Southern California Home Sales Decline; Median Sale Price Still Up Year Over Year

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CoreLogic® (NYSE: CLGX), a leading global property information, analytics and data-enabled services provider, today released its January 2015 Southern California housing market report. Home sales in January fell sharply from December, as they normally do, and dipped modestly from a year earlier, marking the 14th month in the last 16 to post a year-over-year sales decline. The median price paid for a home in the six-county region also dropped month over month but rose year over year for the 34th consecutive month, although that increase was less than half the gain of a year earlier.

A total of 13,560 new and resale houses and condos sold in Los Angeles, Riverside, San Diego, Ventura, San Bernardino and Orange counties in January 2015. That was down month over month 29.4 percent from 19,205 sales in December 2014, and down year over year 6.3 percent from 14,471 sales in January 2014, according to CoreLogic DataQuick data.

On average, Southern California sales have fallen 27.6 percent between December and January since 1988, when CoreLogic DataQuick data began.

January home sales have ranged from a low of 9,983 in 2008 to a high of 26,083 in 2004. January 2015 sales were 21.7 percent below the January average of 17,322 sales since 1988.

"The January and February statistics are always interesting, and sometimes a bit strange, but they're not necessarily a good indication of what's to come," said Andrew LePage, data analyst for CoreLogic DataQuick. "That's largely because many traditional buyers and sellers drop out of the housing market during the holidays and mid winter, and therefore don't close deals during those months. In recent years that's led to somewhat higher concentrations of investor activity for January and February, and we saw that again last month. Heading into spring it will be interesting to see whether price appreciation and other factors will finally release a lot of the pent-up supply of homes out there. More owners have gained enough equity to sell and buy another home and more will be satisfied with how much their homes can fetch. At the same time, recent gains in job and income growth, coupled with low mortgage rates, could stoke demand and put significant pressure on prices unless we see a meaningful jump in inventory."

The median price paid for all new and resale houses and condos sold in the six-county region in January 2015 was $409,000, down 1.4 percent month over month from $415,000 in December 2014 and up 7.6 percent year over year from $380,000 in January 2014. The median hasn't changed significantly since September 2014, when it was $413,000. The median's peak for 2014 was $420,000 in August.

Southern California's median sale price has risen on a year-over-year basis each month since April 2012. In the 22 months between August 2012 and May 2014 those annual gains were double digit, as high as 28.3 percent in June 2013. Since then, the year-over-year increases in the median sale price have been single-digit. In January 2014 the median rose 18.4 percent compared with January 2013 – more than twice the 7.6 percent gain when comparing January 2015 with January 2014.

The January 2015 median sale price was 19.0 percent below the peak median price of $505,000 reached in March, April, May and July of 2007. Among the region's six counties, the January 2015 median in Orange County ($562,500) was the closest – within 12.8 percent – to its peak of $645,000 in June 2007.

Home prices in Southern California have been rising at different rates depending on price segment. In January 2015, the lowest-cost third of the region's housing stock experienced a 9.0 percent year-over-year increase in the median price paid per square foot for resale single-family detached houses. The annual gain was 5.7 percent for the middle third of the market and 3.2 percent for the top, most-expensive third.

The number of homes that sold for $500,000 or more in January 2015 rose 2.0 percent compared with January 2014. Sales below $500,000 fell 13.8 percent year over year, and sales below $200,000 dropped 30.3 percent.

Other Southern California housing market highlights from January 2015 include the following:

- Foreclosure resales represented 5.7 percent of the resale market in January. That was up from a revised 5.3 percent in December 2014 and down from 6.6 percent in January 2014. In recent months the foreclosure resale rate has been the lowest since early 2007. In the current cycle, foreclosure resales hit a high of 56.7 percent in February 2009. Foreclosure resales are purchased homes that have been previously foreclosed upon in the prior 12 months.
- Short sales made up an estimated 6.5 percent of resales in January, up from a revised 6.2 in December 2014 and down from 10.7 percent in January 2014. Short sales are transactions in which the sale price fell short of what was owed on the property.
- Absentee buyers – mostly investors – bought 25.0 percent of the homes sold in January. That was up from a revised 23.6 percent in December 2014 and down from 27.6 percent in January 2014. The December 2014 absentee level tied the October 2014 level as the lowest for any month since October 2010, when 22.1 percent of homes were sold to absentee buyers. The peak absentee share was 32.4 percent in January 2013, and the monthly average since 2000, when CoreLogic DataQuick absentee data began, is about 19 percent. Absentee buyers include those who purchase vacation homes or other properties that public property records suggest are not used as primary residences.
- Cash buyers accounted for 24.6 percent of January home sales, up from a revised 22.2 percent in December 2014 and down from 29.9 percent in January 2014. The December 2014 cash share was the lowest for any month since January 2009, when 22.0 percent of homes were bought with cash. The peak was 36.9 percent in February 2013, and the monthly average since 1988 is about 17 percent.
- Jumbo loans, or mortgages above the old conforming limit of $417,000, accounted for 30.7 percent of purchase lending in January, down from a revised 32.1 percent in December 2014 and up from 26.6 percent in January 2014. The July/August 2014 level of 32.3 percent was the highest since the credit crunch struck in August 2007. Prior to August 2007, jumbo loans accounted for around 40 percent of the home-loan market. The jumbo level dropped to as low as 9.3 percent in January 2009.
- Adjustable-rate mortgages (ARMs) represented 11.3 percent of home purchase loans in January, down from 12.3 percent in December 2014 and down from 13.5 percent in January 2014. The ARM share dropped to as low as 1.9 percent of home purchase loans in May 2009. Since 2000, a monthly average of about 30 percent of purchase loans have been ARMs.
- The typical monthly mortgage payment for Southern California home buyers in January was $1,501, down from $1,558 in December 2014 and down from $1,528 in January

2014. Adjusted for inflation, the January 2015 typical payment was 37.7 percent below the typical payment in the spring of 1989, the peak of the prior real estate cycle. It was also 48.9 percent below the current cycle's peak in July 2007.

Total January Home Sales in Selected Southern California Counties

	Homes Sold			Median Sale Prices		
All homes	**Jan-14**	**Jan-15**	**Percent Change**	**Jan-14**	**Jan-15**	**Percent Change**
Los Angeles	4,913	4,738	-3.60%	$410,000	$460,000	12.20%
Orange	2,205	1,982	-10.10%	$550,000	$562,500	2.30%
Riverside	2,576	2,323	-9.80%	$277,000	$287,500	3.80%
San Bernardino	1,910	1,712	-10.40%	$220,000	$236,000	7.30%
San Diego	2,338	2,233	-4.50%	$405,000	$435,000	7.40%
Ventura	529	572	8.10%	$445,000	$462,500	3.90%
SoCal	**14,471**	**13,560**	**-6.30%**	**$380,000**	**$409,000**	**7.60%**

Source: CoreLogic DataQuick. Data available at DQNews.com
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