
California Housing Market Update

North Bay Association of REALTORS®

January 13, 2025

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California Association of REALTORS®



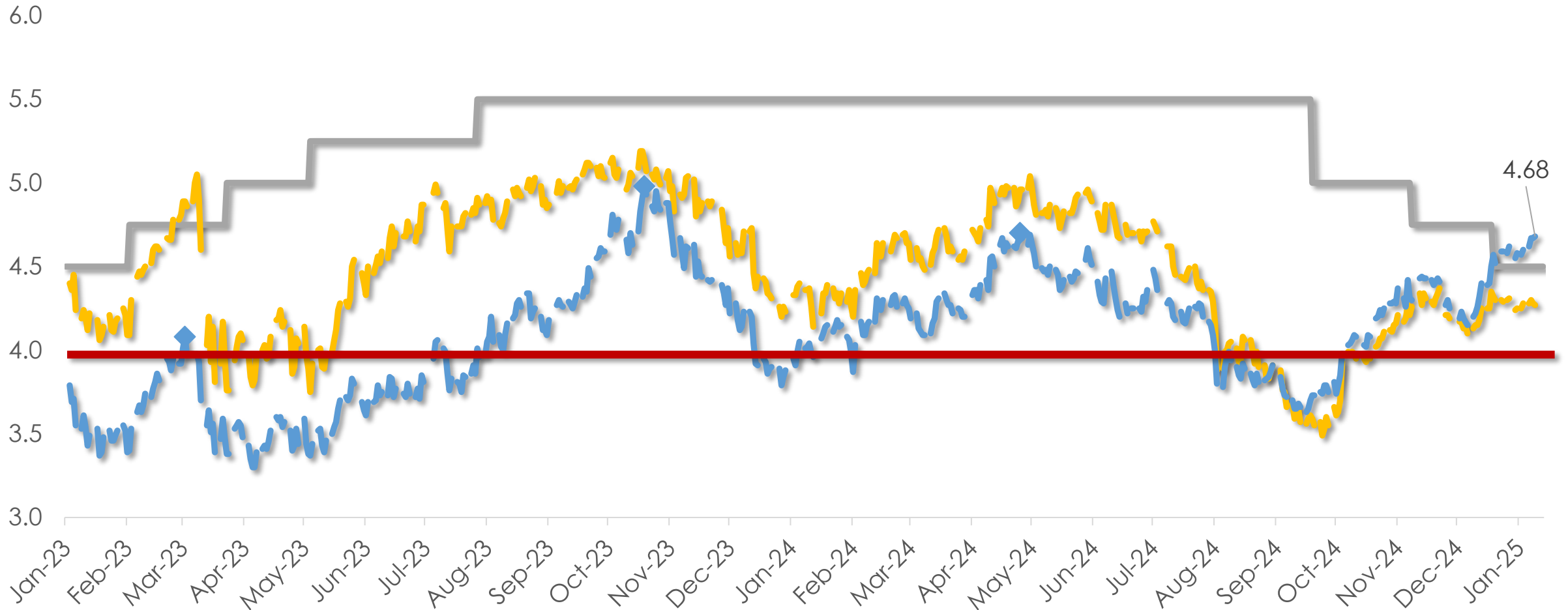
What are our goals for the day?

- Nerd out on the economic data & get pumped for 2025
- Discuss the latest Fed move & the outlook for rates
- How waiting for rates has cost homebuyers & the market
- Put the +s and –s of the economy into perspective
- Challenges as things normalize, more regional variation again
- End things on a high note with a (cautiously) optimistic forecast

Bond market finally coming to grips with reality...

