

# California Housing Market Update

**Inland Valleys Association of REALTORS®**

August 20, 2020

Joel Singer  
C.A.R. CEO





# Coronavirus Update

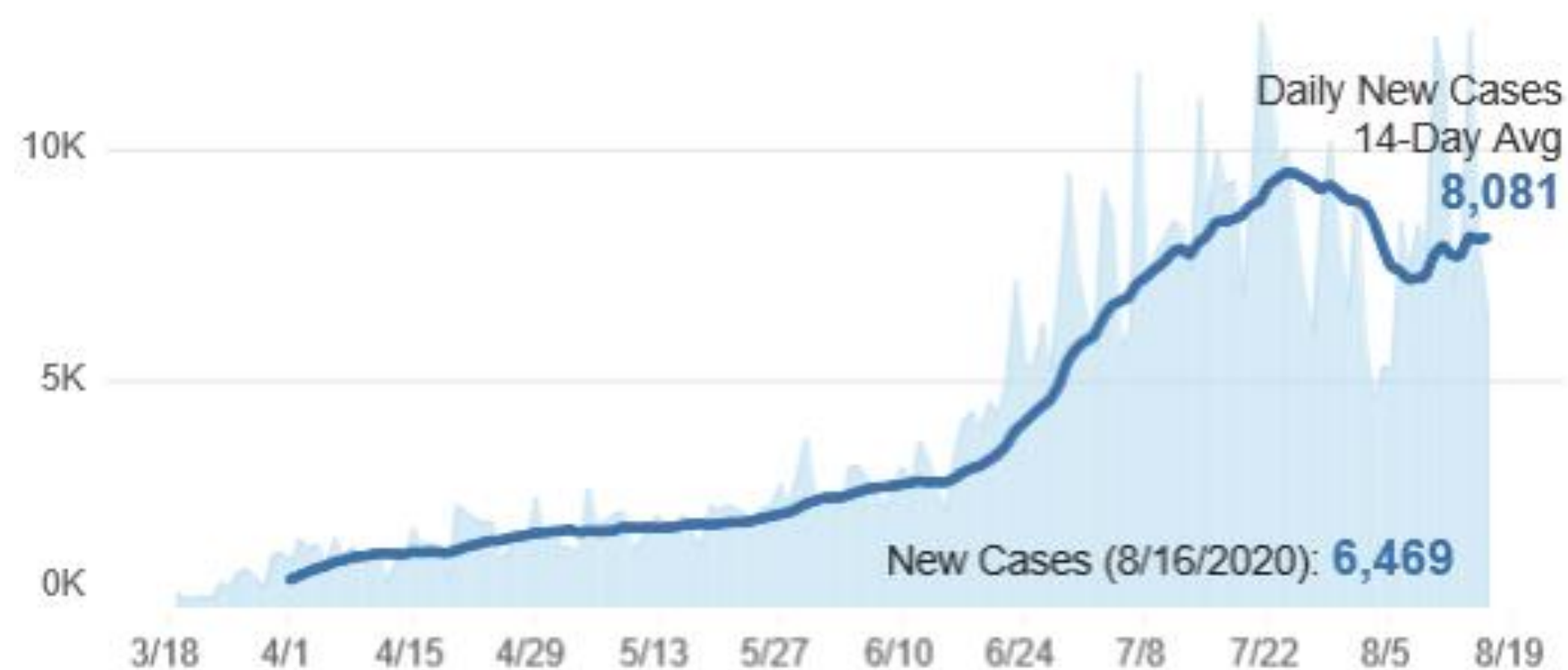
# New cases below recent high but remain elevated

**628,031**

Positive Cases

+6,469 New Cases

+1.0% Increase

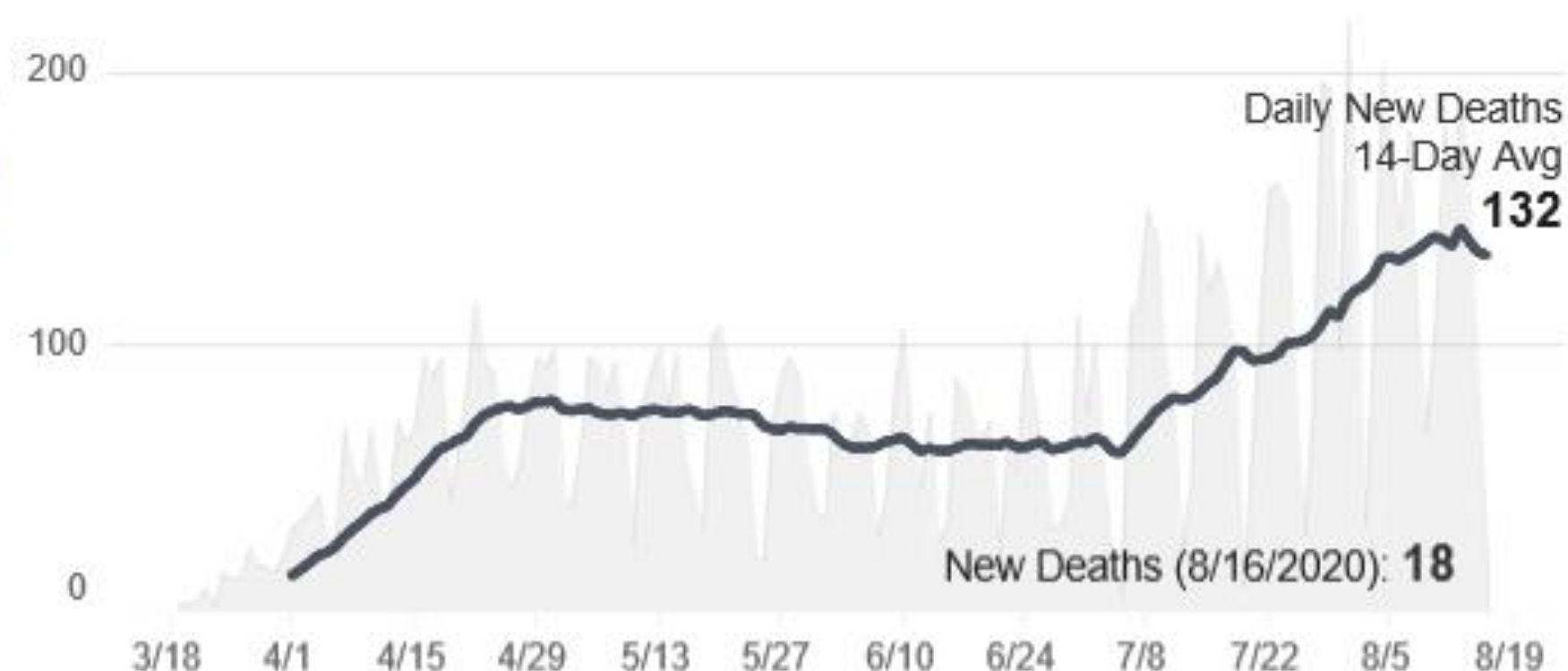


**11,242**

Total Deaths

+18 New Deaths

+0.2% Increase



\* Updated as of 8/17/2020

SOURCE: State of California (<https://update.covid19.ca.gov/>)

# Positivity rate up from last week

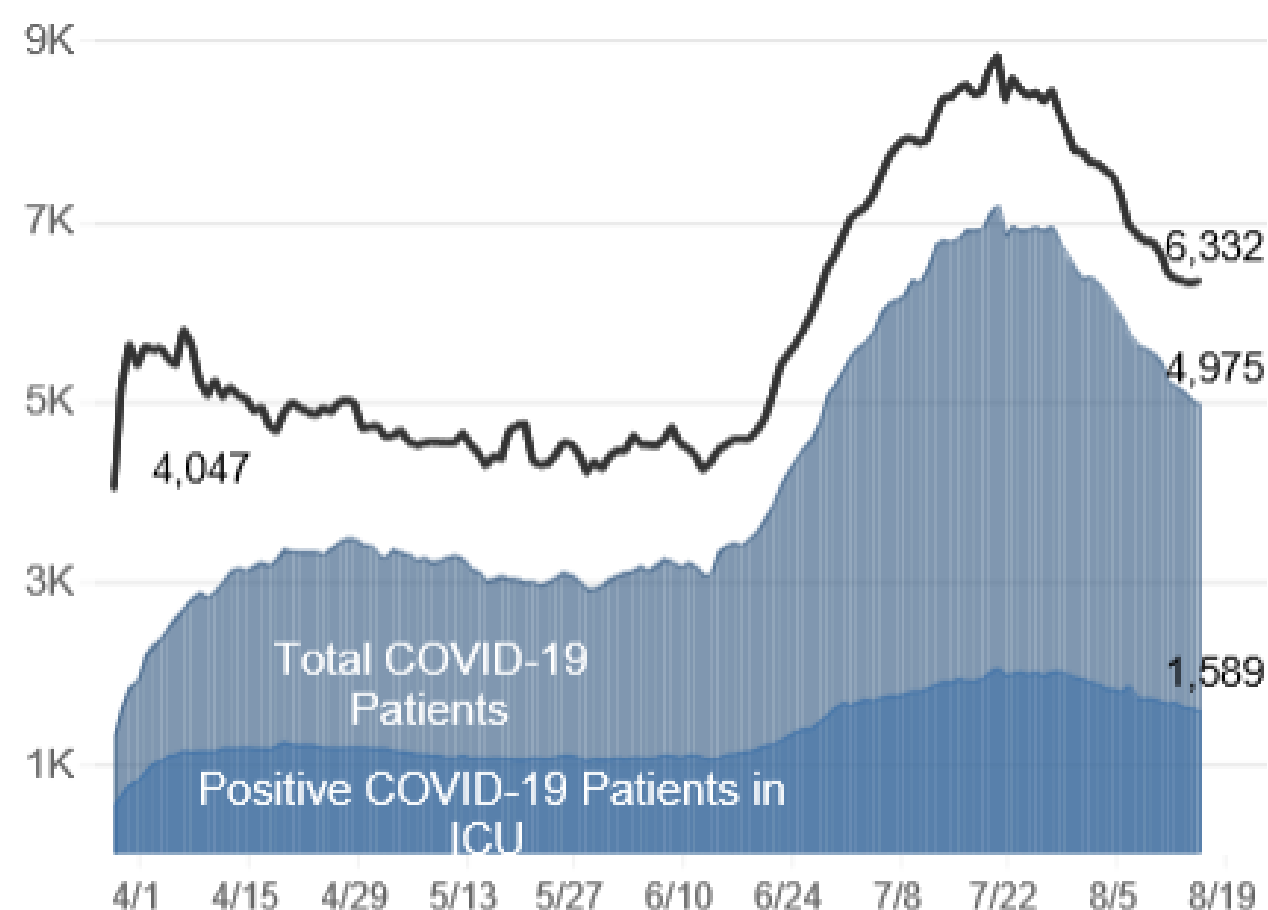
**4,975**

Positive COVID-19 Hospital Patients

**-52** Patients

**-1.0%** Decrease

Positive COVID-19 Hospital Patients

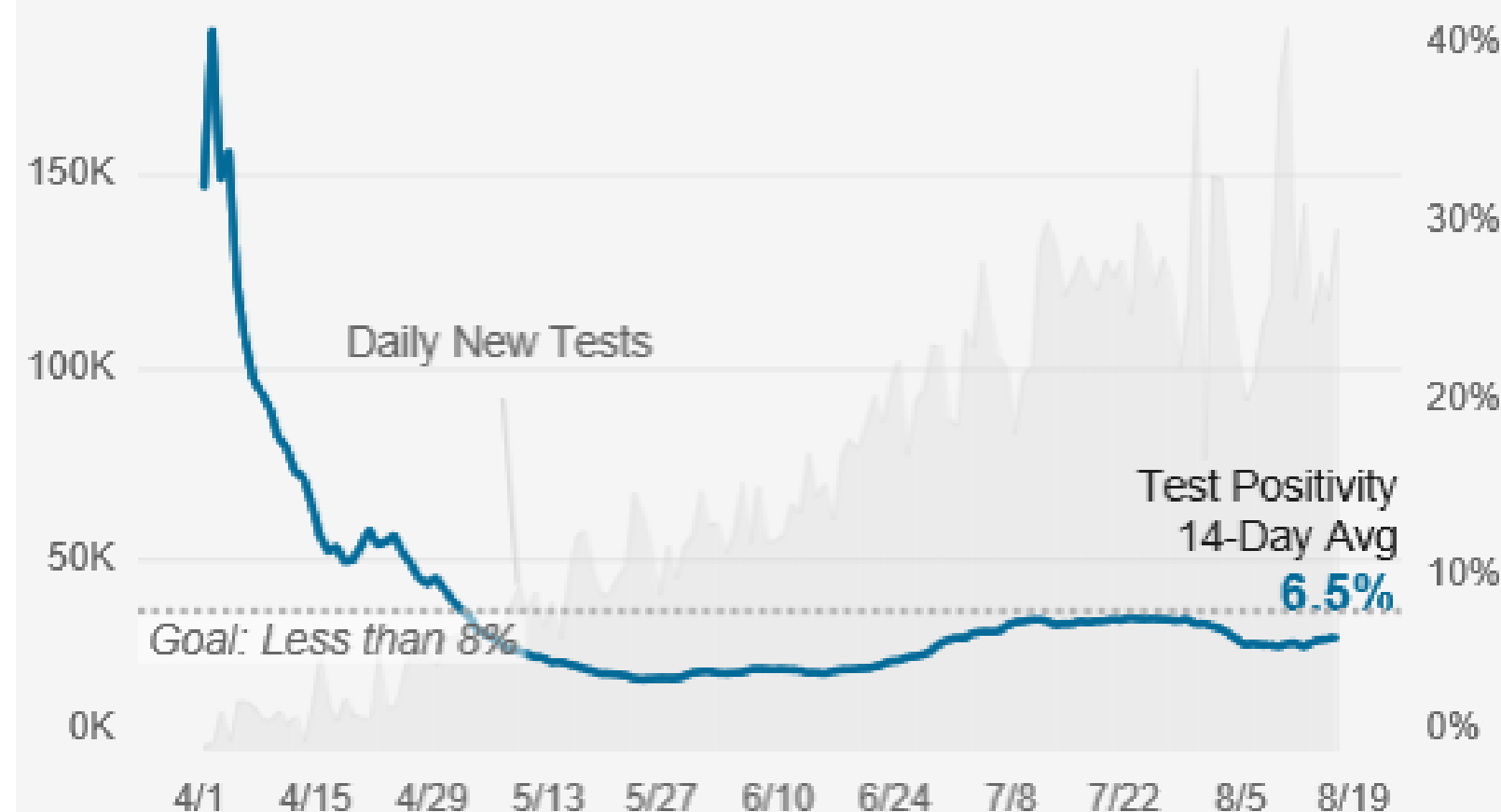


\* Updated as of 8/17/2020

**6.5%**

Test Positivity (14-Day Average)

