a similar pattern of seasonal slowing that we observe in the weekly California home sales data, but the home sales figures have avoided more substantive declines up to this point. However, we expect home sales to continue their gradual decline as the market remains competitive and buyers continue to grapple with rising prices and a lack of available units.