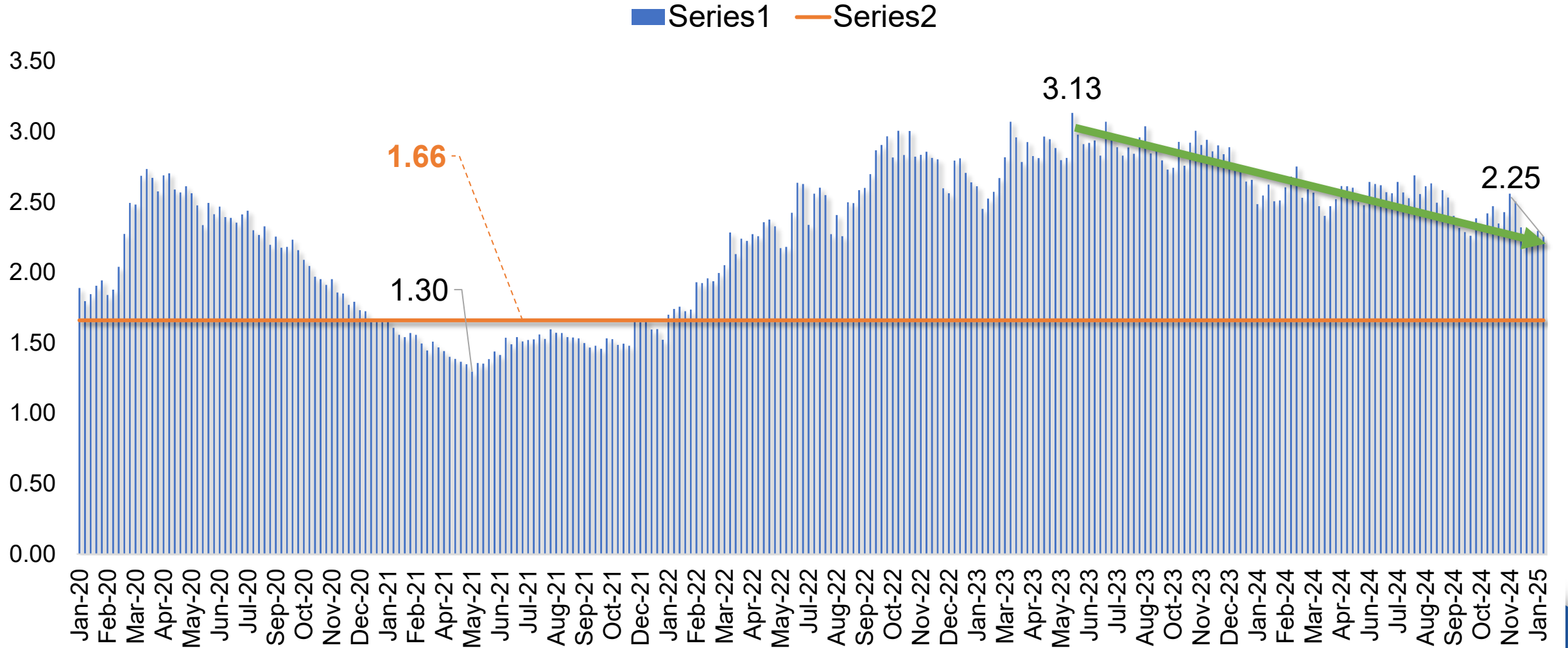
Selected Interest Rates

— Fed. Funds Target — 2-Year — 10-Year



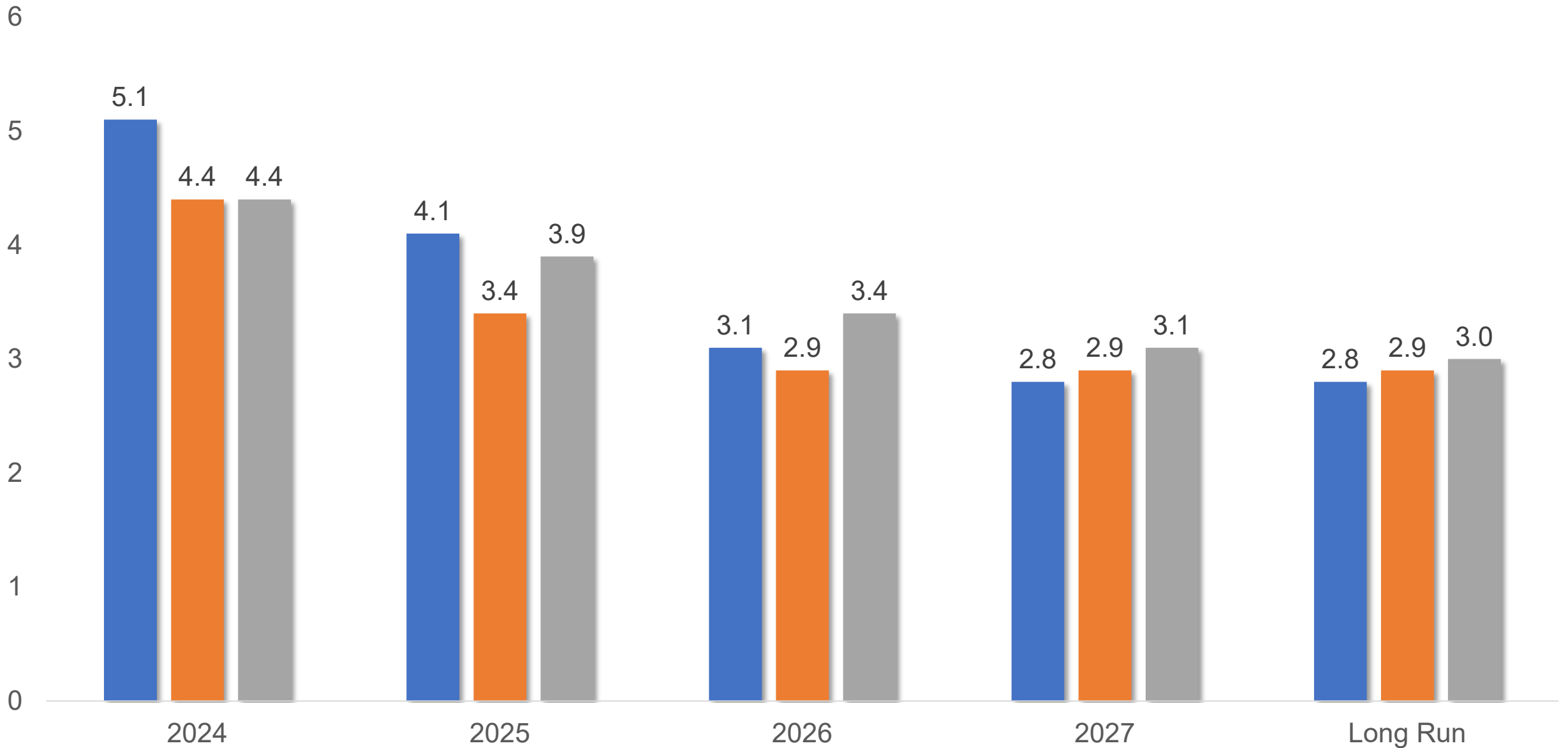
Starting to normalize, but normal a long way off

Mortgage Rate Spread (30 Yr. FRM Minus 10 Yr. Treasury)