**-0.8** Change from 14 Days Ago



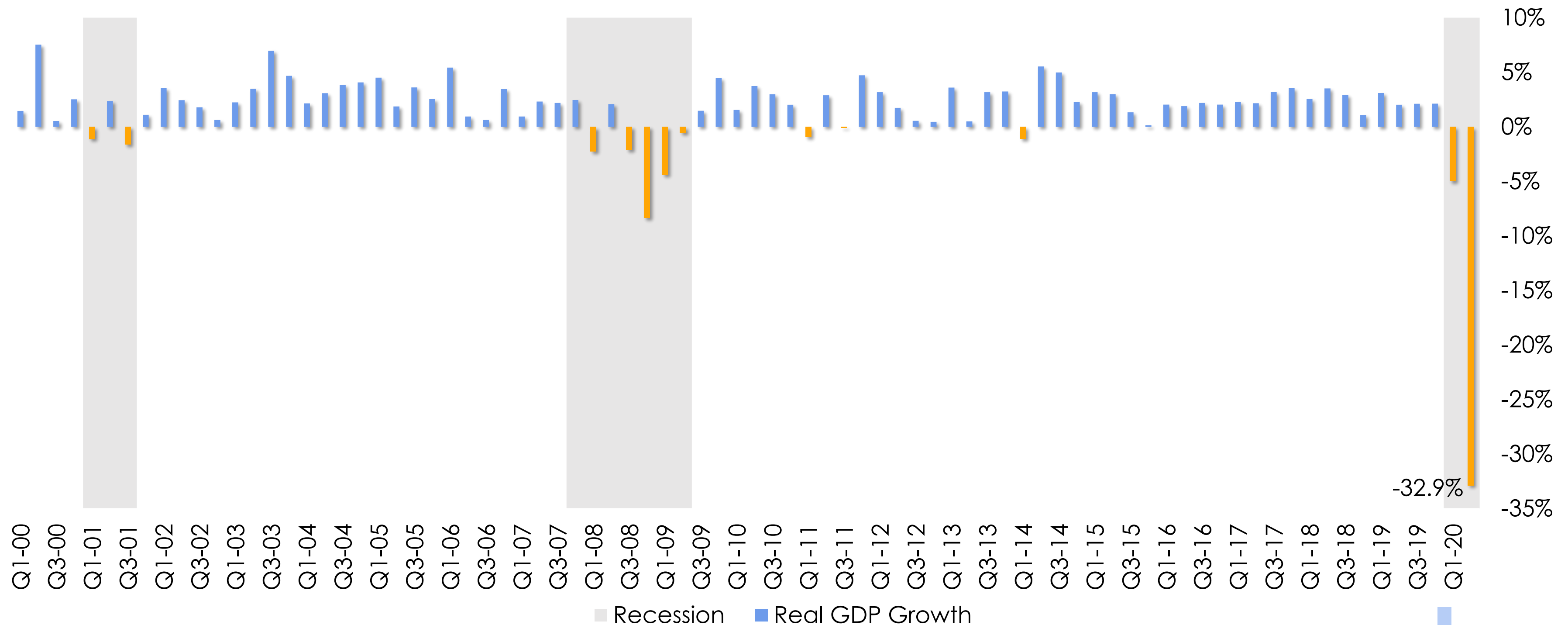
SOURCE: State of California (<https://update.covid19.ca.gov/>)



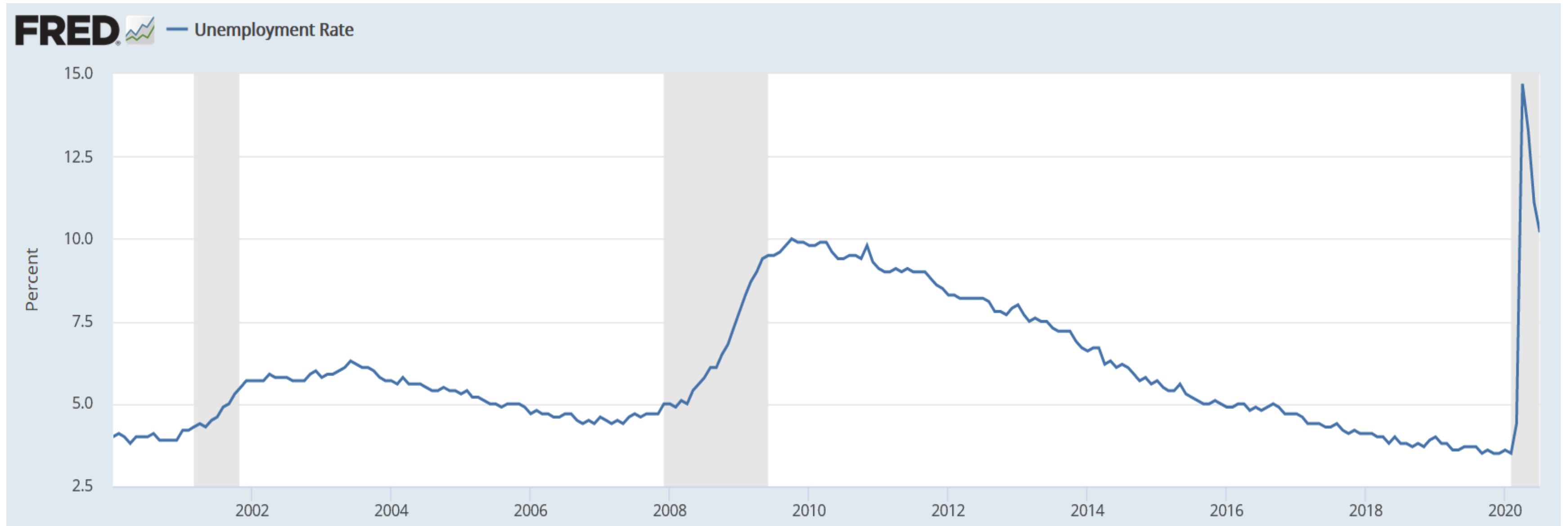
# Economic Update

# U.S. economy contracted at the sharpest rate on record

Real GDP Growth

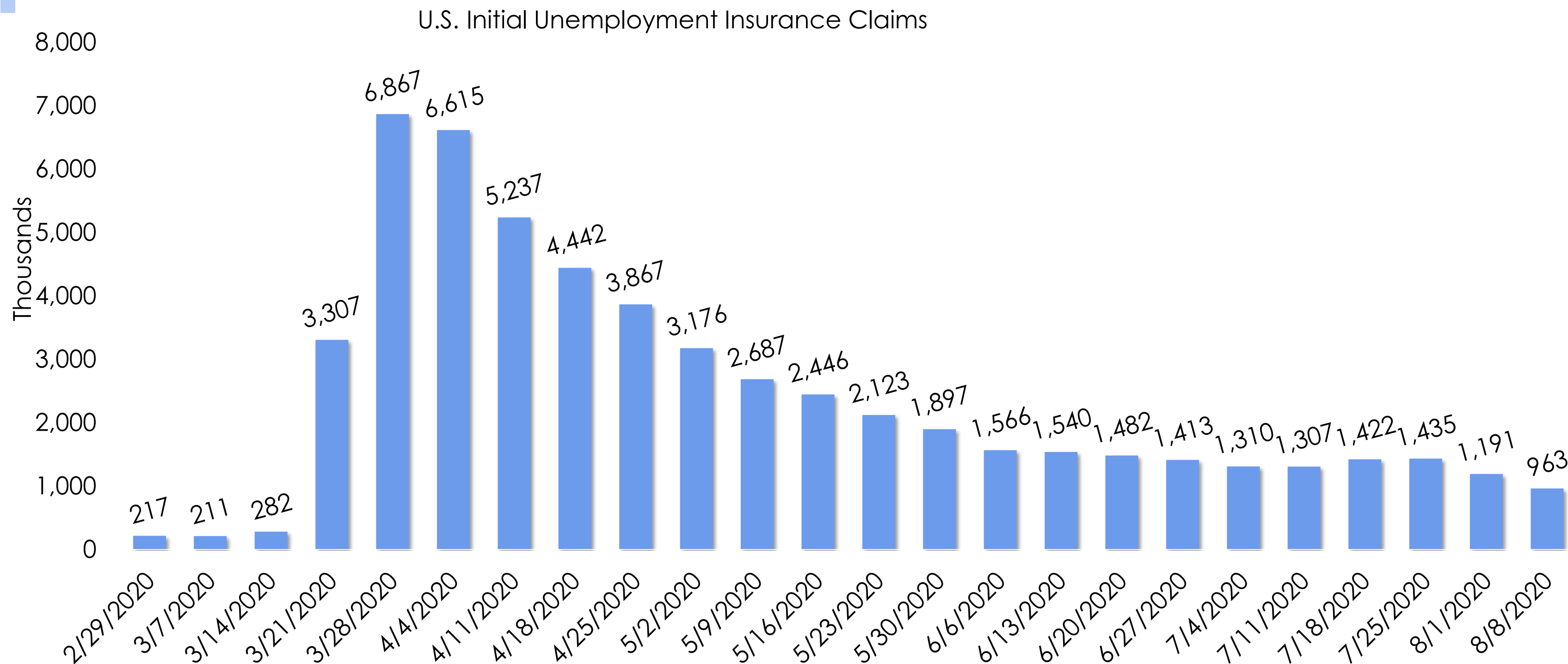


# Unemployment rate improved but remained above the Great Recession high



SOURCE: St. Louis Fed

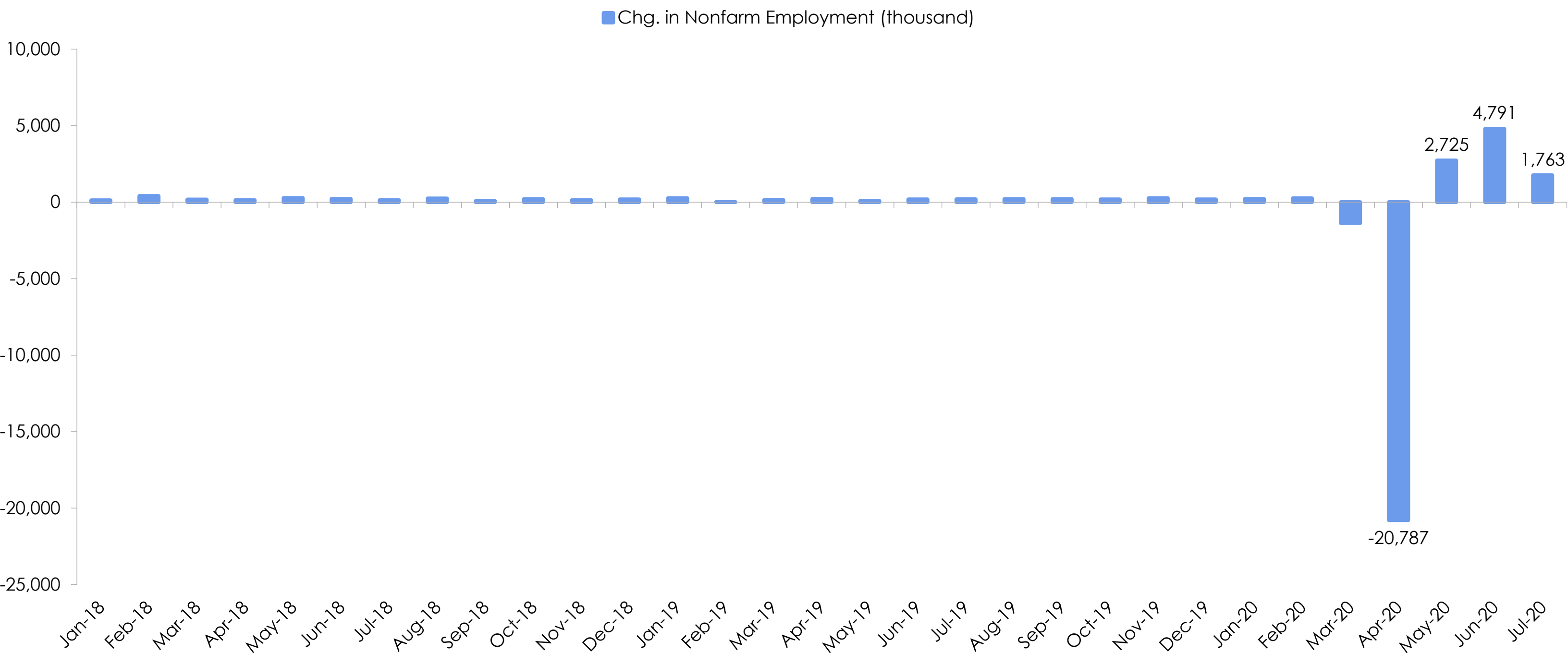
# Jobless claims dropped below 1 million for the first time since the Coronavirus pandemic



