

# Demand for Housing Still an Issue !!!!!!!!!!!!!!!!!!!!!

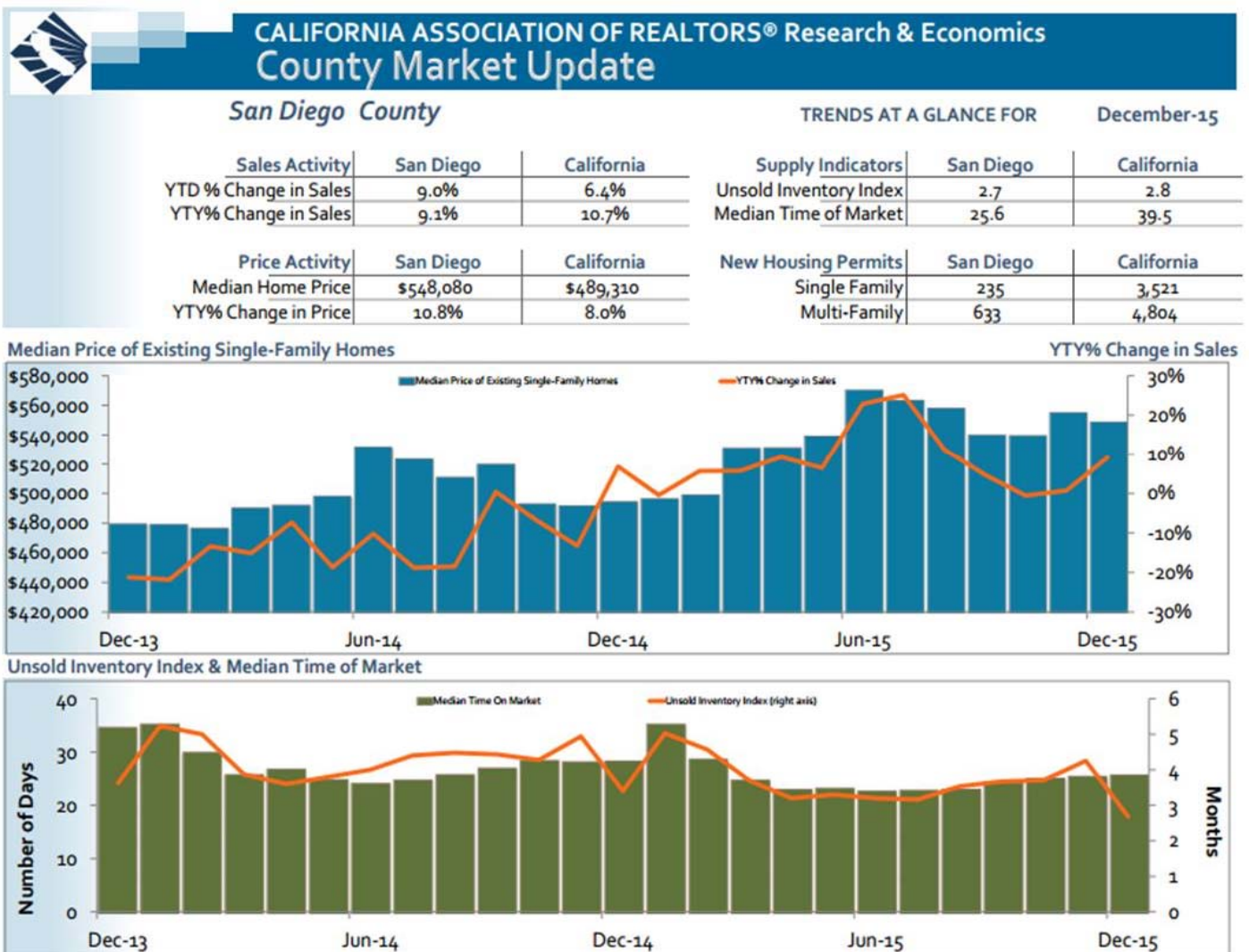
## Median Home Prices Continue to Increase !!!