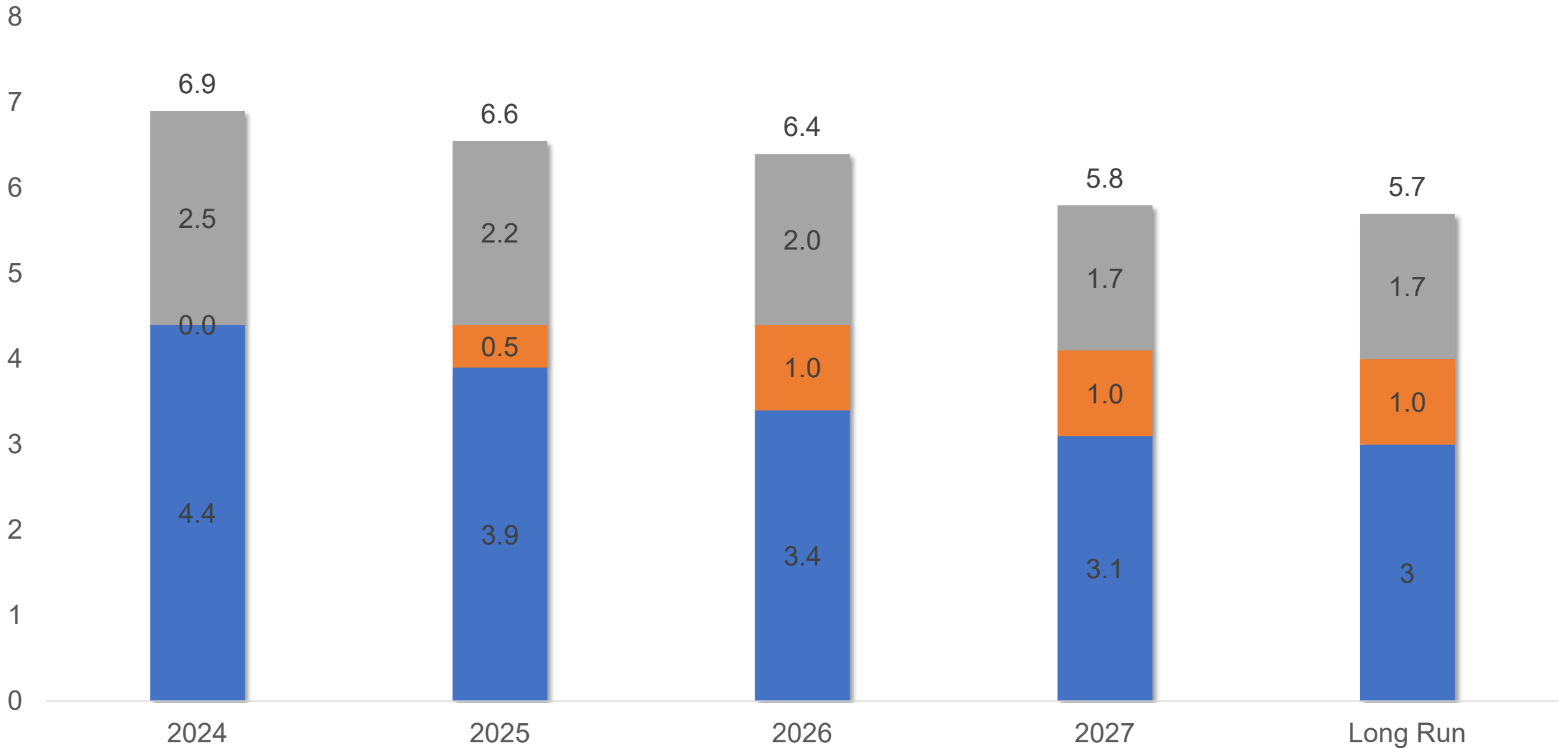
Fed Funds Rate

■ June Meeting ■ September Meeting ■ December Meeting



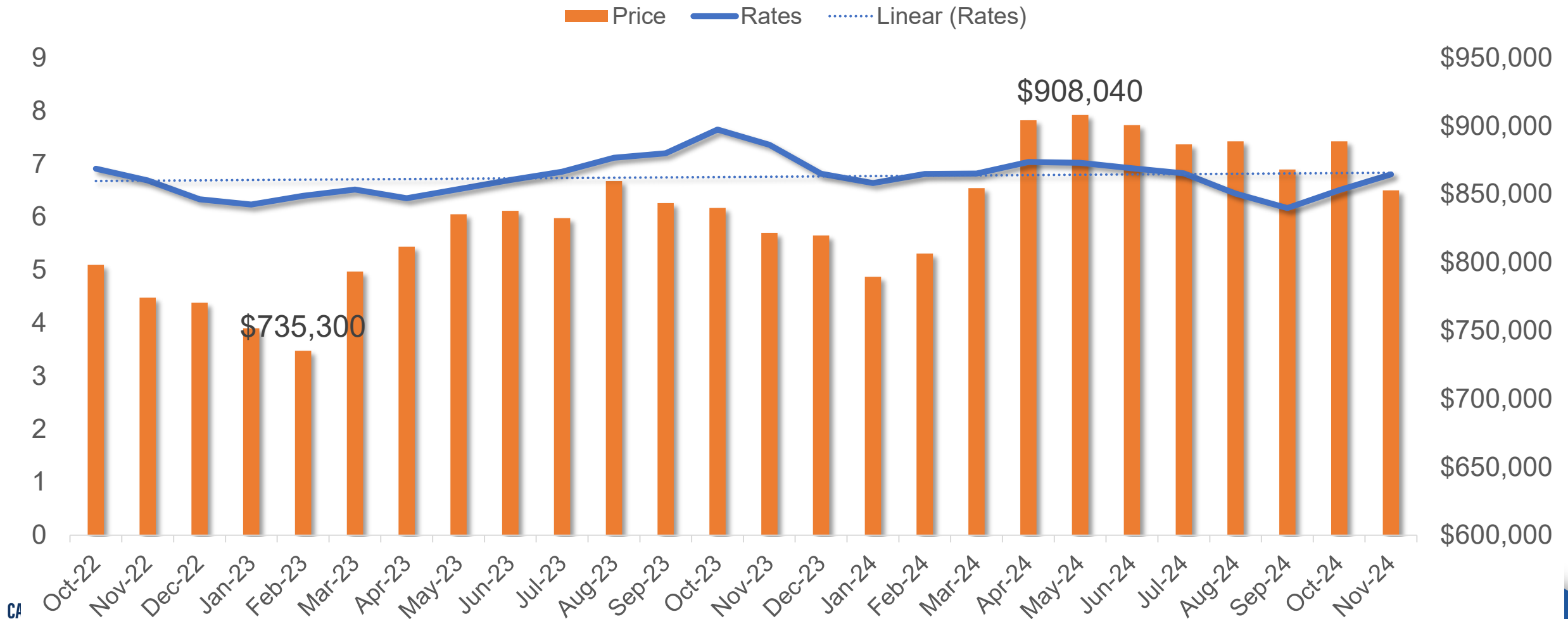
Translating Fed Funds Rate Into Mortgage Rates

■ FFR ■ Yield Curve ■ Spread



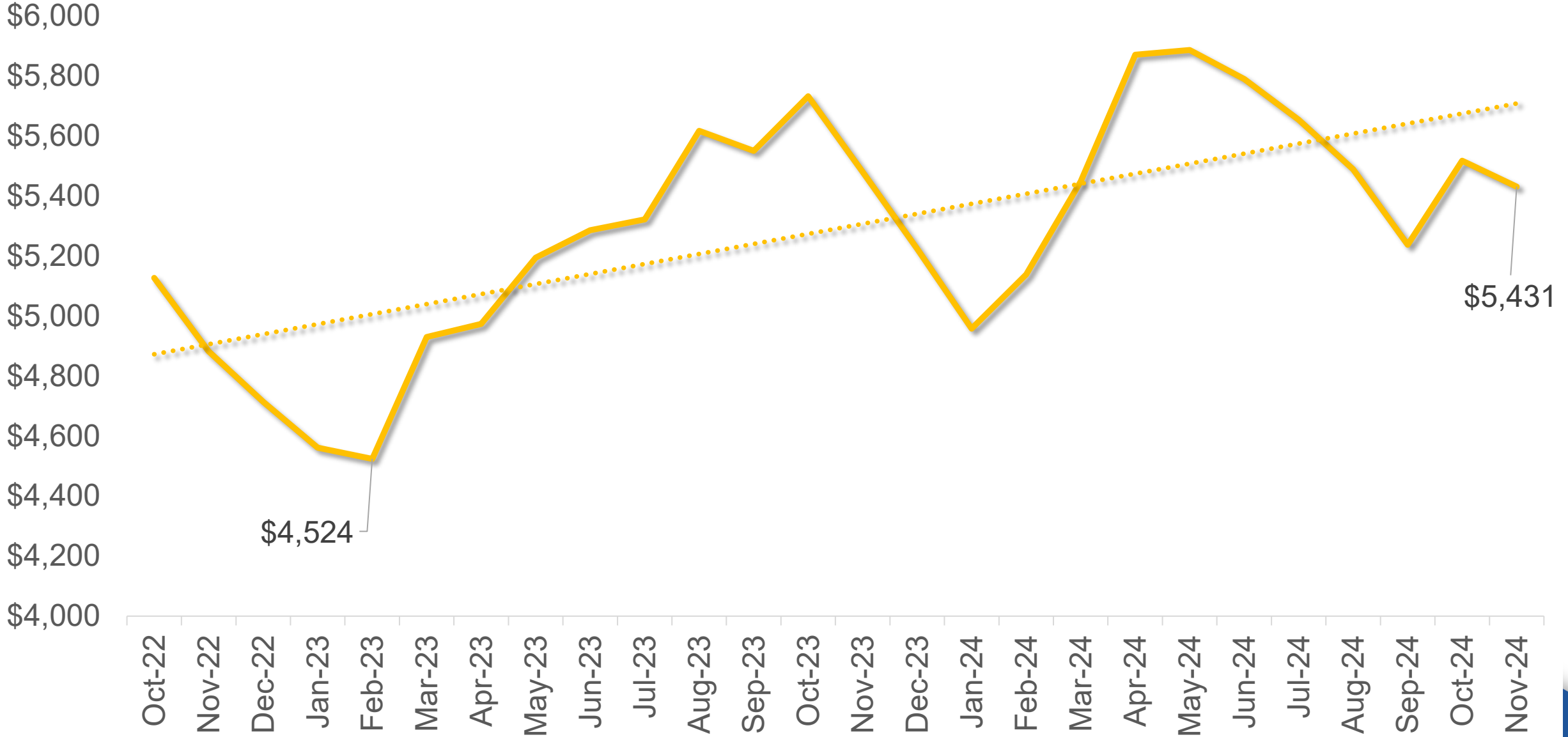
Translation: stop waiting for rates...

California Median Home Price vs. Interest Rates



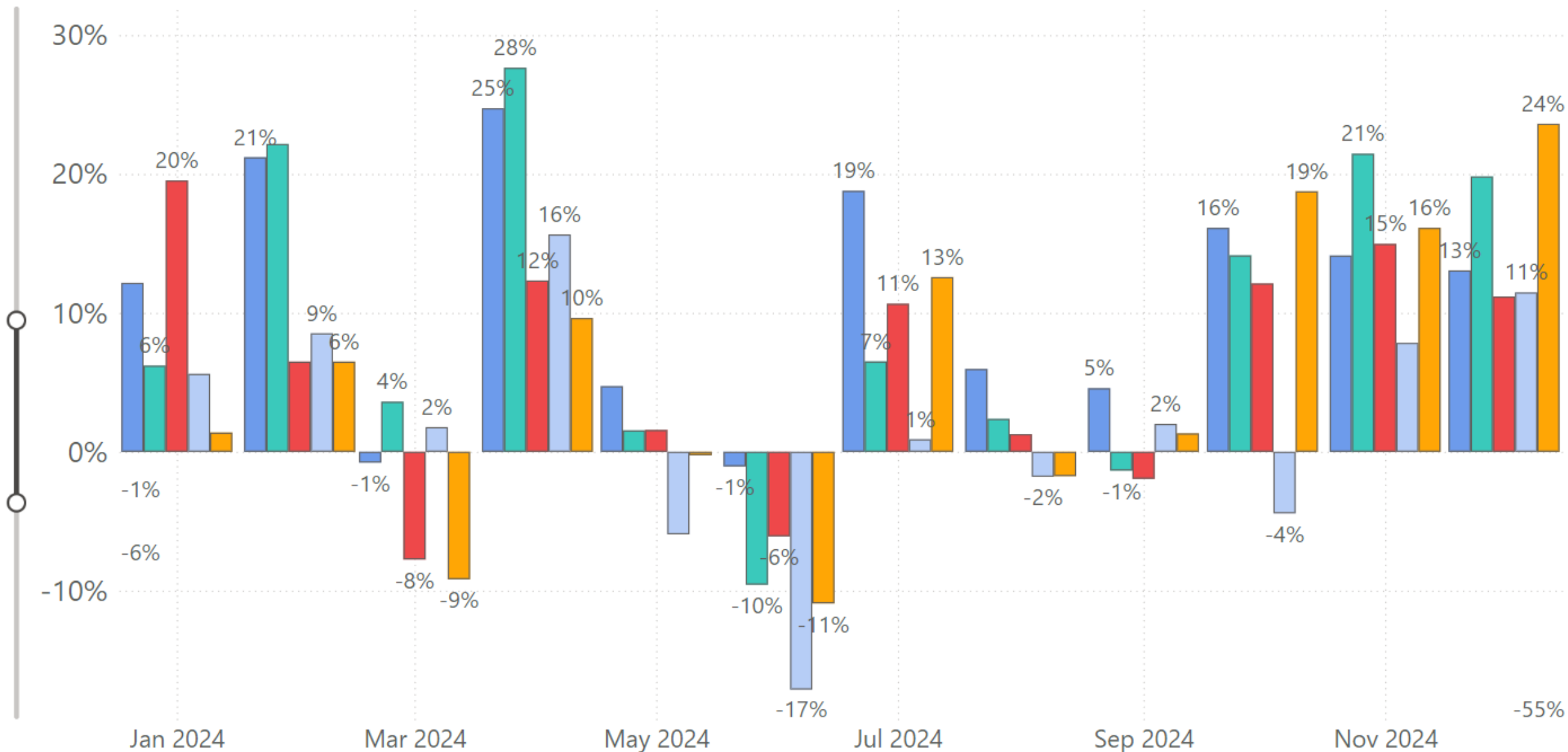
Monthly Payment (PITI) at Prevailing Rates & Median Prices