SOURCE: Department of Labor



# Employment: Recovery continues but at a slower pace

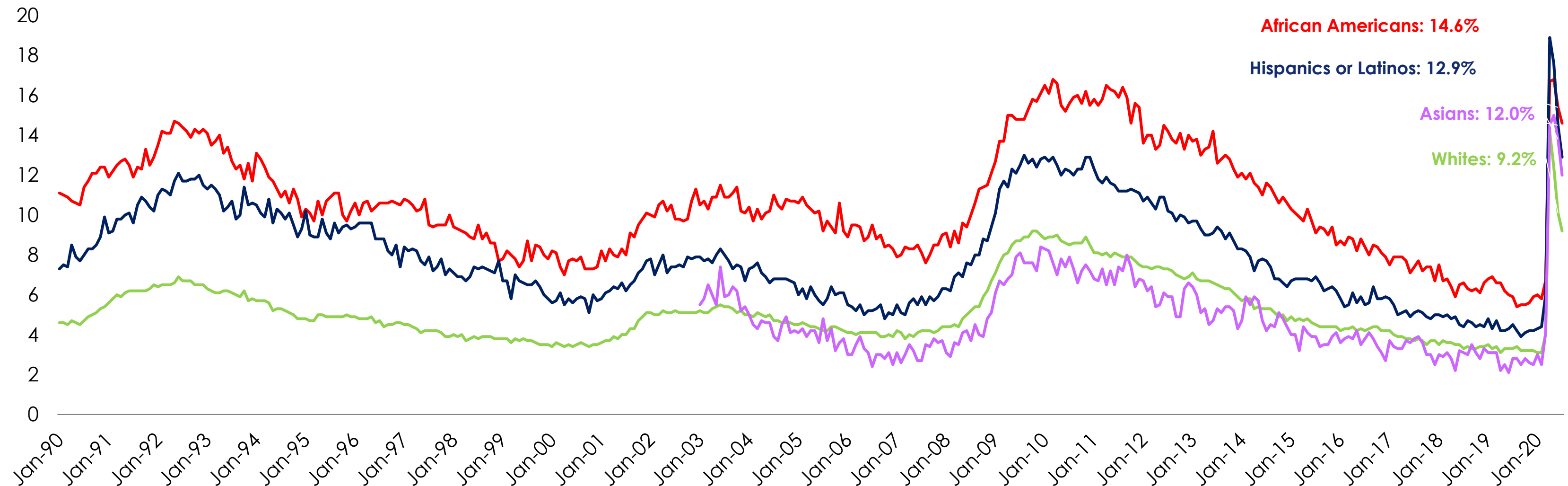


SERIES: Chg. in Nonfarm Employment  
SOURCE: St. Louis Fed

# Unemployment rates by ethnicity (U.S.)

Unemployment rates (Jan 1990 – July 2020)

Percent



SERIES: Unemployment rates by race and Hispanic or Latino ethnicity (seasonally adjusted 1990-2020)  
SOURCE: U.S. Bureau of Labor Statistics/Current Population Survey



