

# **Southern California Home Sales Dip To Three-Year Low; Smaller Year-Over-Year Gain for Median Sale Price**

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CoreLogic® (NYSE: CLGX), a leading global property information, analytics and data-enabled services provider, today released its October Southern California homes sales report. Southland homes sold at the slowest pace for the month of October in three years as sales to investors and cash buyers continued to run well below October 2013 levels. Additionally, the median price paid for a home fell month-over-month again and the single-digit gain from a year earlier was the smallest in 28 months.

A total of 19,271 new and resale houses and condos sold in Los Angeles, Riverside, San Diego, Ventura, San Bernardino and Orange counties in October 2014. That was down 0.4 percent from 19,348 sales in September, and down 4.4 percent from 20,150 sales in October 2013, according to CoreLogic DataQuick data.

Last month's sales decline from September was not unusual. On average, Southern California sales have fallen 0.3 percent between September and October since 1988, when CoreLogic DataQuick data begin.

October home sales have ranged from a low of 12,913 in 2007 to a high of 37,642 in 2003. October 2014 sales were 17.7 percent below the October average of 23,413 sales.

"It was another sub-par month for Southern California home sales. We've yet to see traditional buyers fill the void left by the drop-off in investor and cash buyers, which began in spring last year," said Andrew LePage, data analyst for CoreLogic DataQuick. "Of course, there are multiple reasons for this year's lackluster sales. New-home transactions are still running at about half their normal level. The resale market is hampered by constrained inventory in many areas, in part because some people who want to put their homes up for sale still haven't regained enough equity to purchase their next home. Then there are the would-be buyers who continue to struggle with affordability and mortgage availability, if not uncertainty over their employment or the direction of the housing market."

The median price paid for all new and resale houses and condos sold in the six-county region in October 2014 was \$410,000, down 0.7 percent from \$413,000 in September and up 6.8 percent from \$383,750 in October 2013. The median price also fell month-over-month between September and August this year. The August median of \$420,000 was the highest for any month since December 2007, when it was \$425,000.

The 6.8 percent year-over-year gain for the October median sale price marked the fifth consecutive month with a single-digit annual increase following 22 straight months of double-digit gains as high as 28.3 percent. The last time the year-over-year increase in the median sale price was lower than last month's gain was in June 2012, when it was 5.3 percent.

The \$410,000 October median stood at 18.8 percent below the peak \$505,000 median reached in spring/summer 2007. Among the region's six counties, the October 2014 median in Orange County (\$595,000) was the closest – within about 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 October, the lowest-cost third of the region's housing stock saw a 13.6 percent year-over-year increase in the median price paid per square foot for resale houses. The annual gain was 5.1 percent for the middle third of the market and 3.6 percent for the top, most-expensive third.

The number of homes that sold for \$500,000 or more rose 2.6 percent in October compared with a year earlier. Sales below \$500,000 fell 10.4 percent year-over-year, and sales below \$200,000 dropped 30.8 percent.

In October 2014, 35.8 percent of all Southern California home sales were for \$500,000 or more, down from 36.4 percent in September and up from 32.8 percent in October 2013.

Also in the region, distressed property sales continued to wane last month.

Foreclosure resales represented 4.8 percent of the Southern California resale market in October. That was up insignificantly from 4.7 percent the prior month and down from 6.3 percent a year earlier. 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 homes foreclosed on in the prior 12 months.

Short sales made up an estimated 5.9 percent of resales last month. That was down from 6.1 percent the prior month and down from 10.8 percent a year earlier. Short sales are transactions where the sale price fell short of what was owed on the property.

## **Other Southern California housing market highlights from October 2014:**

- Absentee buyers – mostly investors and some second-home purchasers – bought 23.6 percent of the homes sold last month. That tied the September 2014 revised absentee level as the lowest since October 2010, when 22.1 percent of homes were sold to absentee buyers. The October figure was down from 27.1 percent a year earlier. The peak absentee share was 32.4 percent in January 2013, while the monthly average since 2000, when the CoreLogic DataQuick absentee data begin, is about 19 percent.
- Buyers paying cash accounted for 23.5 percent of October home sales, down from a revised 24.2 percent the prior month and down from 28.6 percent a year earlier. Last month's figure was the lowest since January 2009, when 22.0 percent of homes were bought with cash. The peak was 36.9 percent in February 2013, and since 1988 the monthly average has been 16.7 percent.
- In October, Southern California home buyers committed a total of \$4.12 billion of their own money in the form of down payments or cash purchases. That was down from a revised \$4.50 billion in September. The out-of-pocket total peaked in May 2013 at \$5.41 billion.
- Jumbo loans, or mortgages above the old conforming limit of \$417,000, accounted for 31.3 percent of purchase lending in October, up from a revised 30.9 the month before and up from 26.3 percent a year earlier. 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.
- In October, 12.9 percent of home purchase loans were adjustable-rate mortgages (ARMs), down slightly from 13.3 percent the month before and up from 12.0 percent a year earlier. 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.
- All lenders combined provided a total of \$5.58 billion in mortgage money to Southern California home buyers in October, down from a revised \$5.63 billion the month before and down from \$5.63 billion a year earlier.
- The typical monthly mortgage payment in Southern California was \$1,574 in October 2014, down from \$1,608 the month before and up from \$1,499 a year earlier. Adjusted for inflation, the typical payment in October was 35.5 percent below the typical payment in the spring of 1989, the peak of the prior real estate cycle. It was also 47.2 percent below the current cycle's peak in July 2007.

## Total October Home Sales in Selected Southern California Counties

	Homes Sold			Median Sale Prices		
All homes	Oct-13	Oct-14	Percent Change	Oct-13	Oct-14	Percent Change
Los Angeles	7,038	6,808	-3.30%	\$425,000	\$455,000	7.10%
Orange	2,987	2,849	-4.60%	\$540,000	\$595,000	10.20%
Riverside	3,277	3,118	-4.90%	\$270,000	\$294,750	9.20%
San Bernardino	2,530	2,358	-6.80%	\$229,550	\$245,000	6.70%
San Diego	3,509	3,308	-5.70%	\$412,750	\$440,000	6.60%
Ventura	809	830	2.60%	\$446,500	\$474,500	6.30%
<b>SoCal</b>	<b>20,150</b>	<b>19,271</b>	<b>-4.40%</b>	<b>\$383,750</b>	<b>\$410,000</b>	<b>6.80%</b>

Source: CoreLogic DataQuick. Data available at DQNews.com  
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