— Payment ···· Linear (Payment)



Year-to-Year Existing SFR Closed Sales Growth (Month-to-Date for Current Month)

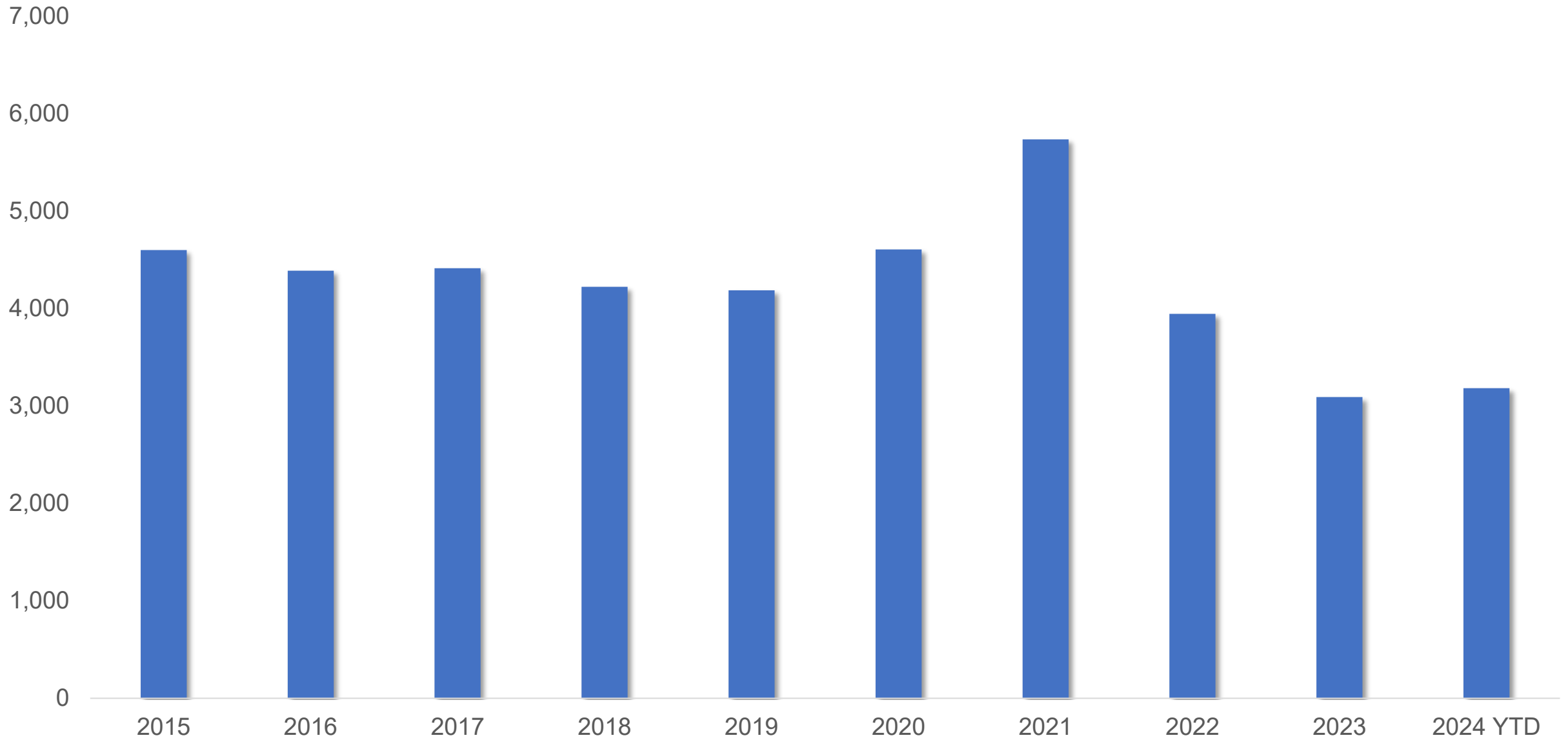
● Bay Area ● Central Coast ● Central Valley ● Far North ● SoCal