# Market Update

# California housing market: sales up, price set new record, supply lowest in years

July 2020

+6.4% YTY  
-10.0% YTD

Existing Home Sales  
% change



Price

\$666,320  
+9.6% Y2Y



Unsold  
Inventory Index

2.1 months  
-34.4% Y2Y



Median Days  
on Market

17 days  
-19.0% Y2Y



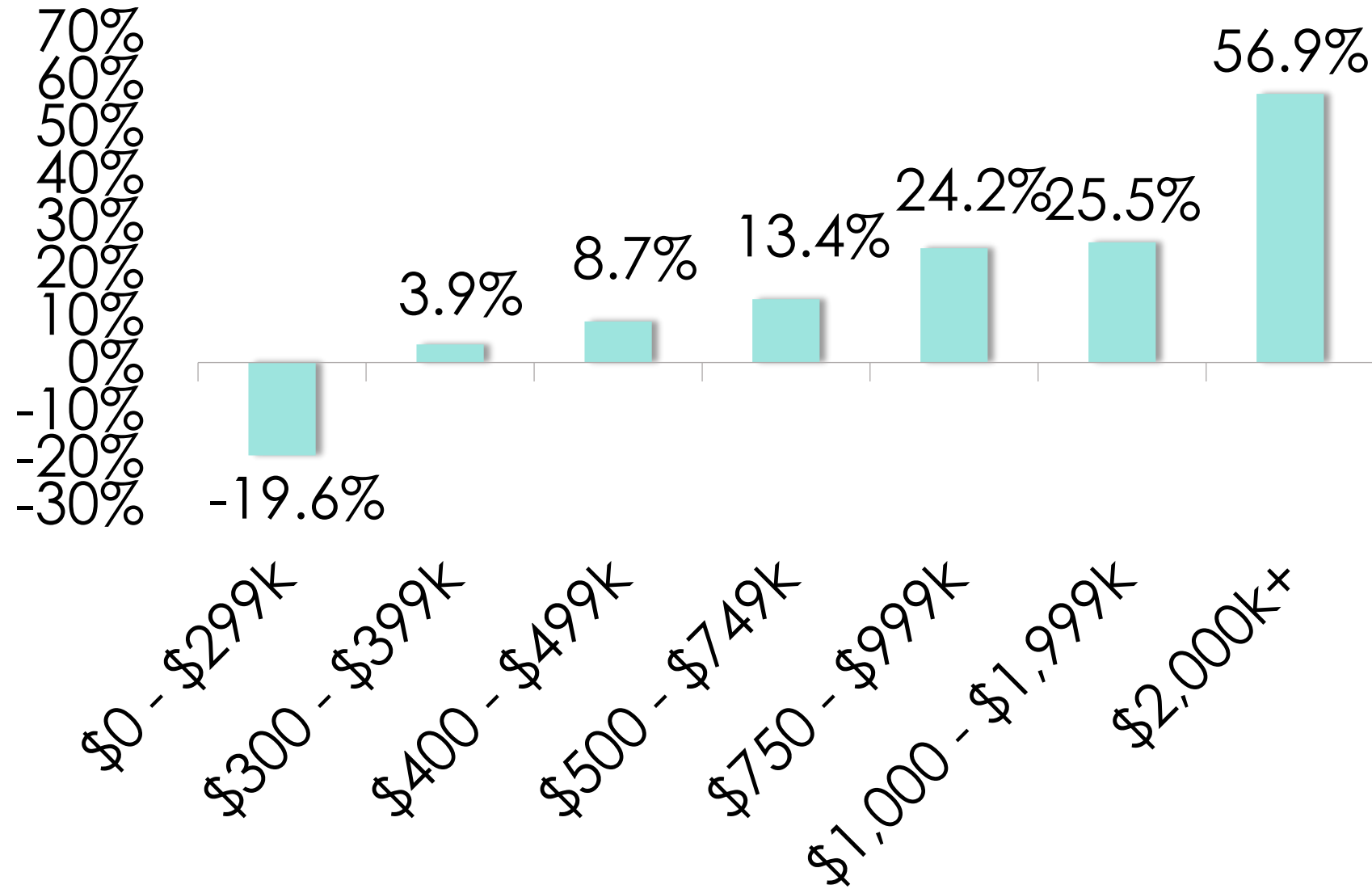
Sales Price to  
List Price Ratio

100.0%  
+1.0% Y2Y

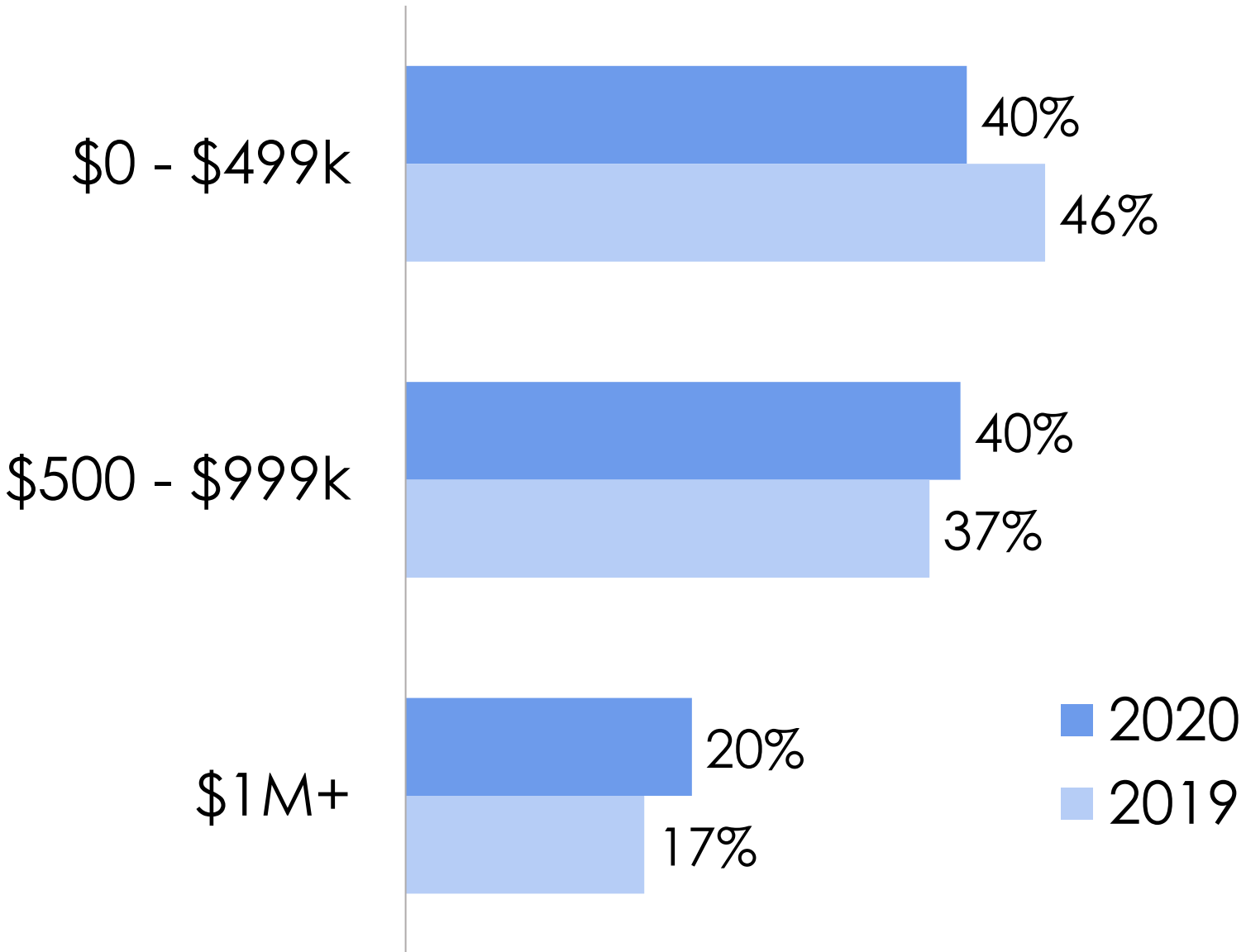


# Sales up big for high-end markets

**July 2020  
(YTY% Chg.)**

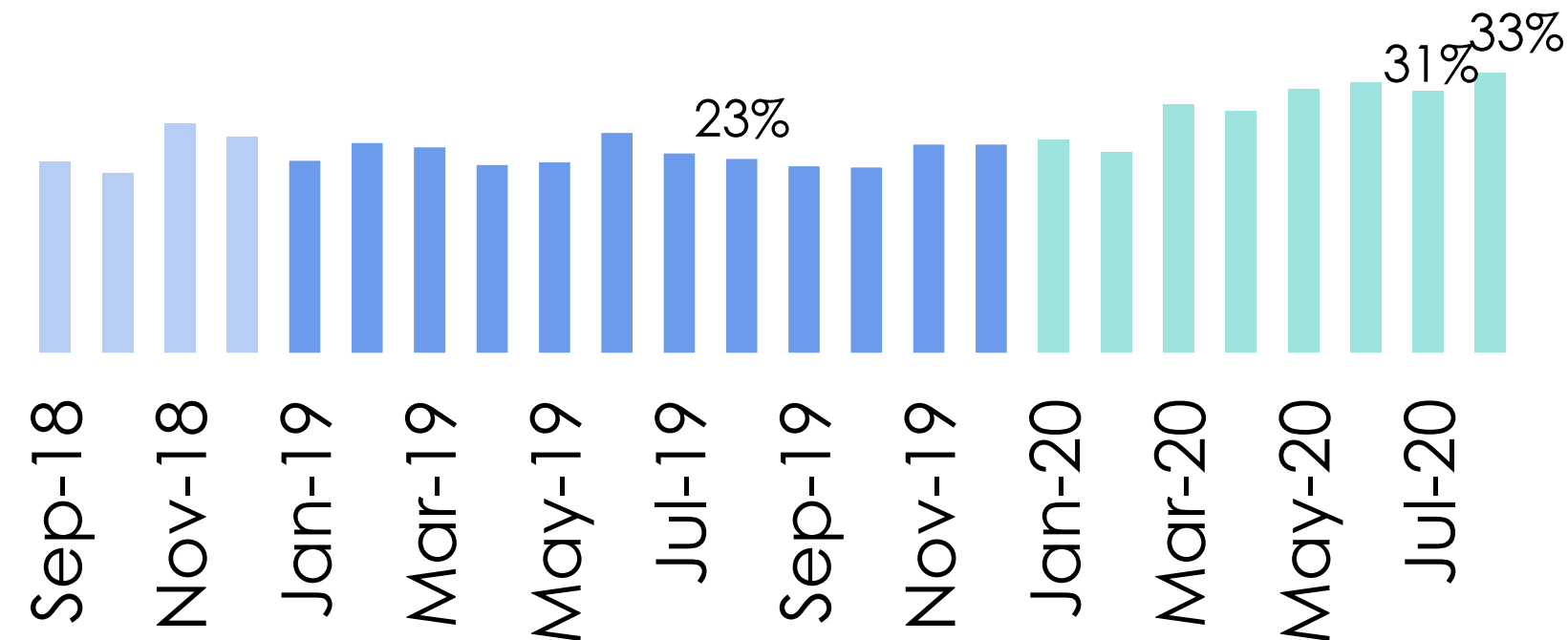


**Share by Price Segment**

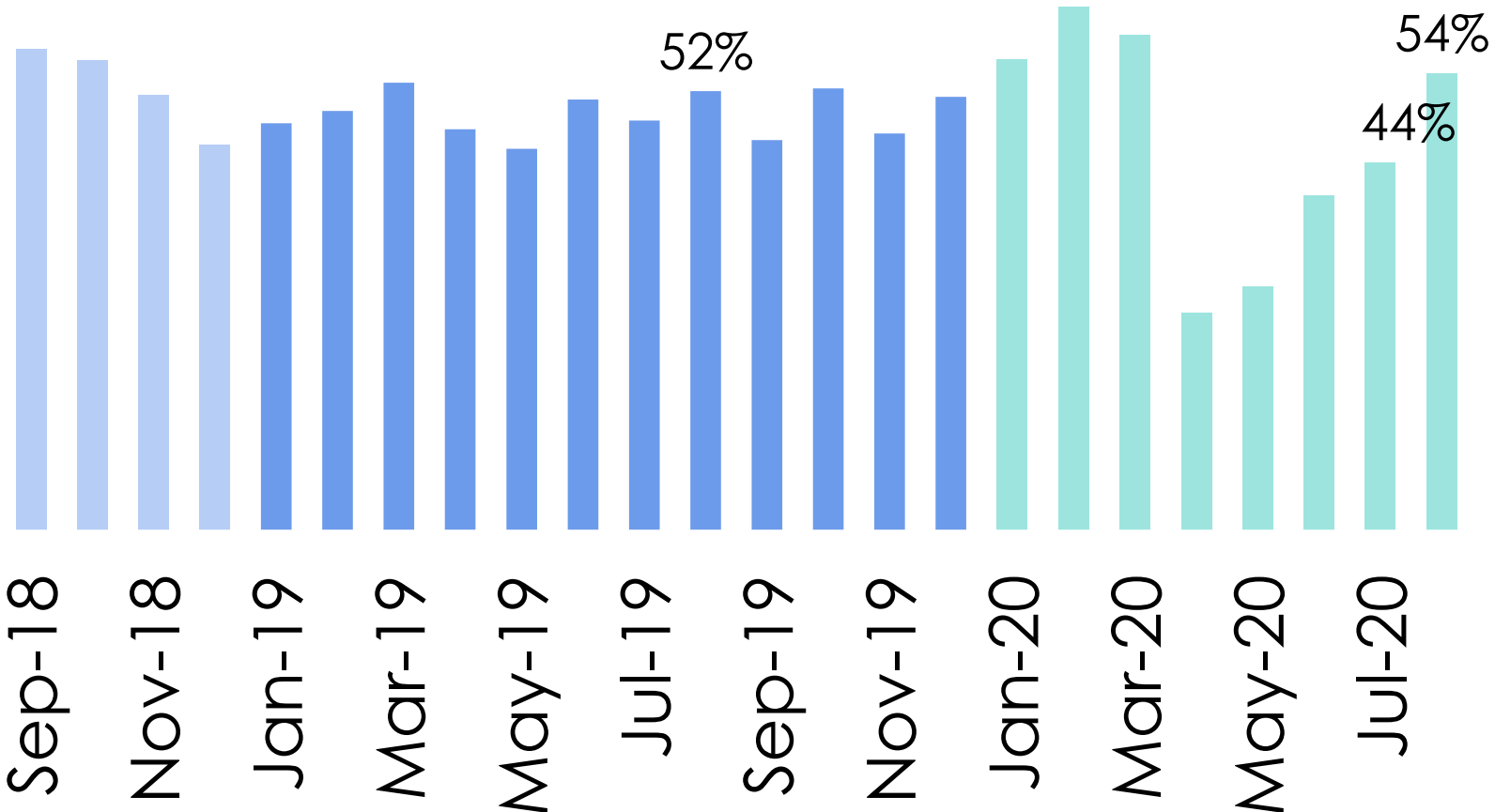


# ...partly because **buyers/sellers** are motivated

Do you think it's a good time to **buy** a home in California?

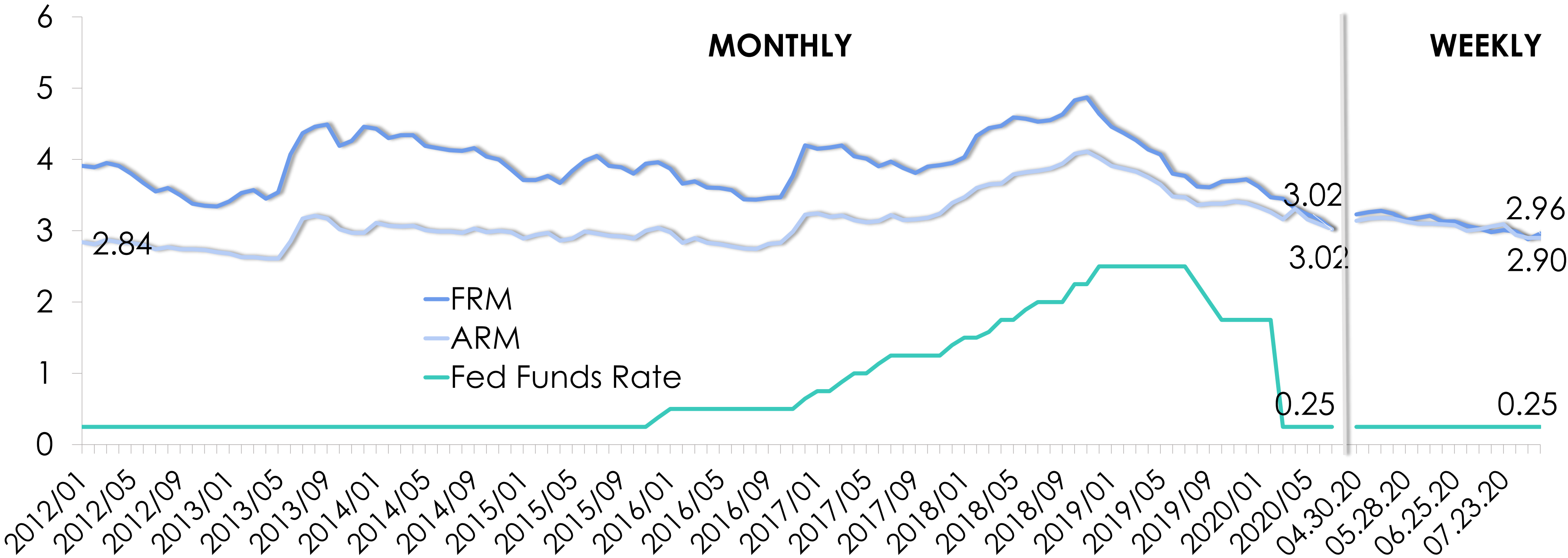


Do you think it's a good time to **sell** a home in California?



# Motivated by historic low rates

January 2012 – August 2020

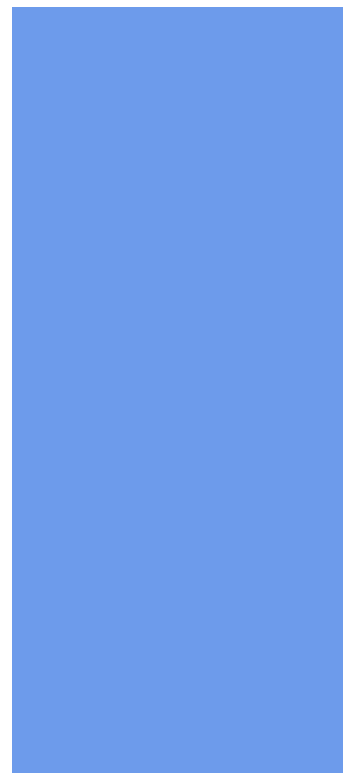


# Many are also playing catch up

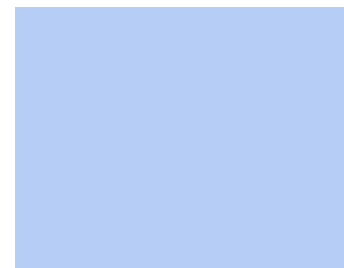
Q: Did the Coronavirus outbreak delay your home buying/selling plans?

