

Week Ending

May 22, 2021



California Weekly Data

How the market is doing



% change indicates change from previous week

*Daily Average

Last week, there were...

802 **-9.8%**

Closed Sales per day*



972 **1.9%**

Pending Sales per day*



911 **-8.5%**

New Listings per day*



What REALTORS® are saying



27.1% **-9.2%**

Closed a sale last week



30.1% **-10.1%**

Entered escrow last week



29.2% **-0.9%**

Listed a property last week

What REALTORS® think will happen



50.6% **13.1%**

Think sales will be **up** next week

59.6% **-8.3%**

Think prices will be **up** next week

47.0% **15.2%**

Think listings will be **up** next week

The public health crisis continues to fade as the number of new cases falls and the economy prepares to reopen more broadly on June 15th. General economic indicators continue to improve as well, and that is also expected to accelerate the service sector rebounds during the second half of the year. However, strong buyer demand continues to limit the uptick in supply, even as the number of sellers putting their homes onto the market also grows—inventory simply can't keep up. This is causing home prices to continue to set new all-time highs, which together with gradually increasing mortgage rates, means that buyers will face increasing challenges to that important transition into homeownership as purchasing power is reduced.

COVID Cases at Lowest Level Since Start of Crisis: California's public health crisis continues to fade and the state passed another important milestone last week as the 7-day average of new coronavirus cases dipped below 1,000 for the first time since the pandemic began back in March 2020. In addition, nearly 36 million doses of vaccine have been administered, with 53% of Californians having already received at least one dose.

Sales Growth Remains Strong, but Level of Sales Underwhelm: Although the pace of home sales remains elevated relative to last year (sales were up almost 50% from the same week in 2020), California is still averaging just 1,200-1,600 sales per day as the buying season ramps up. That is well ahead of 2020 levels, but roughly on par with the delayed peak we saw in the late summer last year. New listings have started to come online and total active listings have increased for the past 6 weeks, which, if the trend strengthens, will help the market from experiencing further deceleration.

California REALTORS® Report Modest Slowing Last Week: The percentage of REALTORS® who had a listing appointment fell for the second week in a row, though the index remains at elevated levels compared to what we have seen thus far during the recovery. However, the percentage of members who listed a property, entered escrow on a property, or closed escrow on a transaction all fell last week as well, which is consistent with the modest slowing we reported in home sales and mortgage applications for the past few weeks.

Rates Increase to 3% but Remain Relatively Low: The typical rate for a 30-year fixed-rate mortgage increased last week after declining the preceding two weeks. Although 10-year Treasuries held steady at 1.64% last week, firming inflation and temporary supply constraints are likely to push rates slightly higher in coming weeks. And even if Treasury rates hold steady, mortgage rates spreads are still below historic norms, which will put upward pressure on mortgage rates.

Mortgage Applications Continue to Slow: Whether due to higher rates and prices, which reduce affordability and perceived risk in the housing market or due to the buyer fatigue associated with too many buyers and too few homes available for sale to put them in, the pace of mortgage applications continues to slow. The purchase index was up just 2% from the same week in 2020—a 4th consecutive deceleration and the level of the purchase index has fallen back to pre-pandemic levels after running well ahead during the first quarter.

Mortgage Delinquencies Improve in Q1: California's foreclosure risk improved slightly during the first quarter as the percentage of mortgages that were delinquent dipped for the 3rd consecutive quarter in 2021Q1. After peaking at 6.83%, total delinquencies fell to 4.84 last quarter as 30-59-day, 60-89-day, and 90+-day delinquencies all declined. In addition, forbearance exit data reported weekly shows that roughly two-thirds of forbearance exits pose minimal foreclosure risk.

California Homeownership Back Down in 2021: After surging to more than 57% during the pandemic, California's homeownership rate dipped back down in the past two quarters. The latest release from the U.S. Census Bureau shows that the state homeownership rate fell to 54.5% in Q1-2021. That is the second quarterly decline in a row and reverses the two-quarter uptick we enjoyed last year as many long-term renters made the jump to homeownership. Since then, rapid price growth and limited inventory have prevented California from maintaining that momentum from the initial burst of new homeowners. In contrast, homeownership held steady in the rest of the United States last quarter.