-55%

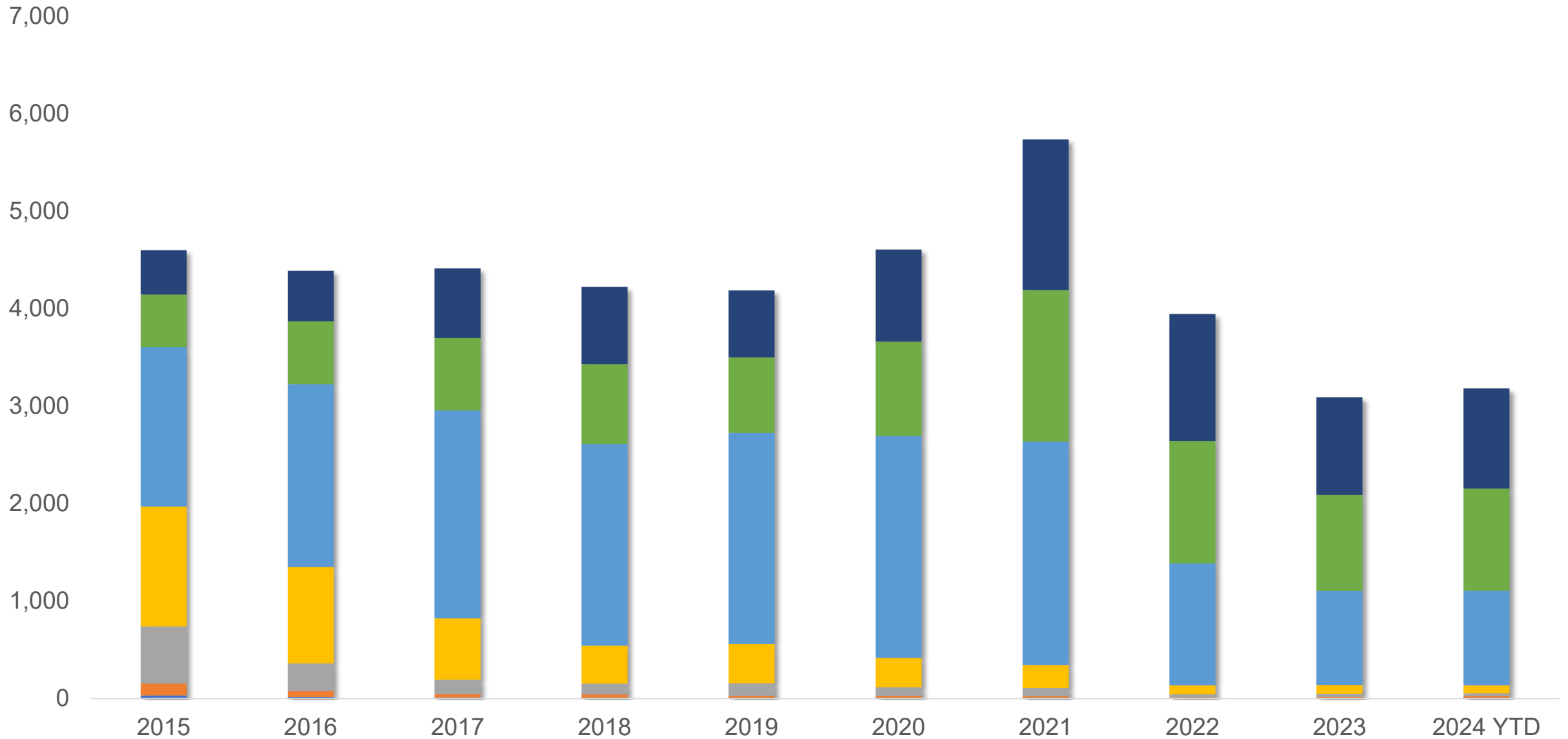
Sonoma County Existing SFR Sales

■ Total



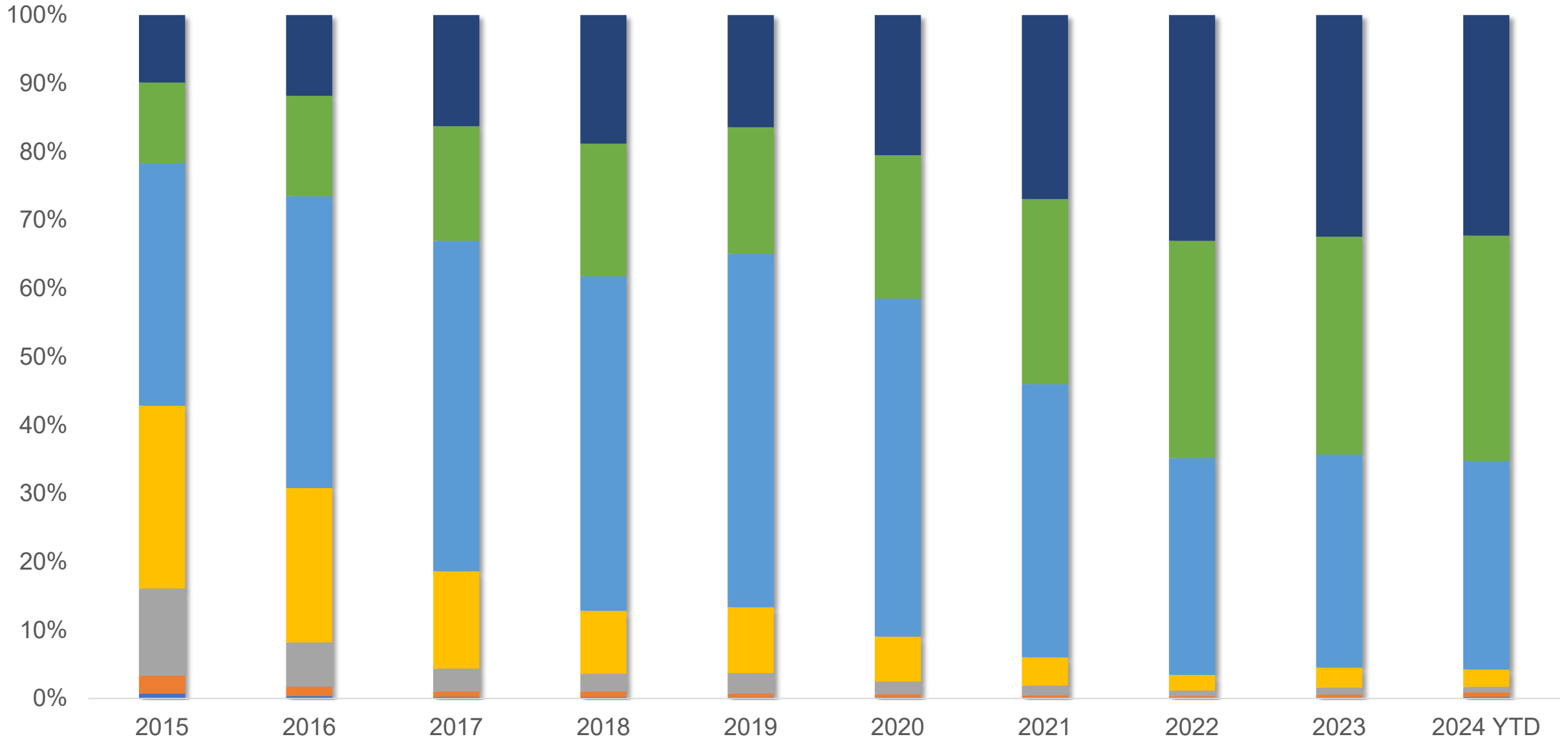
Sonoma County Existing SFR Sales

■ Under \$200K ■ \$200-299K ■ \$300-399K ■ \$400-499K ■ \$500-749K ■ \$750-\$999K ■ \$1M +



