

Week Ending

May 1, 2021

California Weekly Data



How the market is doing



% change indicates
change from
previous week

*Daily Average

Last week, there were...

797 -8.7%

Closed Sales

934 -7.6%

Pending Sales

876 -4.2%

New Listings

What REALTORS® are saying



24.7% -7.9%

Closed a sale
last week

29.9% 1.0%

Entered escrow
last week

29.5% 11.5%

Listed a property
last week

What REALTORS® think will happen



53.9% -9.0%

Think sales
will be **up**
next week

67.2% -11.2%

Think prices
will be **up**
next week

53.9% 6.4%

Think listings
will be **up**
next week

California REALTOR® optimism about the housing market remains high as California consumers remain relatively bullish on selling and, despite a highly competitive market environment, relatively undaunted on buying as well. This is due in large part to a gradually improving picture of California's pandemic numbers and the corresponding growth in the broader economic indicators in the state. However, the prospect of rising rates is creating more urgency for would-be buyers, which is pushing prices up and affordability down relatively.

California Housing Market Continues to Grow in First Week of May: Based upon the first week of sales in May and more complete reporting on closed sales in April, California should see an acceleration in the market for last month. Every week of April recorded a 40%+ increase from the same point in 2020. In addition, this momentum appears to have carried forward into the first month of May, which was 52.5% above the first week of May last year. REALTOR® optimism in our weekly survey was also amongst the highest we've measured since the onset of the crisis.

Public Health Numbers Remain Encouraging: The number of new coronavirus cases did not drop dramatically last week, but the 7-day average for new coronavirus cases remained below 2,000 for much of the week. The raw volume of new COVID-19 cases did rise above 2,000 for two days last week, and more than 100 deaths were recorded over the past two days, but overall, California's public health numbers continue to improve.

Forbearance Numbers Continue to Improve: Less than 4.5% of all mortgages are currently in forbearance according to the latest weekly data from the Mortgage Bankers Association. That is down slightly from the week before and almost half the forbearance rate from its peak in June 2020. Encouragingly, only 15% of those homeowners who have gotten out of forbearance have no plan in place, while the remaining 85% have either never missed a payment (25%), already paid back in a lump sum (14%), added the missed payments to the end of the loan (27%), modified their loan to make it more affordable (10%), amortized the missed payments in over a period of time (1%), or paid off their entire loan in full (7%). These are encouraging statistics from the standpoint of future foreclosures.

Mortgage Applications Ease from Previous Highs: Last week saw the 49th consecutive increase in new mortgage applications for home purchases on a year to year basis, but the pace of growth dipped from more than 50% to "just" 34% last week. However, on a weekly basis, the purchase index has been falling from its cycle-high of the previous week. Demand remains strong, and C.A.R.'s monthly consumer survey showed that the percentage who thought it was a good time to buy in April remain undaunted thus far.

Rates Hold Steady Just Under 3%: The typical rate for a 30-year fixed-rate mortgage inched up to 2.98%—a modest rise from 2.97% the previous week. However, 10-year Treasury rates increased for the first time since March, so we should expect mortgage rates to rise in coming weeks. Normalizing inflation as the economy recovers will likely cause treasury rates to rise, but with unemployment remaining stubbornly high, core inflation is not expected to take off over in the short run.

Affordability an Even Tougher Challenge with Rising Rates: Although housing demand remains robust, the chronic lack of supply and consequent competition amongst homebuyers is pushing prices up much more quickly than incomes. Although several rounds of stimulus have helped to fend off significant declines in personal income, prices are rising much more quickly leaving many Californians even more challenged by affordability. This will become even more acute as interest rates rise, because it magnifies the budget effect of rising prices. Unfortunately, the prospect of rising rates could be creating an additional sense of urgency for buyers, which is pushing up prices even faster.