Hi Guys and Gals, Below is an Article from the San Diego California Association of Realtors  
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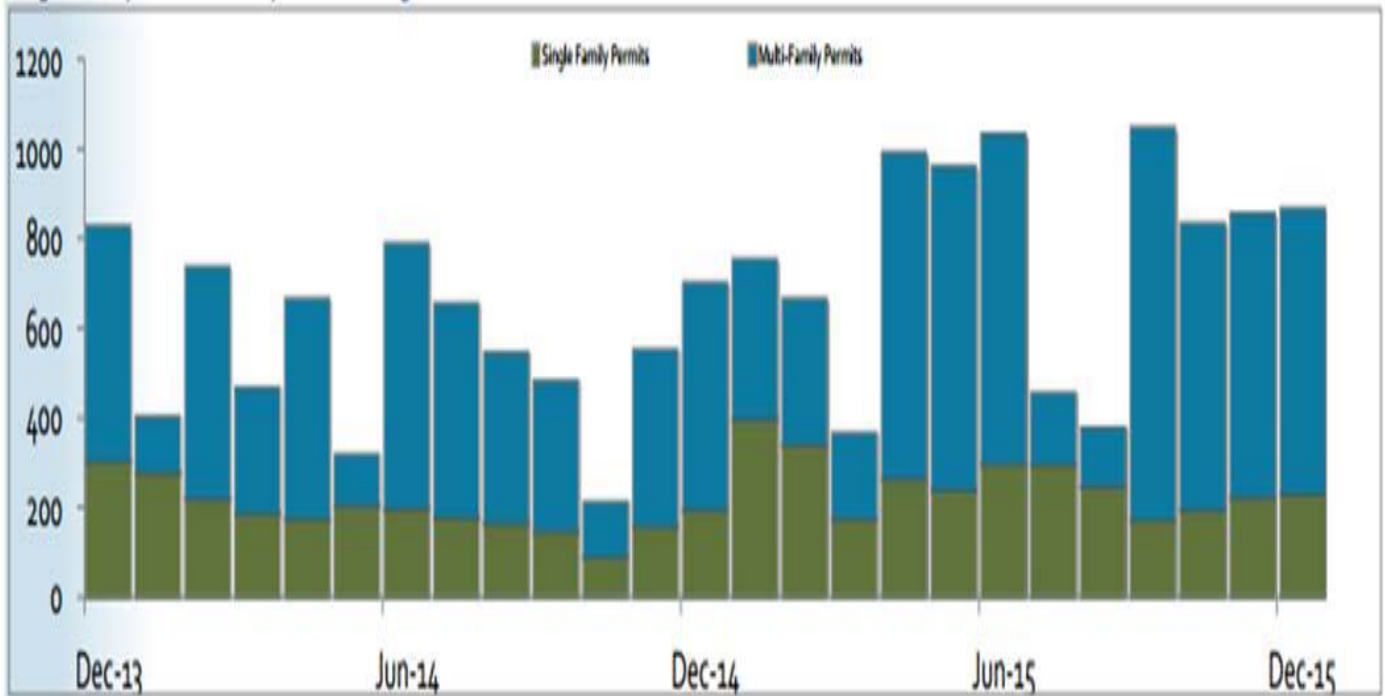
I have also included another article from the California Association of Realtors (Market Snapshot)  
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Above is a Current Mortgage Rate Sheet in the Attachment!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!

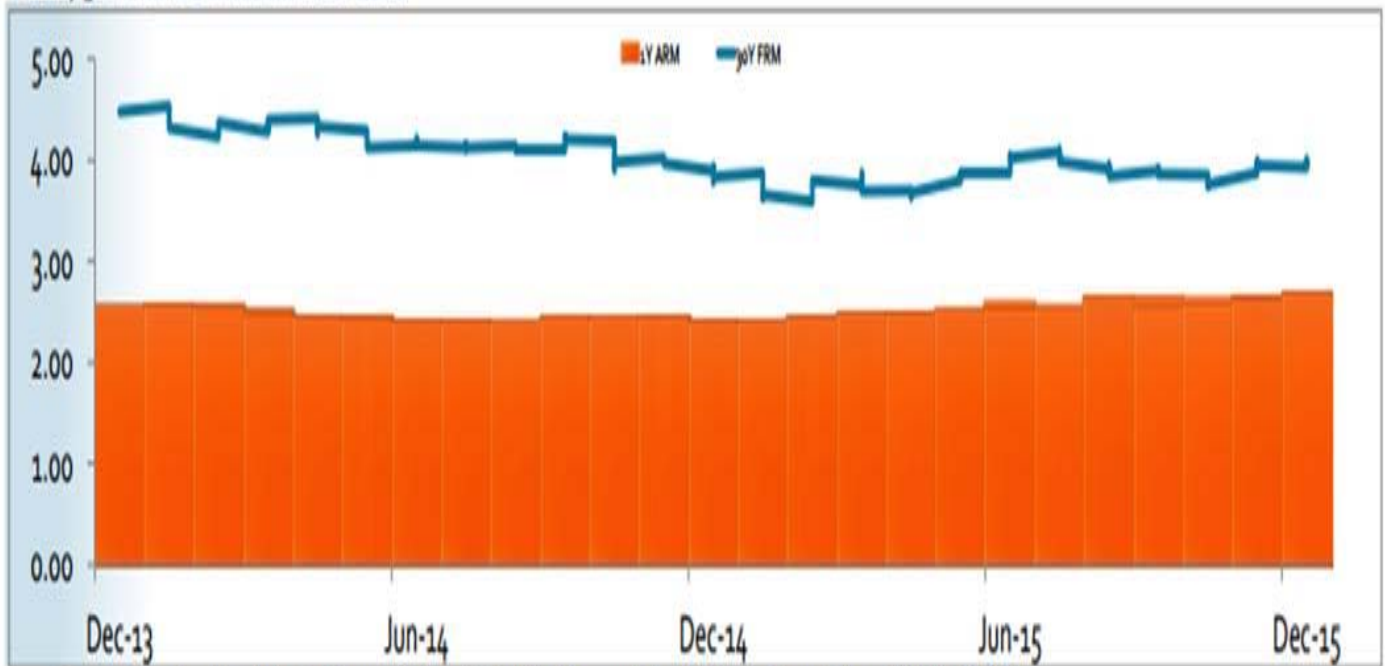
If You Know Anyone Interested in Selling, Buying  
or Just may have Questions about Real Estate  
Please let Me Know? Thanks,