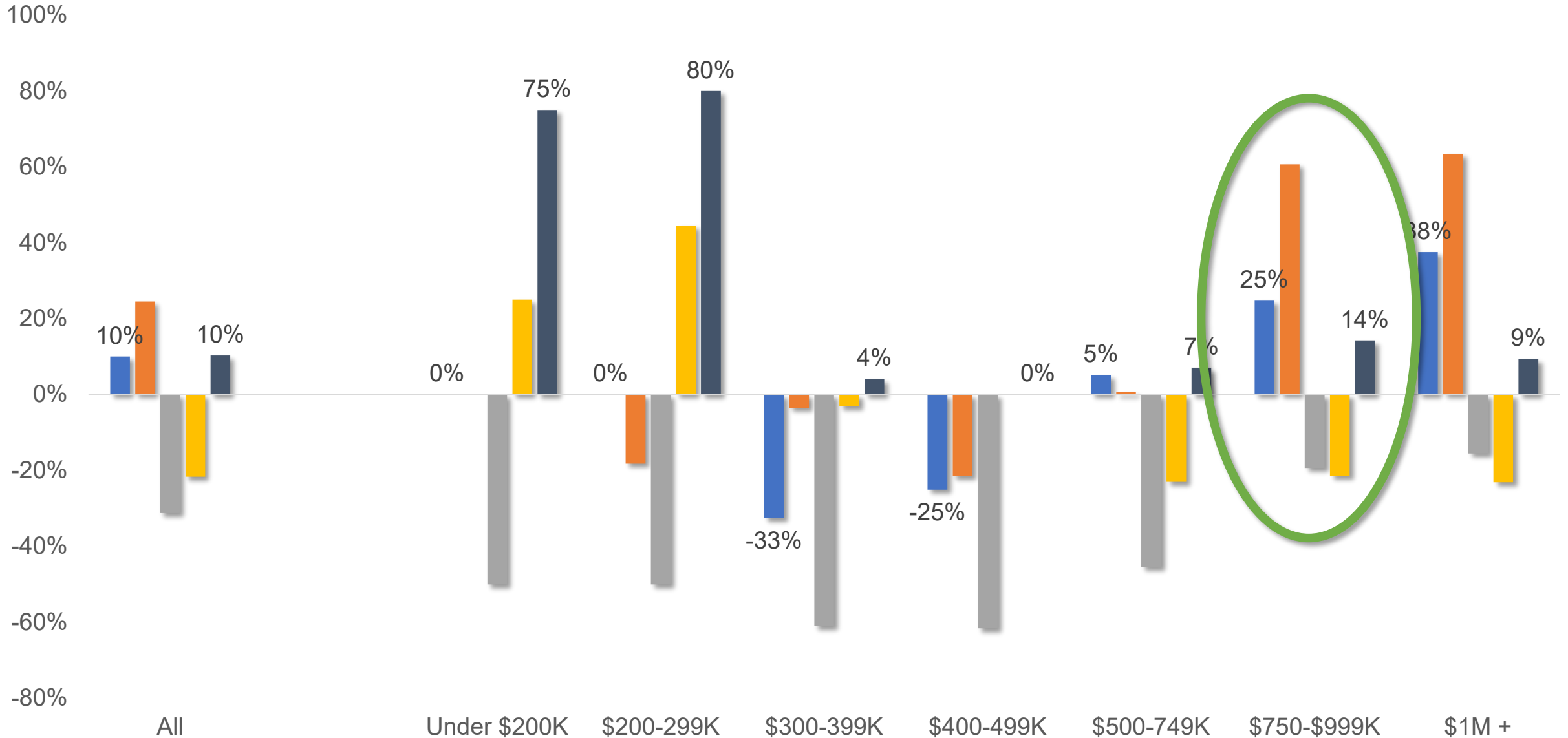
Sonoma County Existing SFR Sales

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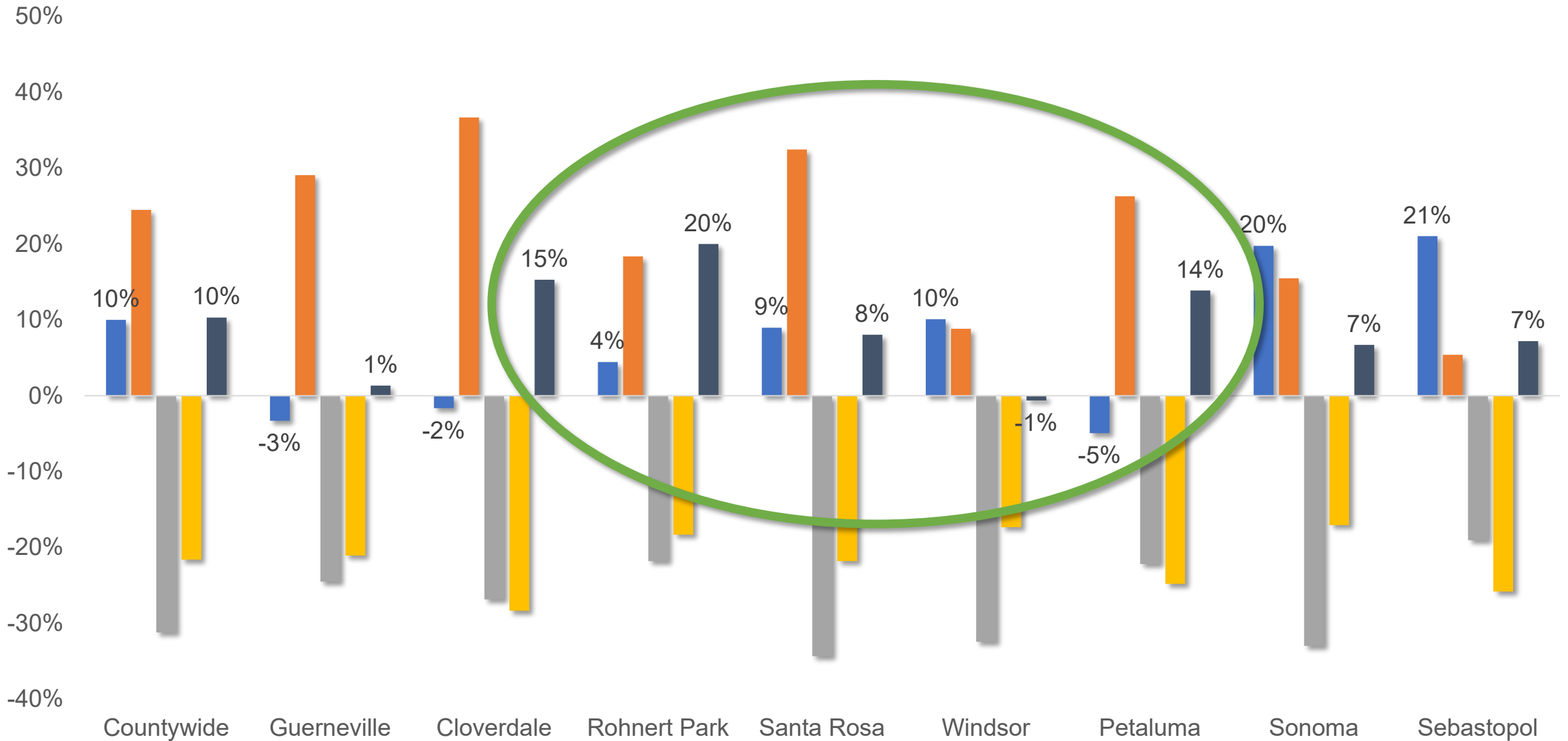
Sonoma County Existing SFR Sales