■ Repeat Buyer    ■ First Time Buyer

84%



83%



Yes

N=574

■ Sellers

80%



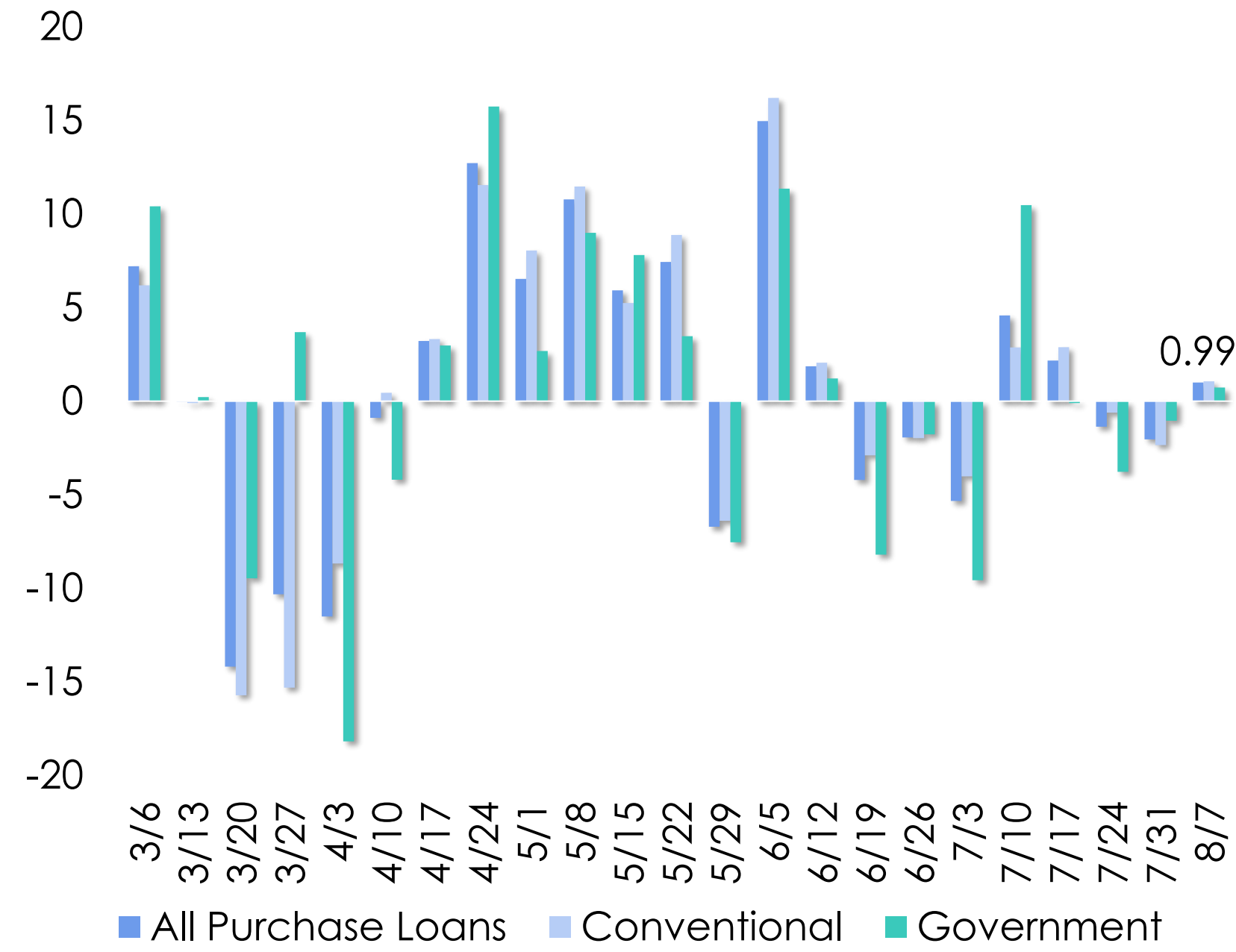
Yes

N=523

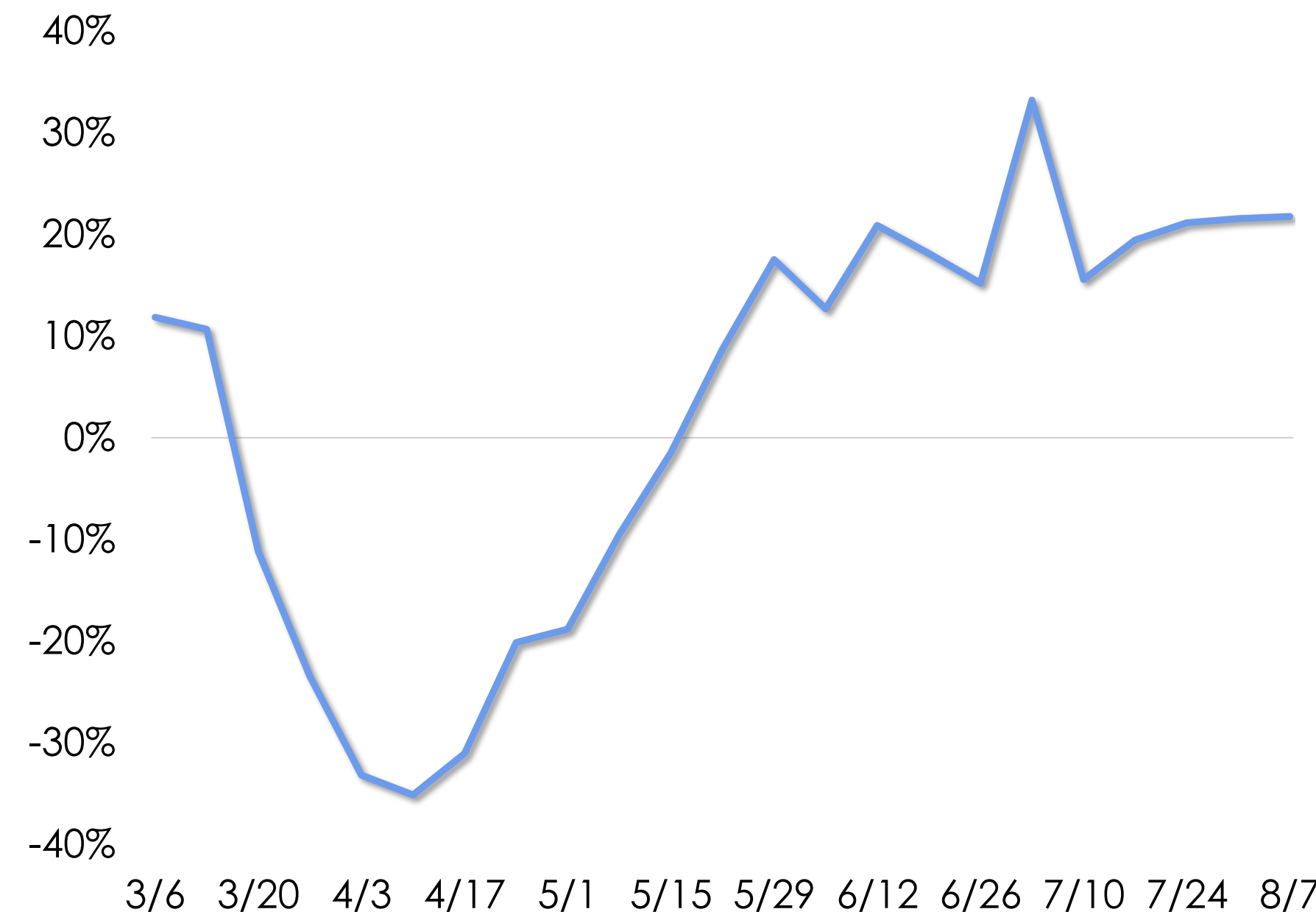


# Purchase applications still up from last year by over 20%

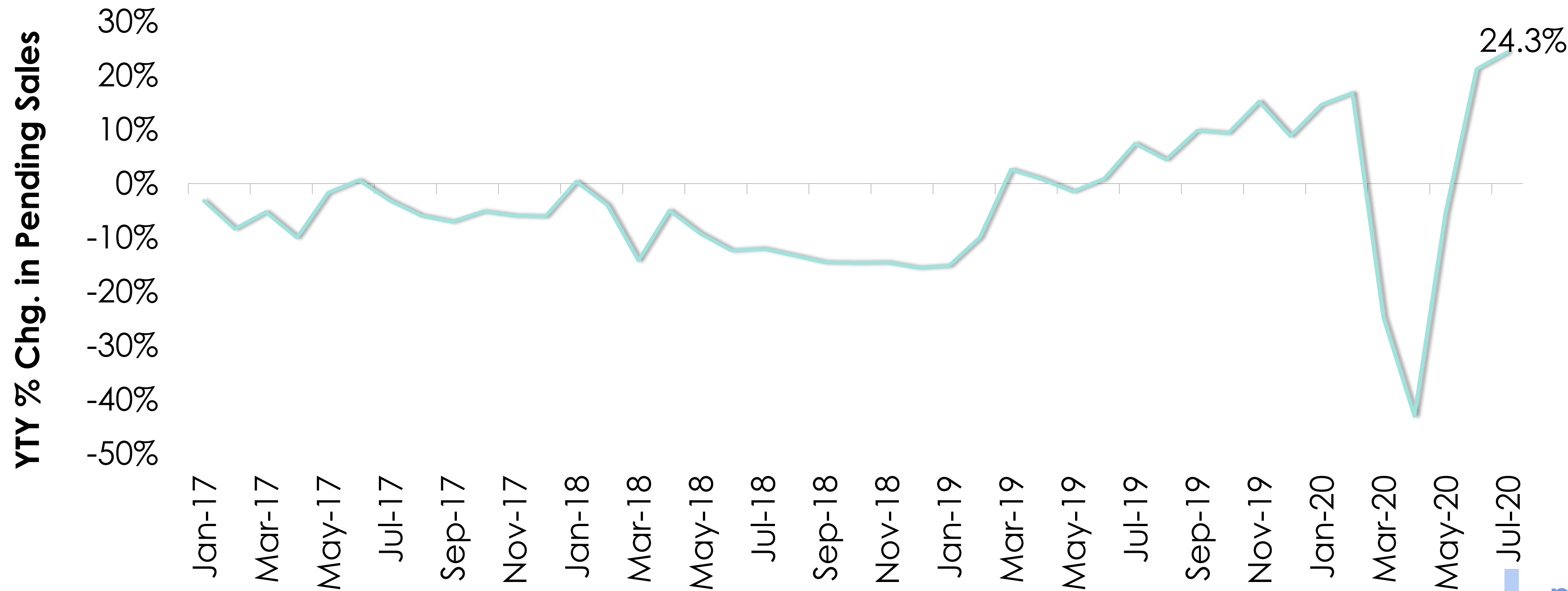
Weekly Change in New Mortgage Purchase Applications



Year-to-Year Change in New Mortgage Purchase Applications

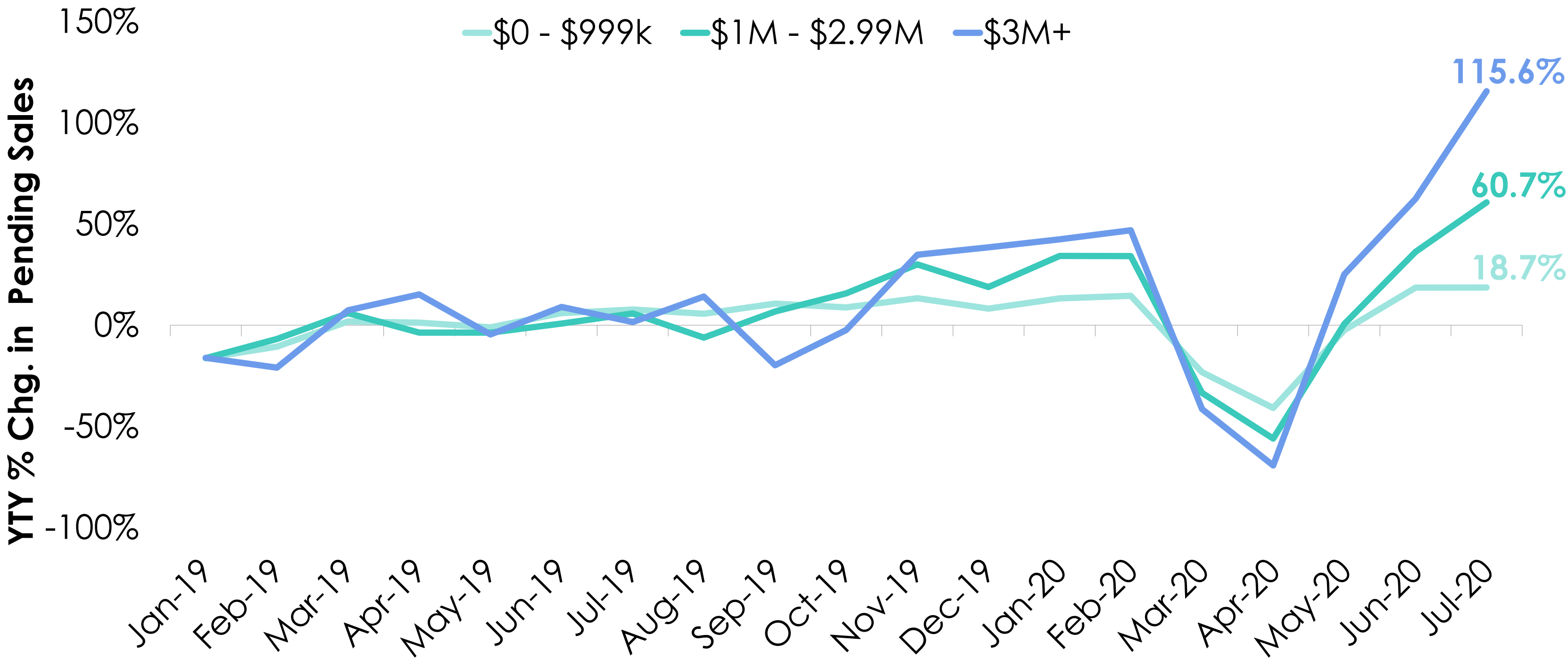


# Pending sales had the biggest increase since April 2012



SERIES: Percent Change in Pending Sales  
SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®

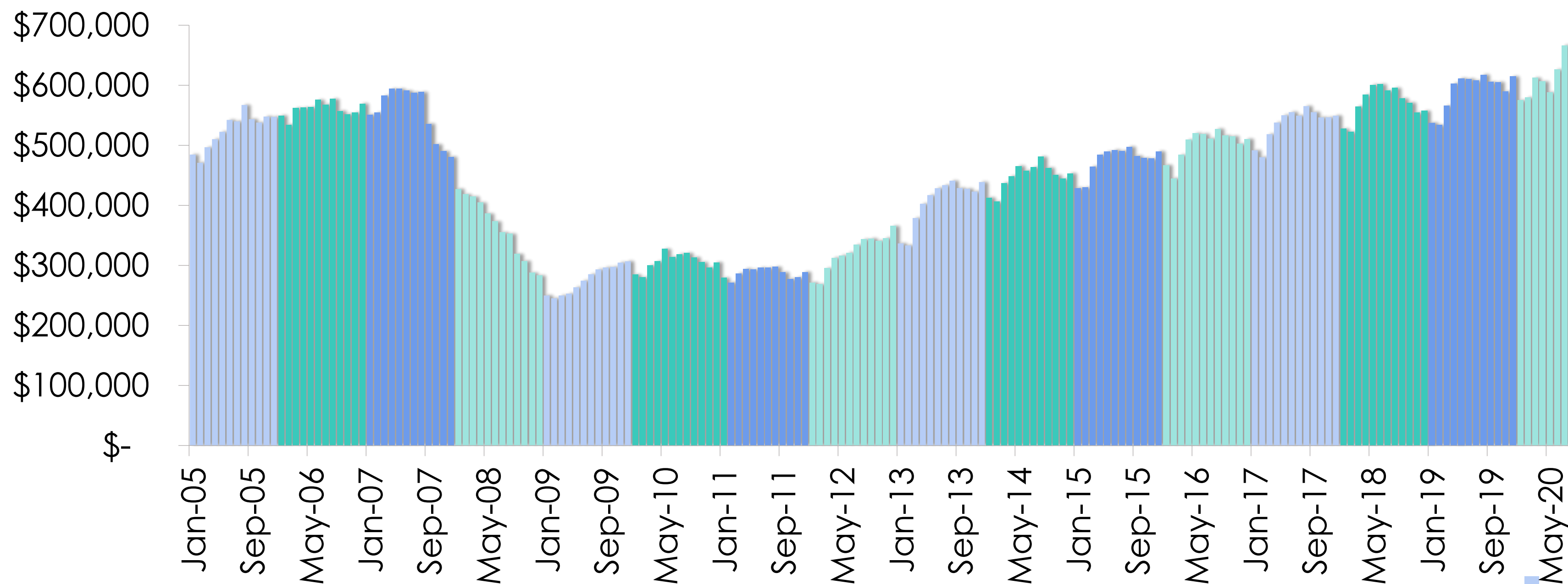
# Pending sales in the top end **outpaced** more affordable markets



SERIES: Percent Change in Pending Sales  
SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®

# More high-end home sales pushed median price to a new high

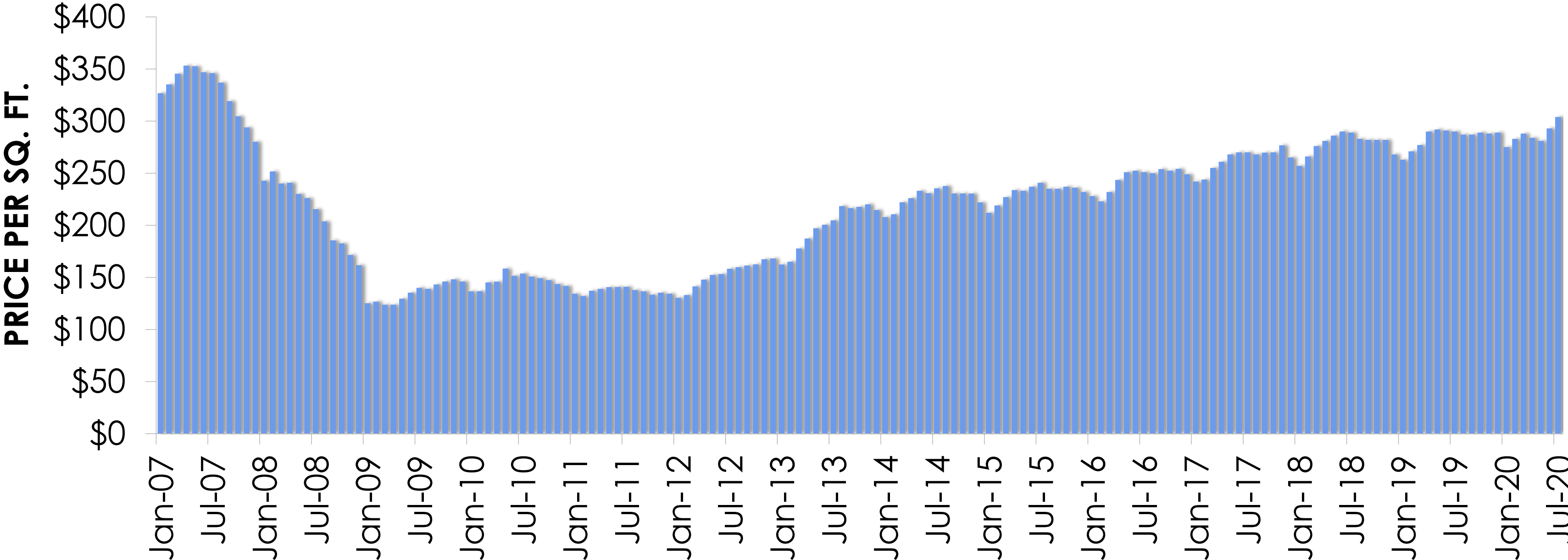
California, July 2020: **\$666,320**, +6.4% MTM, +9.6% YTY