### Single Family & Multi-Family New Housing Permits



### Weekly 30Y FRM & 1Y ARM Interest Rates



Source: Construction Industry Research Board, Freddie Mac, and the California Association of REALTORS®



# Market Snapshot

## The California Market Will Survive, Despite Stock Market Volatility

California had a sharp increase in sales year-over-year after a slight pull-back in November. The jump in the statewide sales in December was attributed partly to the Consumer Financial Protection Bureau's "Know Before You Owe" disclosure rule, as some sales that should have been closed in October or November were delayed due to the implementation of the new regulations, but were finalized in December. For the year 2015, California existing single-family home sales increased 6.4 percent from 2014 after declining for two years. The improvement in sales was also the largest since 2009, jumping 24.5 percent.

Meanwhile, the annual statewide median price continued to rise from 2014 but the increase was mild when compared to previous years. In fact, it was the smallest annual price gain in the last four years. The California median home price for 2015 increased 6.2 percent from 2014 to \$474,420.

The statewide housing supply remains an issue as the demand for housing continued to outpace inventory. While it is a welcome sign to see steady improvement in housing demand, the lack of supply is definitely a concern. The imbalance between the two sides not only intensifies market competition and pushes home prices higher, but it also leads to housing affordability issues that ultimately lowers homeownership rate if the problem persists.

These figures underlie an important fact about American households, a smaller proportion of people and households have been moving between states since 1970, and this continues to decline. California, especially is becoming more homegrown and less migratory.

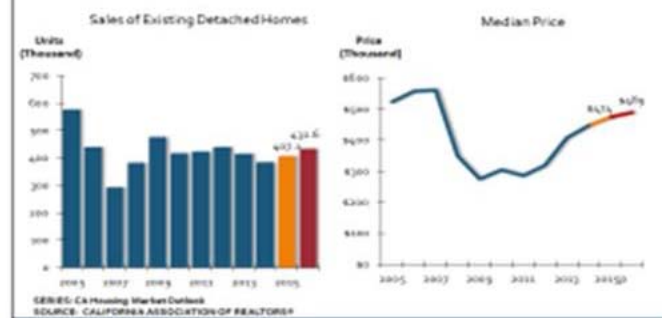
The supply constraint in the Bay Area is more pronounced and had led to fewer homes being sold in the high-cost region. On the other hand, demand

in regions with more affordable housing continues to improve and more home sales will likely take place in the coming year. As such, a further slow-down in home price appreciation at the state level is anticipated as the mix of sales changes in favor of lower-priced properties in 2016.

Looking forward, the California housing market is expected to have a decent performance in 2016. The Federal Reserve is expected to raise the federal funds rate two to three times. Modestly higher interest rates should not present that much of a direct challenge to the housing market. With the economy expected to grow, housing demand should continue its upward trend with sales of existing single-family homes projected to increase 6.3 percent in 2016 to 432,570. The statewide median price is predicted to increase modestly by 3.2 percent this year from 2015.

While the recent volatility of the stock market has been drawing attention in the news, it is more of a distraction rather than a disruption to the continual improvement in the housing market. The drop in values of equity in January reduces the overall wealth and may have a small negative effect on the economy in general. Its impact to the housing market, however, should be minor, as solid employment conditions, anticipated increase in household formations, and record-low interest rates continue to provide support to the fundamentals of the housing market.

**SALES UP FOR 2015 AND CONTINUE TO IMPROVE IN 2016; PRICE WILL GROW STEADILY THIS YEAR AND NEXT**



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