■ 2020 ■ 2021 ■ 2022 ■ 2023 ■ 2024 YTD



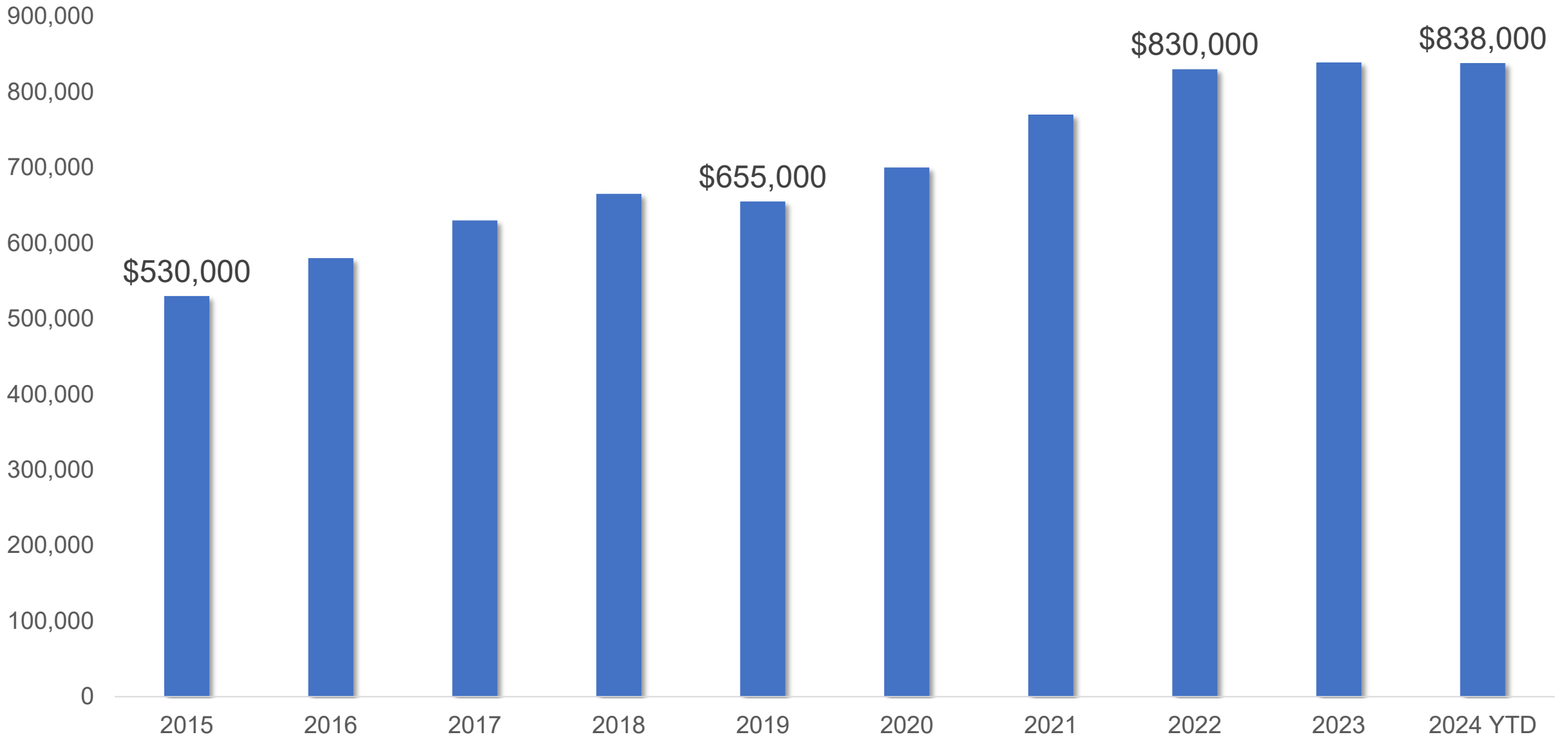
Sonoma County Existing SFR Sales

■ 2020 ■ 2021 ■ 2022 ■ 2023 ■ 2024 YTD



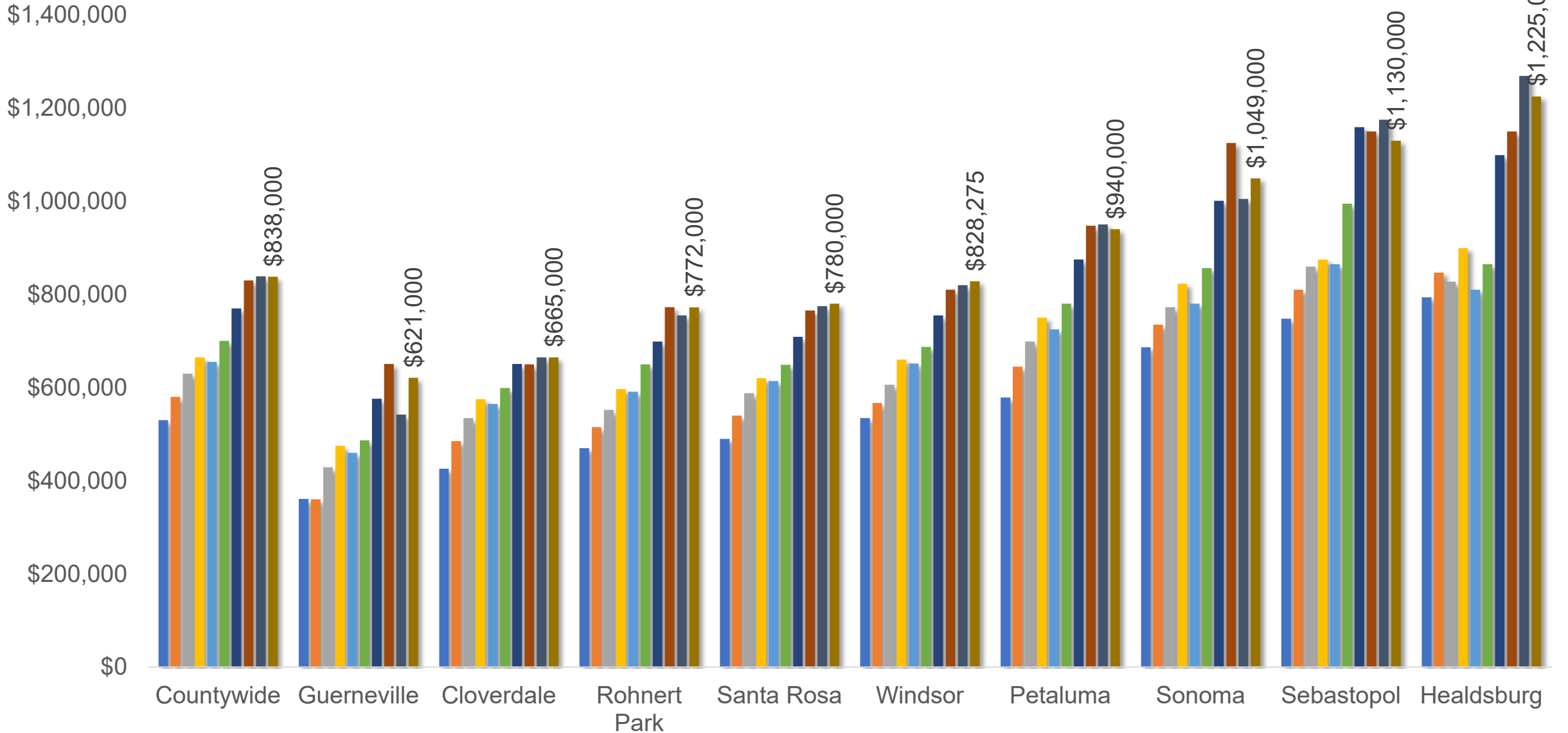
Sonoma County Existing SFR Median Sales Price

■ Total



Sonoma County Existing SFR Median Sales Price

2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 YTD



monthly
market
report
November
2024

Napa County

Median Price



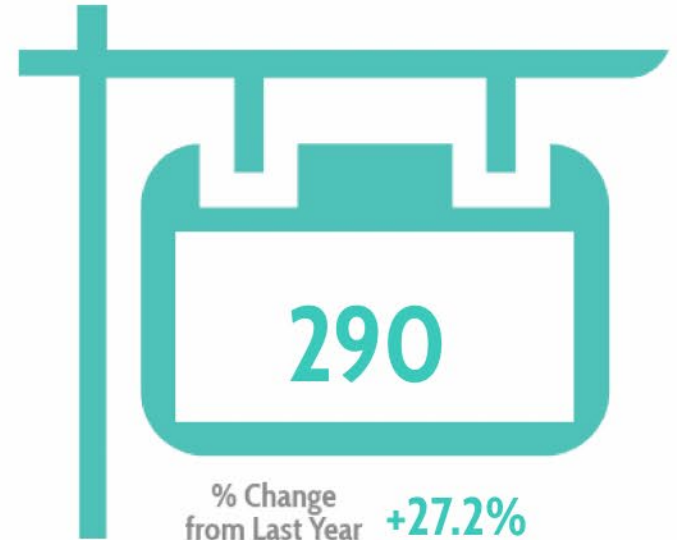
% Change
from Last Year **+8.5%**

Home Sales



% Change
from Last Year **-1.8%**

Active Listings



% Change
from Last Year **+27.2%**

Market Competition

Median
Days on
Market

67

Sales to
List Price %

97.9%

% of Active
Listings with
Reduced Prices

42.1%



monthly
market
report

November
2024 YTD

Napa County, California

Median Price



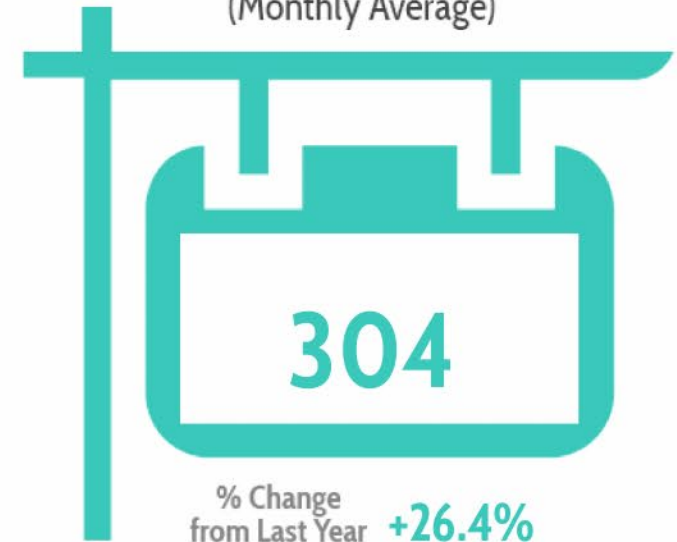
% Change
from Last Year **+8.0%**

Home Sales



% Change
from Last Year **+0.0%**

Active Listings (Monthly Average)