SERIES: Median Price of Existing Single Family Homes  
SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®

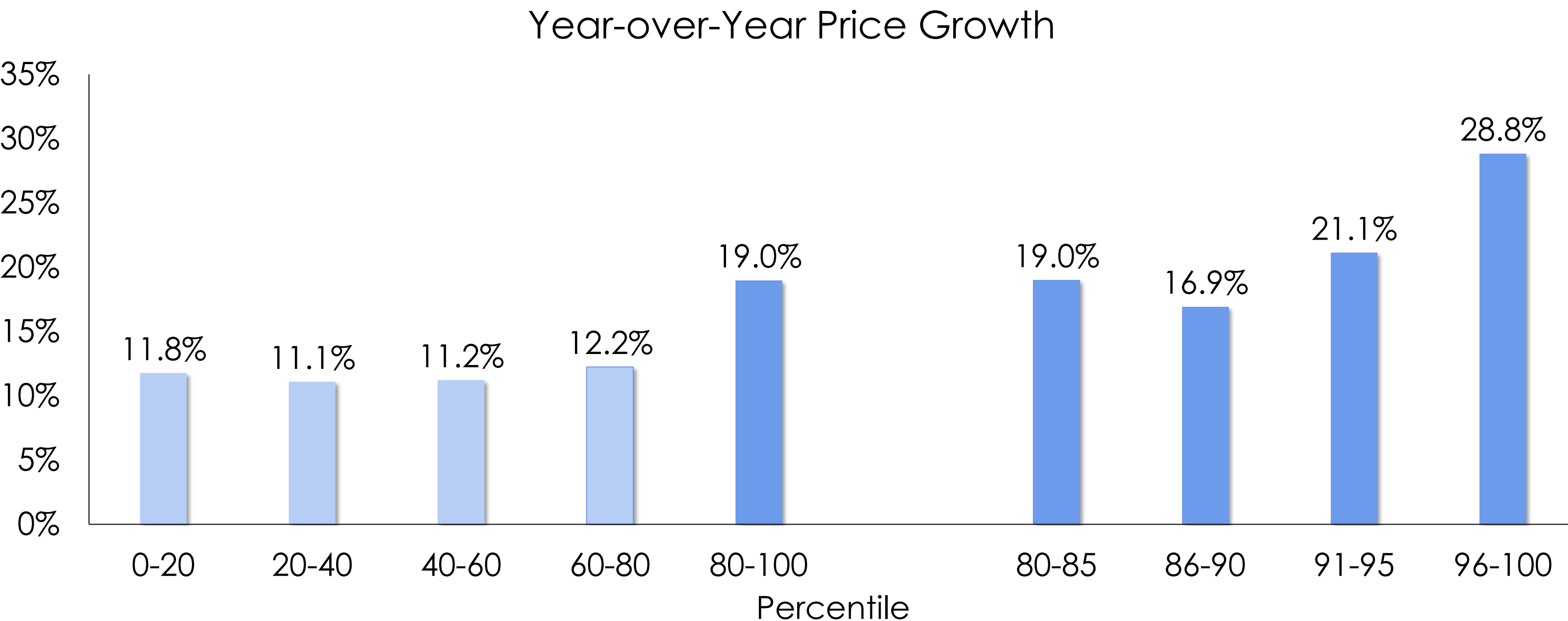
# Price/Square foot highest since late 2007

July 2020: **\$304**, +3.8% MTM, +4.8% YTY



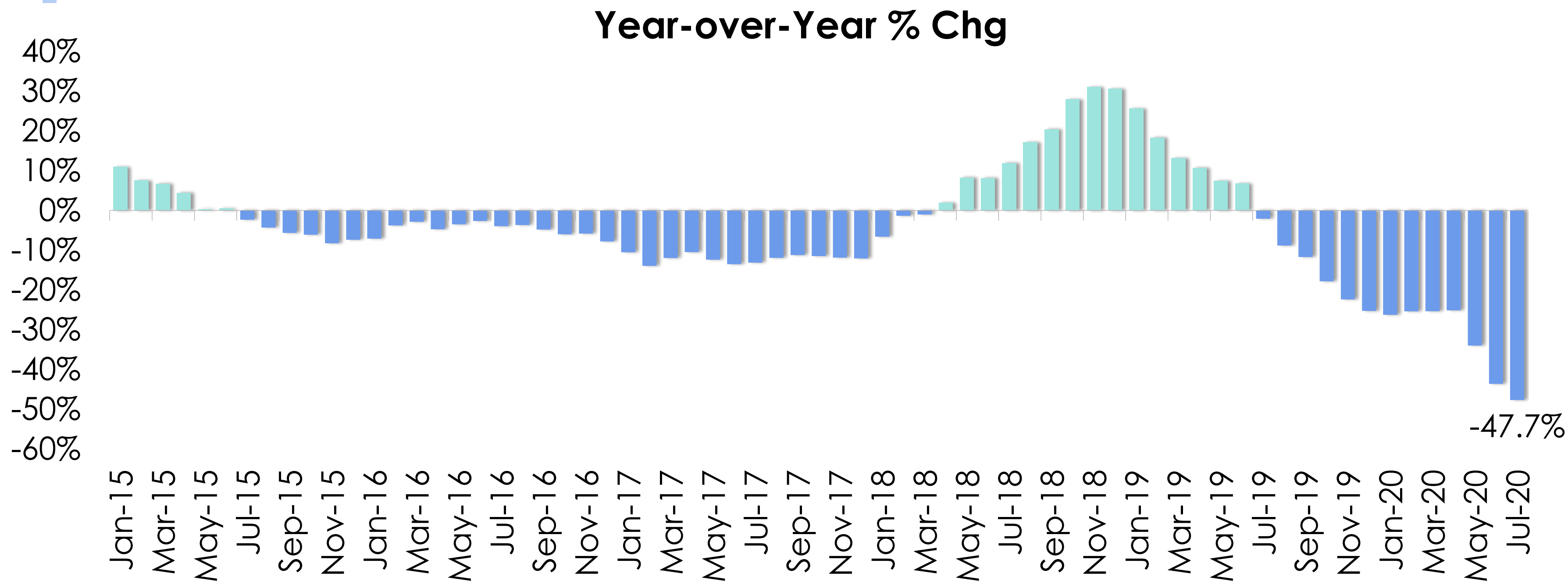
SERIES: Median Price Per Square Feet of Existing Single Family Homes  
SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®

# Price growth strongest in the top end

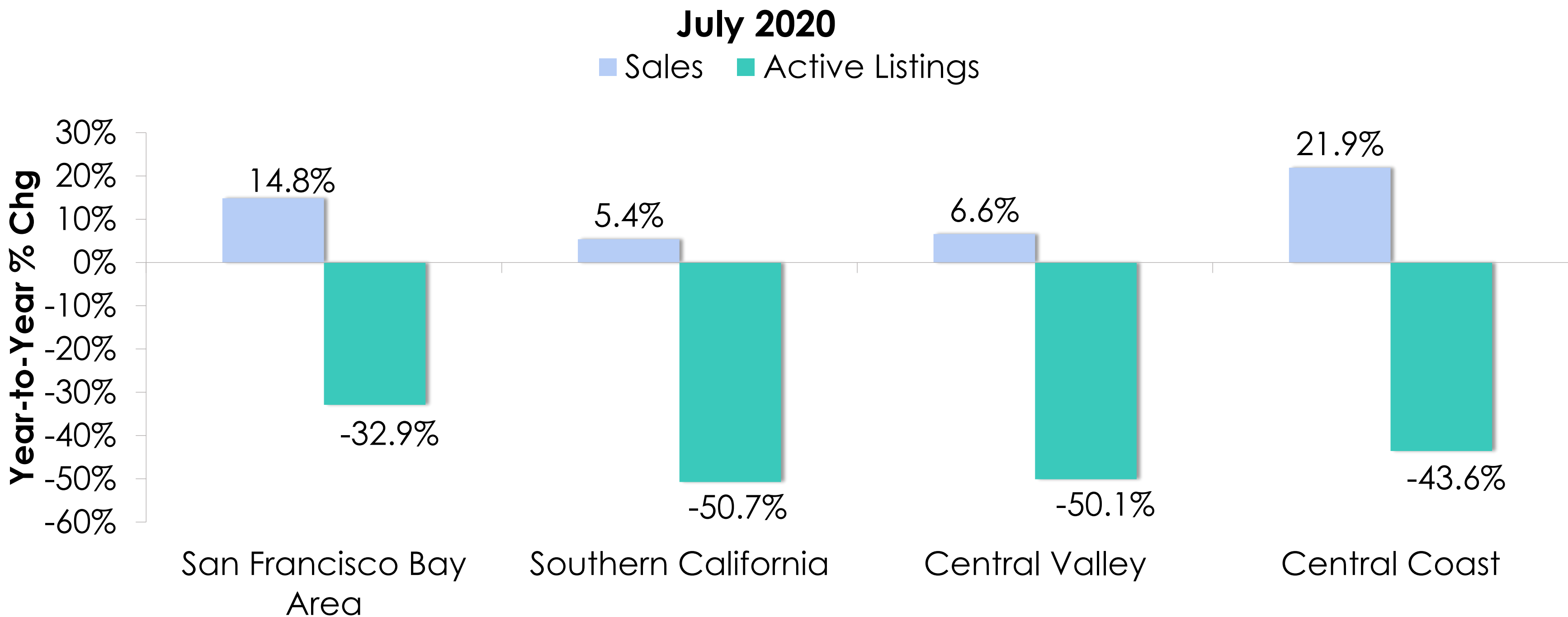


SERIES: Median Price of Existing Single Family Homes  
SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®

# Active listings plunged by almost half

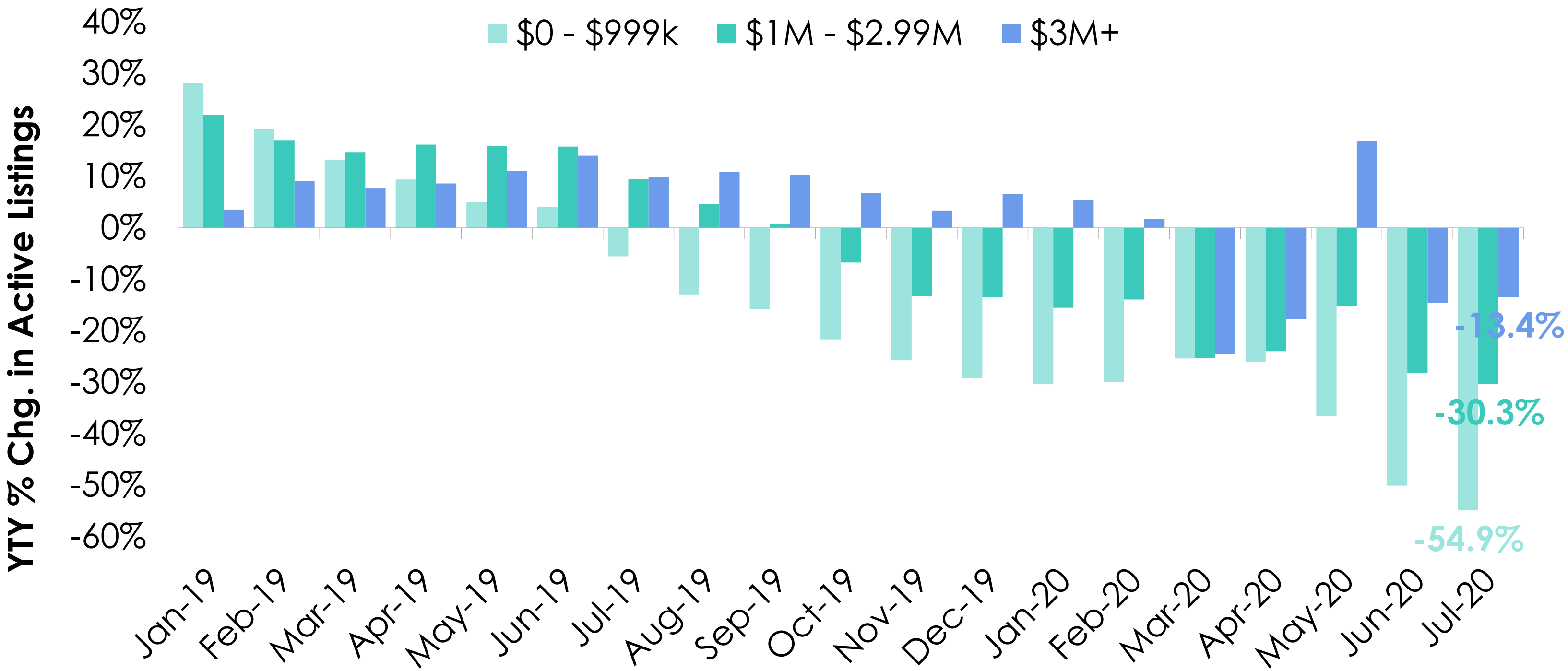


# Supply continued to drop as sales improved





# Active listings dipped more than half in sub-million dollar markets



SERIES: Percent Change in Active Listings  
SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®



