

Monthly Real Estate Statistical Update

Up-to-date data on crucial California real estate trends from **first tuesday**

March 2015 • Vol. 4 • Issue 3 • *Shrinking home sales volume creates opportunities for end users*

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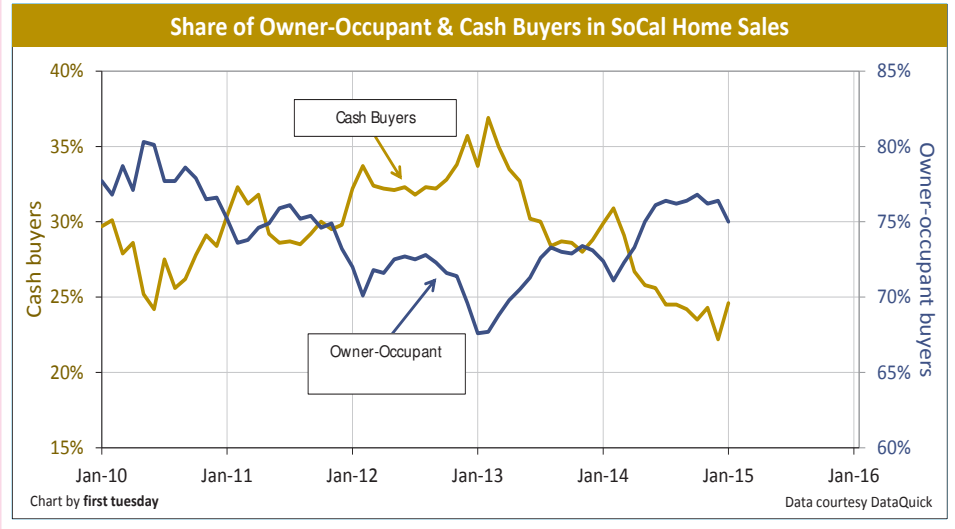
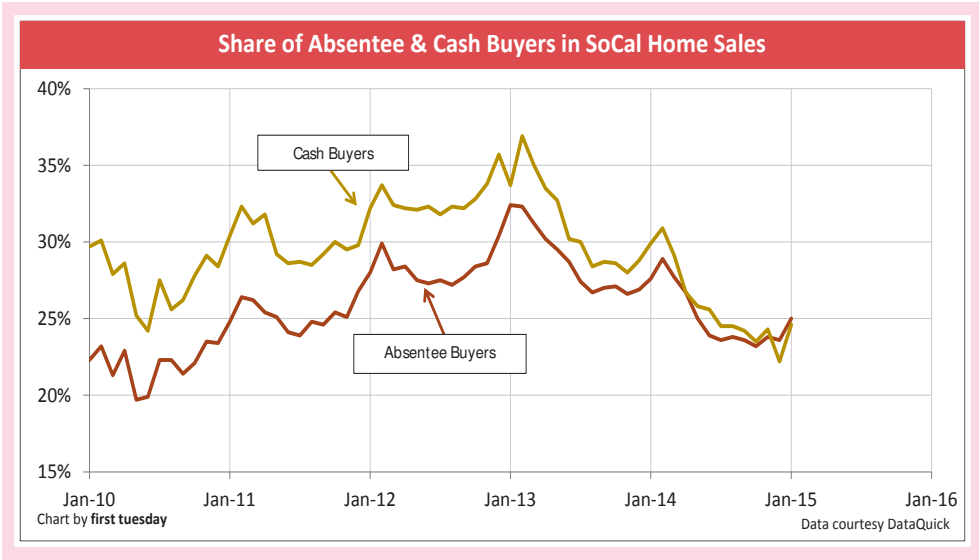
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Speculator activity, lowest in four years

This chart displays the monthly percentage of **all-cash home purchases** in Southern California, as well as **non-occupant buyers**, as a percentage of all buyers. Note the annual cycle which peaks each year in February.

Absentee homebuyers, including both long-term investors and short-term speculators, purchased a quarter of all homes sold in Southern California in January 2015. A downward trend in their participation continues from the post-recession peak of 32% in February 2013, now the lowest in four years. **Cash buyers** acquired 25% of homes sold in January 2015, well below their peak 37% share two years earlier, and the lowest January rate in six years.

Most, but not all, of these cash buyers are absentee homebuyers. Absentee, **cash-flush speculators** were the driving force behind the price spike of 2013-2014.



End user buyers seeing speculators off

This chart tracks the percentage of Southern California homebuyers making **all-cash purchases** with the ratio of **end user homebuyers** who will occupy the properties purchased.

75% of homebuyers were **buyer-occupants** in January 2015. Their share of California **home buying activity** continues a two-year pattern of increased participation following a bottom in late 2012-early 2013.

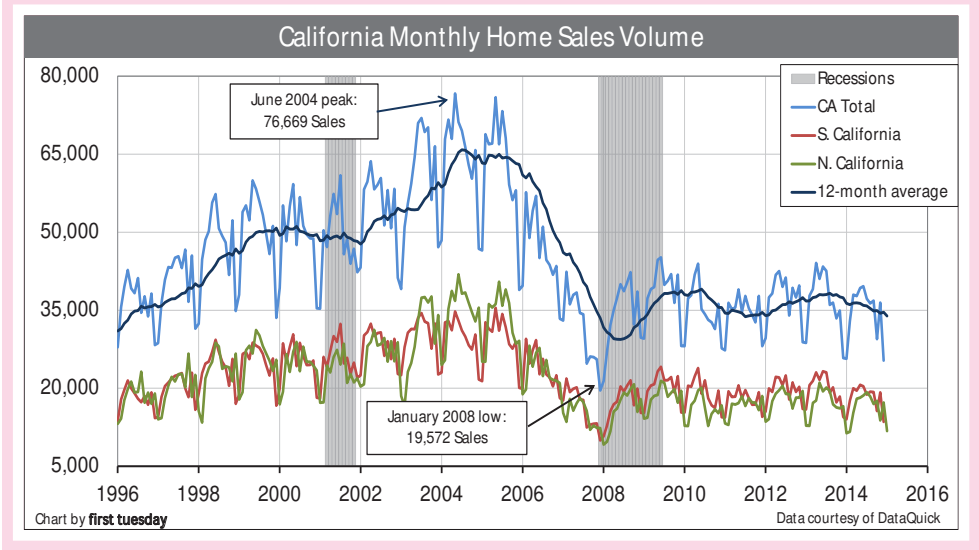
By the end of 2015, **end user participation** will increase since lower mortgage rates permit buyers to borrow more and thus pay more than today's speculators are willing to pay. The recent relaxation of down payments and mortgage insurance premiums (MIPs) will also encourage buyer-occupant acquisitions.

Home sales volume stays stubbornly flat

This chart plots the number of **homes sold monthly** in Northern and Southern California, as well as statewide. A one-year moving average of **statewide home sales volume** is also displayed.

January **home sales volume** in California was down 2% from one year earlier. California home sales volume since the **Great Recession** has displayed a long-term falling trend.

Recent decreases in sales volume correspond with the **speculator exit** from the market — which also accounts for the increasing ratio of end user buyers. Though fewer homes are being sold annually, more of them are going to buyers who intend to live in them.



Click on any chart for more information!