# Inland Empire

monthly  
market  
report  
July  
2020

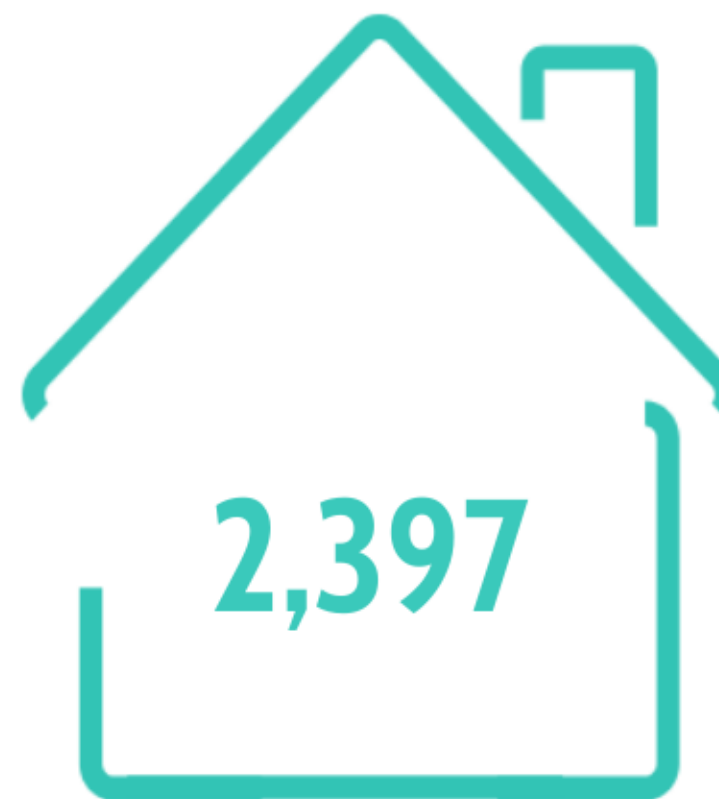
# Riverside County

## Median Price



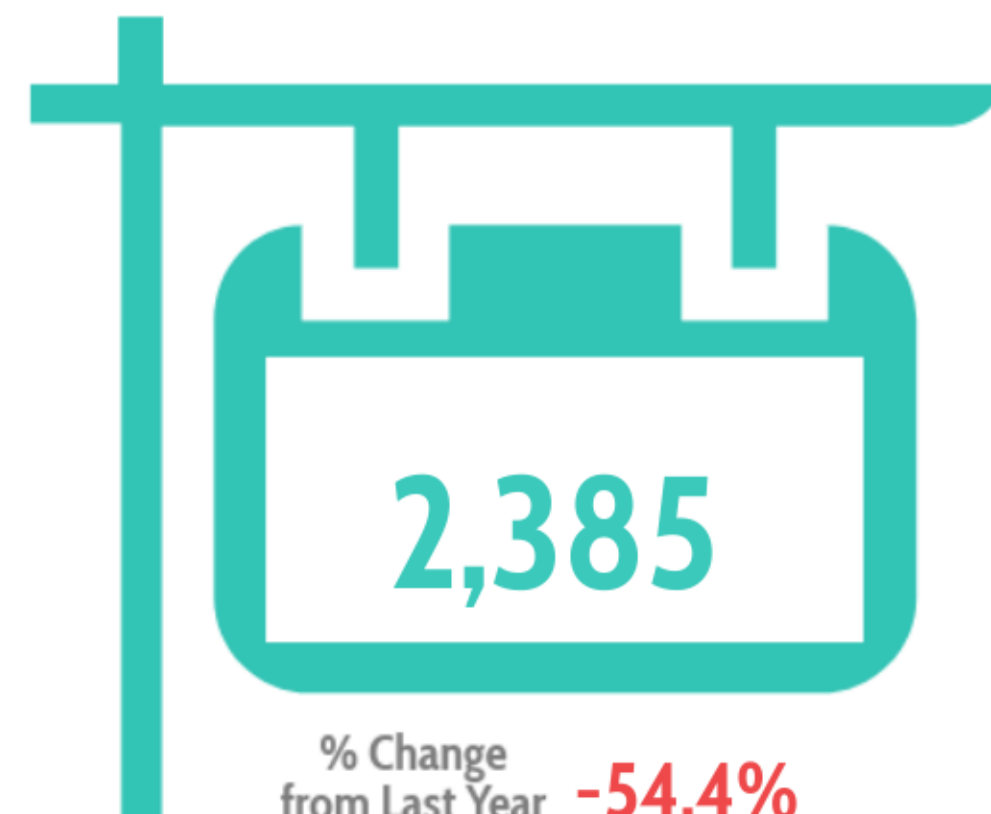
% Change  
from Last Year **+10.0%**

## Home Sales



% Change  
from Last Year **+11.1%**

## Active Listings



% Change  
from Last Year **-54.4%**

## Market Competition

Median  
Days on  
Market

**22**

Sales to  
List Price %

**100.0%**

% of Active  
Listings with  
Reduced Prices

**23.2%**

monthly  
market  
report  
July  
2020

# San Bernardino County

## Median Price



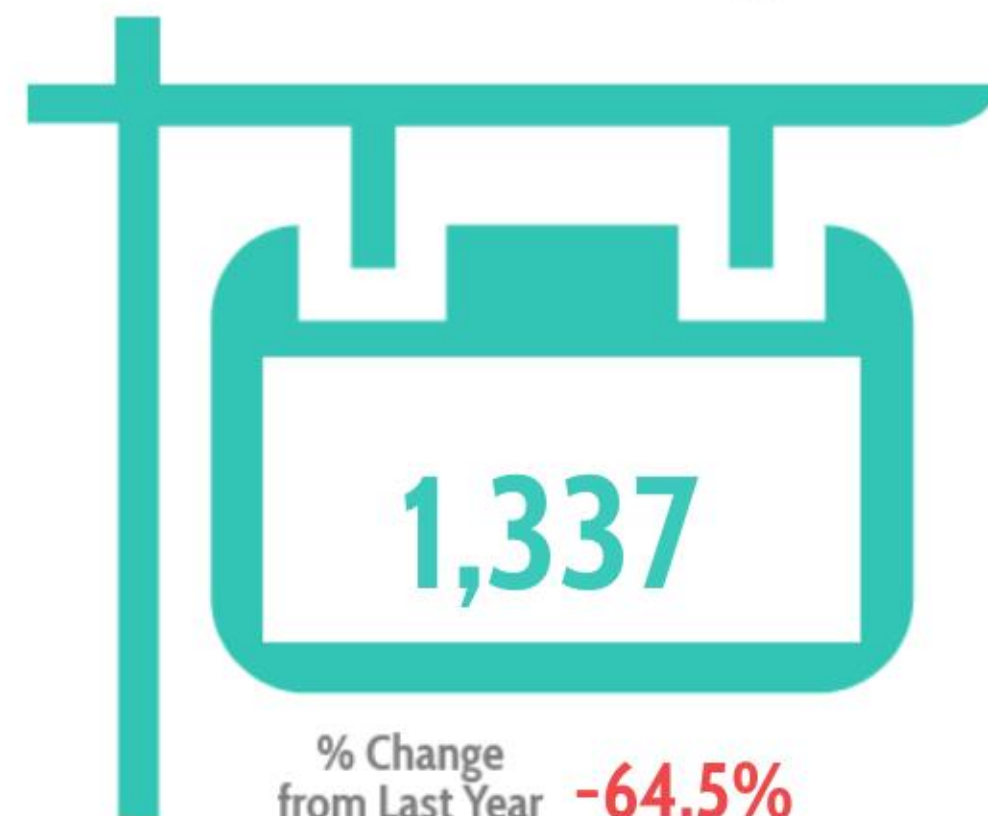
% Change  
from Last Year **+12.2%**

## Home Sales



% Change  
from Last Year **+13.0%**

## Active Listings



% Change  
from Last Year **-64.5%**

## Market Competition

Median  
Days on  
Market

**30**

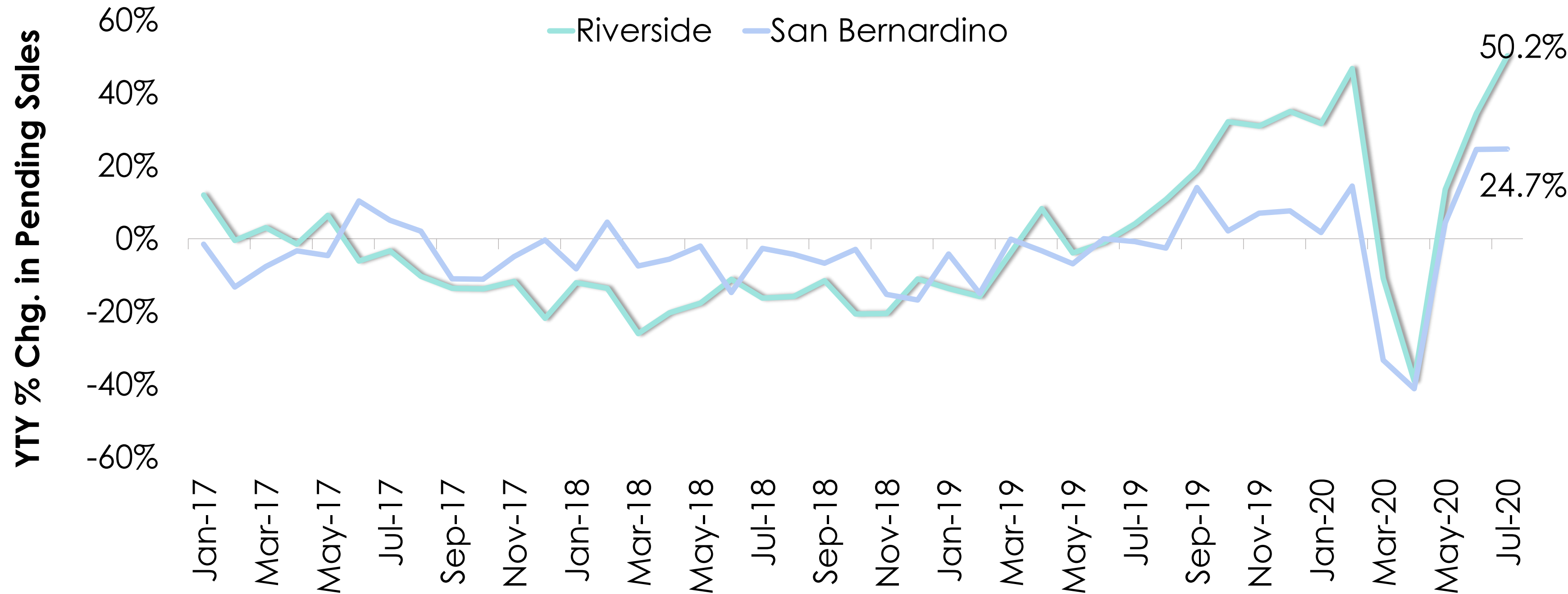
Sales to  
List Price %

**100.0%**

% of Active  
Listings with  
Reduced Prices

**25.5%**

# Pending sales: Momentum to continue in August

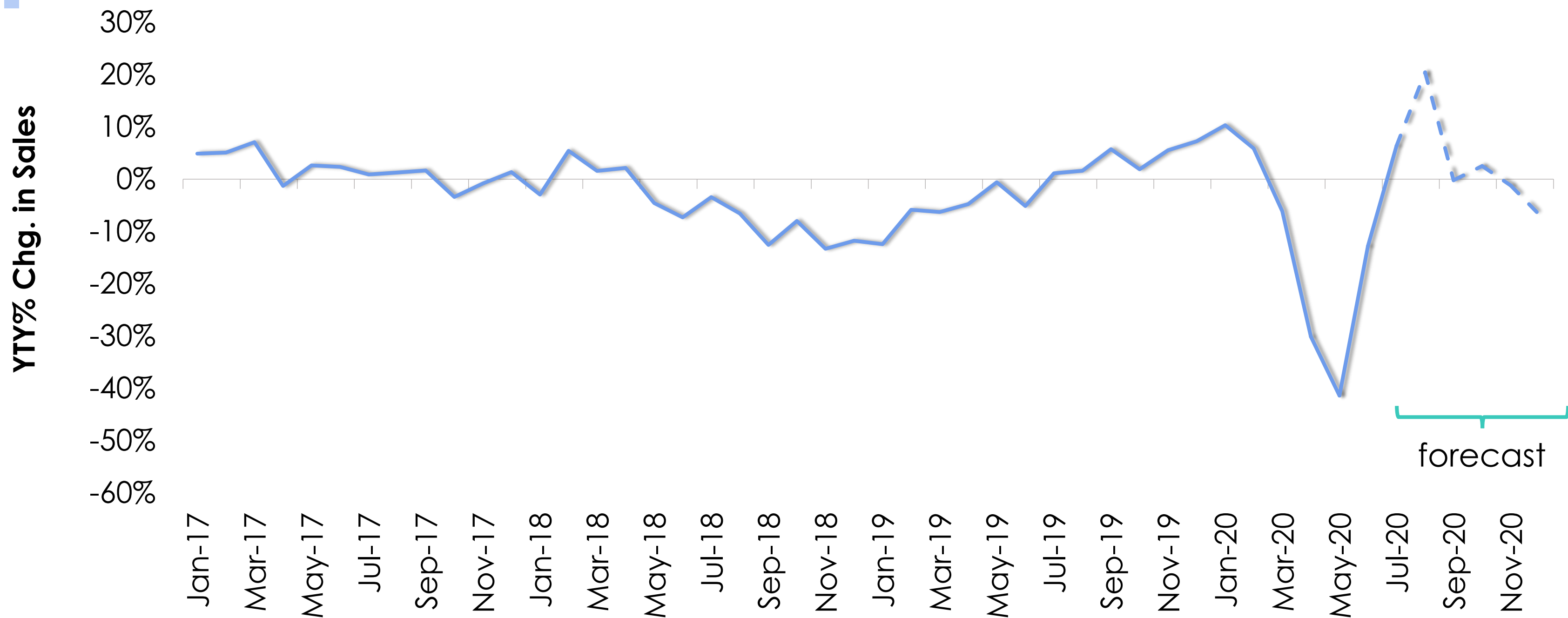


SERIES: Percent Change in Pending Sales  
SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®



# Outlook

# Sales expected to surge further in August, but began to slow in the fall



# High-end home sales and low rates push up California median price for the rest of 2020



SERIES: Median Price of Existing Single-Family Homes  
SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®



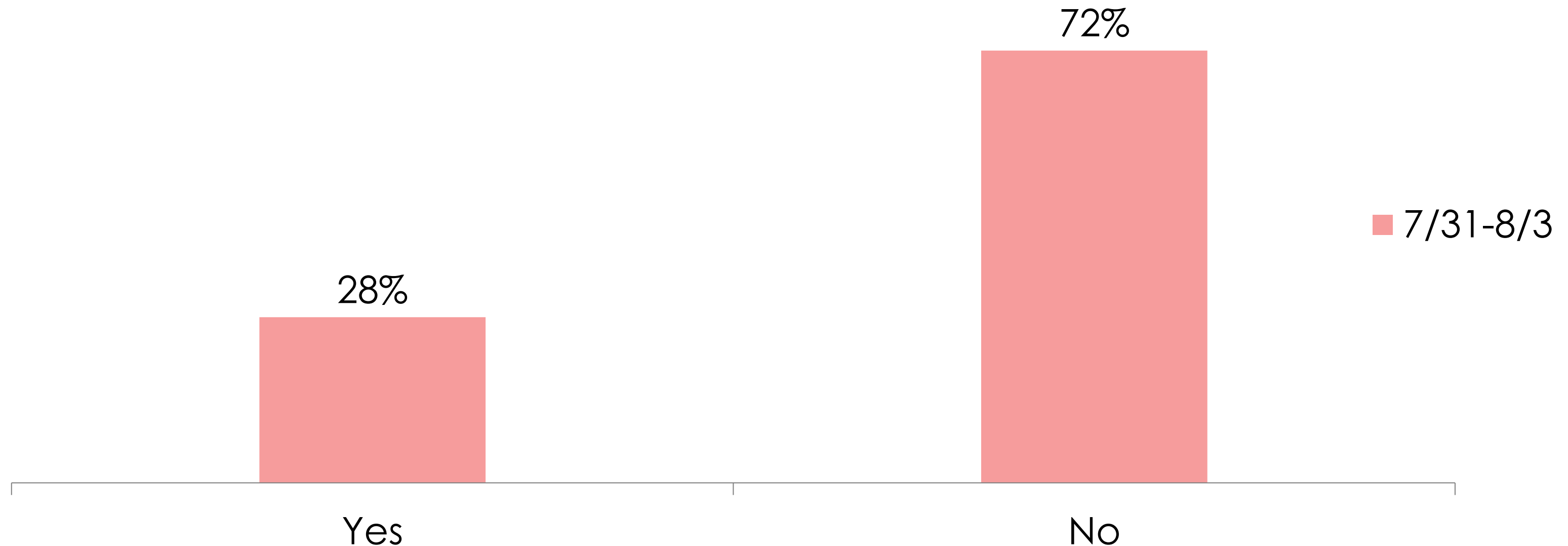
# New Normal - Remote working changes the “where” for homebuying



- Three quarters of those who work from home because of the coronavirus say they want to continue.
- Two-thirds say they would consider moving if given that flexibility.
- Remote working promotes homebuying in secondary cities, more remote locations with larger home.
- Half of those who are able to work from home say they would be open to a commute that was up to 45 minutes or longer.

# Survey results: REALTORS® noticed an increase in second home interest

Q: During this crisis, have you noticed an increase in clients interested in purchasing a second home?



# New Normal - Home and homeownership become even more valuable



## Home is more than just a roof and a shelter

- Remote working means spending more time at home
- A home is not just a place to live but also a place to work
- Those who work from home may also need a bigger house if more space is dedicated as the office

# New Normal - Retail and office spaces could help increase housing supply

## COVID-19 impact

- According to a UBS report, the U.S. retail industry appears to stand to lose 11% to 17% of its total store count by 2025.
- In the next five years, 100,000 retail stores will close nationwide, and the number of closed stores could rise as high as 150,000.
- Global Workplace Analytics predicts that 30% of people will work from home multiple days per week within a couple of years. Office space demand may decline as remote working becomes a new normal.

## Opportunity

- Vacant retail and office space could be converted into residential units, which would help to alleviate the shortage supply in the housing market.



# Concluding remarks



- The economy is bouncing back but the recovery will take time
- Coronavirus resurgence is concerning
- Sales will improve further in August, but demand is expected to slow
- Low rates and strong sales in high-end markets keep median price elevated
- Supply will tighten further
- There will be changes that affect the market



**Home Protection for Seniors, Severely Disabled, Families, and  
Victims of Wildfire or Natural Disasters Act**

# Timeline: Road to the November 2020 Ballot

## Initiative Filing and Signature Gathering

C.A.R. Filed Initiative in July 2019  
C.A.R. Launched Signature Gather Effort in October 2019



## Initiative Qualified for Nov 2020 Ballot Record Signatures, Record Time Under Budget by 15%

Nearly 1.5 Million Signatures supporting Initiative submitted Feb 2020  
Qualified for the November ballot on April 22, 2020  
Qualified in record time and under budget



## State Legislature passes bipartisan legislative alternative initiative working with C.A.R.

State Legislature passes bipartisan alternative initiative (ACA 11)  
June 26, 2020



## NOW – NOVEMBER 2020 Public Education and Awareness Campaign to Secure Votes in Favor of Prop 19

Educate Voters about benefits of Prop 19  
Build grassroots support and endorsements across the State



# Prop 19 Overview

Protects and Expands Prop 13

Prop 19 strengthens and expands portability for Prop 13 tax savings allowing seniors, people with severe disabilities, and victims of natural disasters/wildfires to transfer their Prop 13 tax base to replacement homes, regardless of the price.

Safeguards Family Transfers Against Threats

Prop 19 protects family transfers as intended under the law, safeguarding family homes against attacks and elimination, preserving this right in the California State Constitution.

Benefits Schools, Cities & Counties

Prop 19 will generate hundreds of millions in new funding for local schools and programs such as healthcare services, firefighters, emergency services, housing and homeless services.

Supports Fire Protection for Millions of Homes

Prop 19 creates a historic dedicated Fire Response Fund providing needed revenue to help protect millions of homes and lives, including for historically underfunded fire districts in rural and urban communities.

Tax Relief for Family Farms & Ranches

Prop 19 provides added tax relief for California's family owned farms and ranches to help protect generational farming.

More Opportunities for Homeownership

Prop 19 is a positive step to addressing the housing crisis: more accessibility and opening up inventory for families and first-time homebuyers, increasing opportunities for senior housing and retirement communities, making sure children can afford to keep their family home, and ensuring property tax fairness for California homeowners.





# Benefits of Prop 19

## *Win-Win for the Housing Market, Seniors, Families & Communities*

- Allows homeowners who are 55 years and older, people with severe disabilities, or victims of natural disasters and wildfires to transfer their property tax base to a replacement home that better meets their needs - such as closer to family or medical care, etc.
- Opens housing inventory for first-time homebuyers, families, and Californians throughout the state.
- Protects the right of families to pass the family home to their children, ensuring that property tax savings work as intended.
- Generates hundreds of millions in revenue for fire protection, schools and local government.
- Provides added tax relief for California's family owned farms and ranches to help protect generational farming.



# Broad Support Across the State

*Co-Sponsored with the California Professional Firefighters*

**Republican and Democratic State Elected Officials**

**Parties:** Republican Party – Neutral and Democratic Party Endorsement

**Agriculture:** California Farm Bureau, California Fresh Fruit Association, California Cattlemen's Association

**Business:** California Business Roundtable, California Building Industry Association, California Business Properties Association, regional chambers of commerce

**Fire Protection:** California Professional Firefighters, California Forestry Association, and wildfire victims

The California League of Cities and dozens of individual elected officials representing cities and school boards across the state

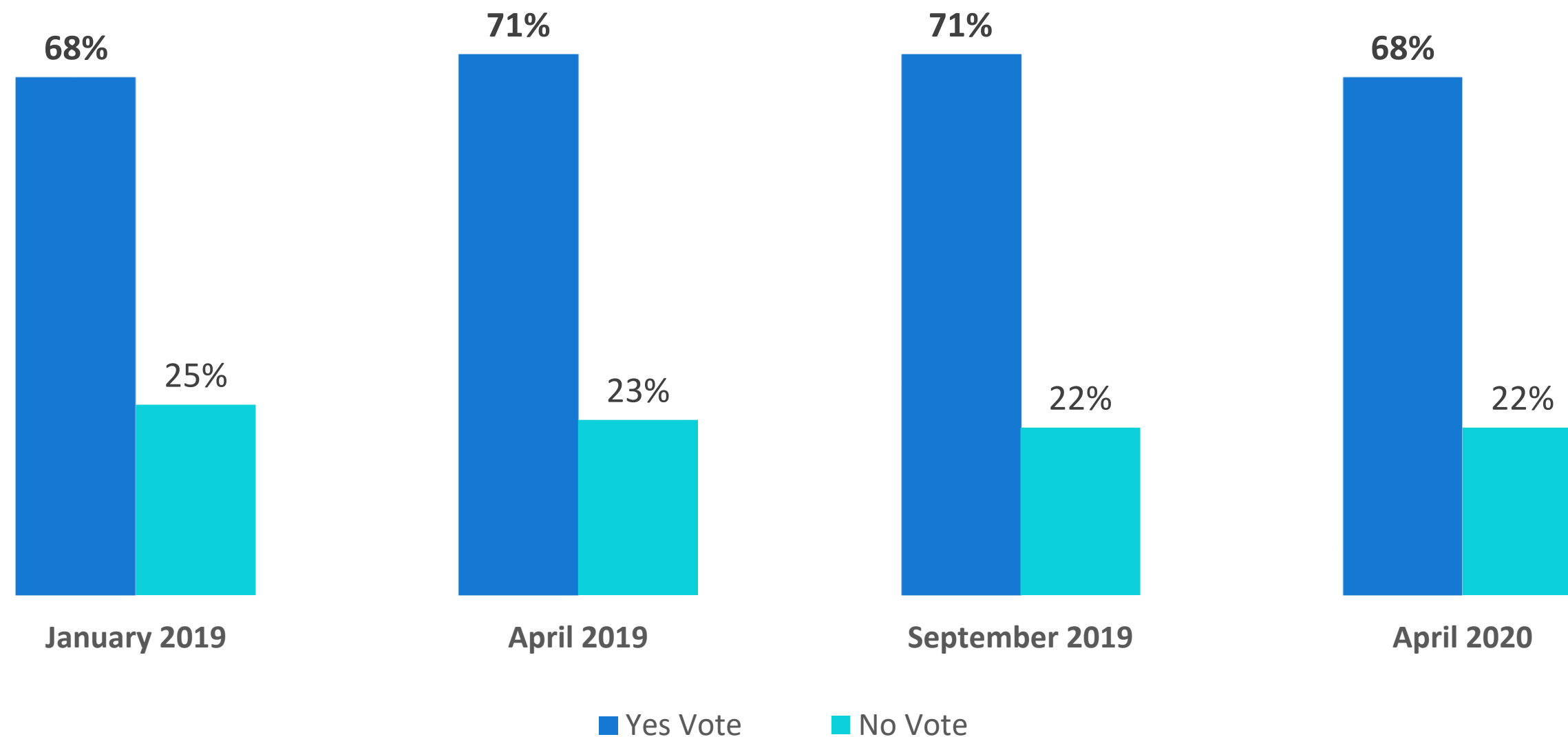
**Senior Groups:** California Senior Advocates League, Congress of California Seniors

(Partial List of Supporters)



# Voters Support Prop 19's Provisions

*Consistently Strong Voter Support - Even During COVID-19 Crisis*





# Microsite

*carhomecoalition.com*

Get the Facts   FAQs   News   Supporters   Get Involved   Log In

**YES  
ON 19**

**Support Proposition 19 - The Home Protection for Seniors, Severely Disabled, Families, and Victims of Wildfire or Natural Disasters Act**

Proposition 19...

Provides Housing Relief for Seniors, Families, Wildfire Victims &

**Sign Up to Get Involved with Yes on 19!**

FILL OUT FORM:



**REALTOR<sup>®</sup> PARTY**  
**★ of CALIFORNIA ★**  
CALIFORNIA ASSOCIATION OF REALTORS<sup>®</sup>

# Social Media

*Keep Up on the Latest With Us!*



[facebook.com/VoteYeson19](https://facebook.com/VoteYeson19)



[@voteyeson19](https://twitter.com/voteyeson19)



[@voteyeson19](https://www.instagram.com/voteyeson19)



**REALTOR<sup>®</sup> PARTY**  
**★ of CALIFORNIA ★**  
CALIFORNIA ASSOCIATION OF REALTORS<sup>®</sup>

# How Can You Get Involved?



**Host an online or Zoom information session or present to a local organization about this important issue.**

Using our prepared materials, we encourage members to educate and inform their colleagues, clients, neighbors, or local groups on Prop 19. (senior groups, local chambers, neighborhood associations, etc.)



**Share the core benefits of Prop 19 on social media.**

We have prepared social media content for members to use on their own platforms. You can also follow C.A.R. on Twitter, Facebook and Instagram to share our content.



**Share a story of someone who will benefit.**

We will share “Supporter Spotlights” where we will highlight personal accounts of how Prop 19 will benefit people.

Contact [realtorparty@car.org](mailto:realtorparty@car.org) to get involved!



# QUESTIONS?

Have a story or want to get involved?

Email [\*realtorparty@car.org\*](mailto:realtorparty@car.org)



「Thank You」