% Change
from Last Year **+26.4%**

Market Competition

Median
Days on
Market

64

Sales to
List Price %

98.6%

% of Active
Listings with
Reduced Prices

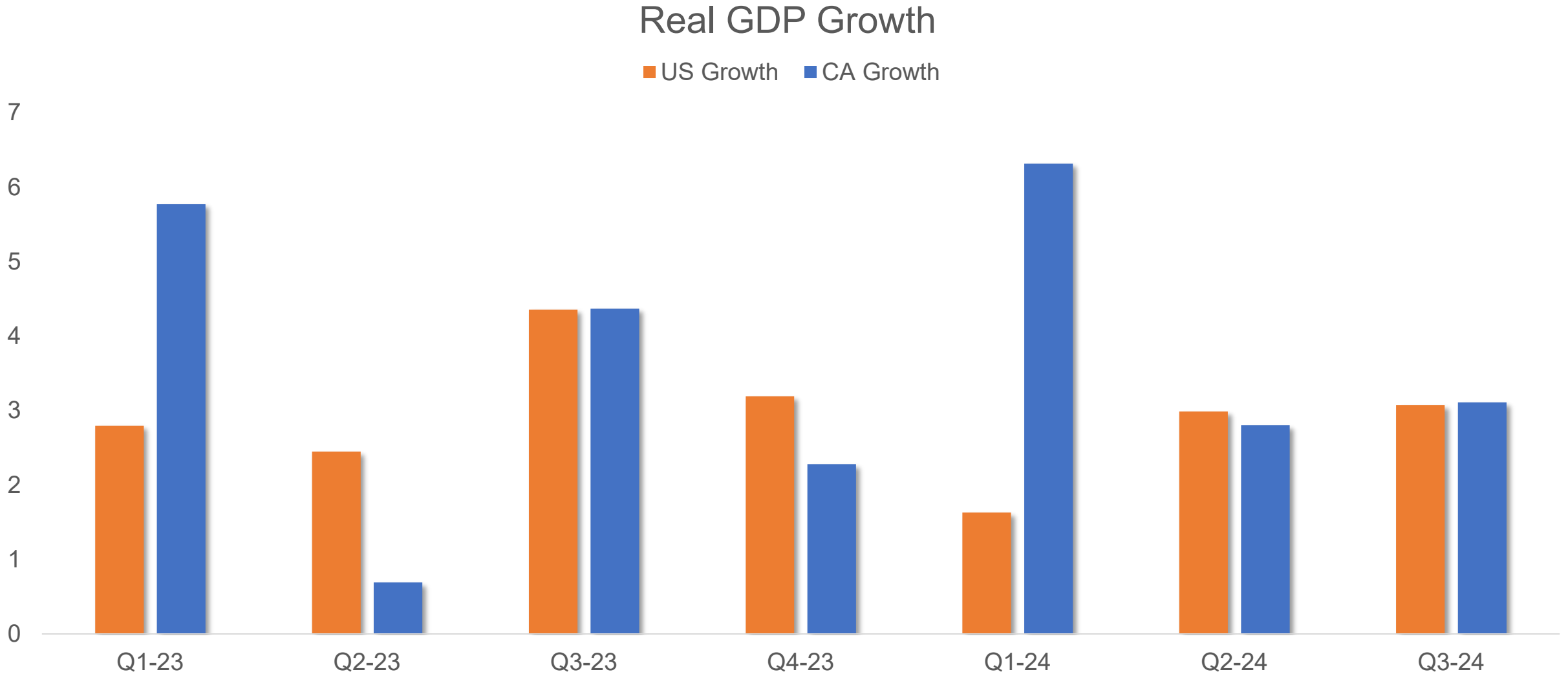
37.8%



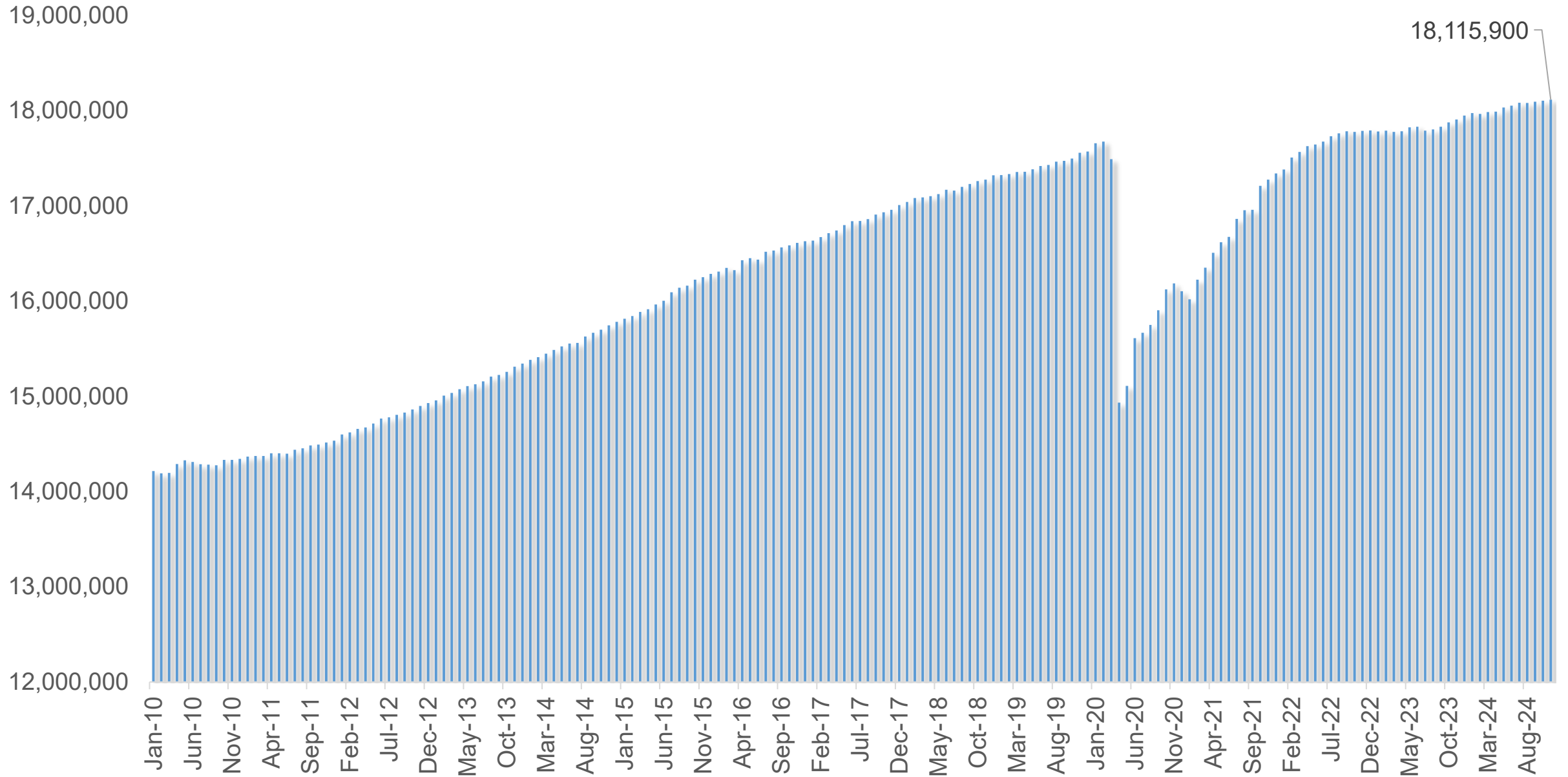
What about the economy?

It's the return of the two-handed economist...

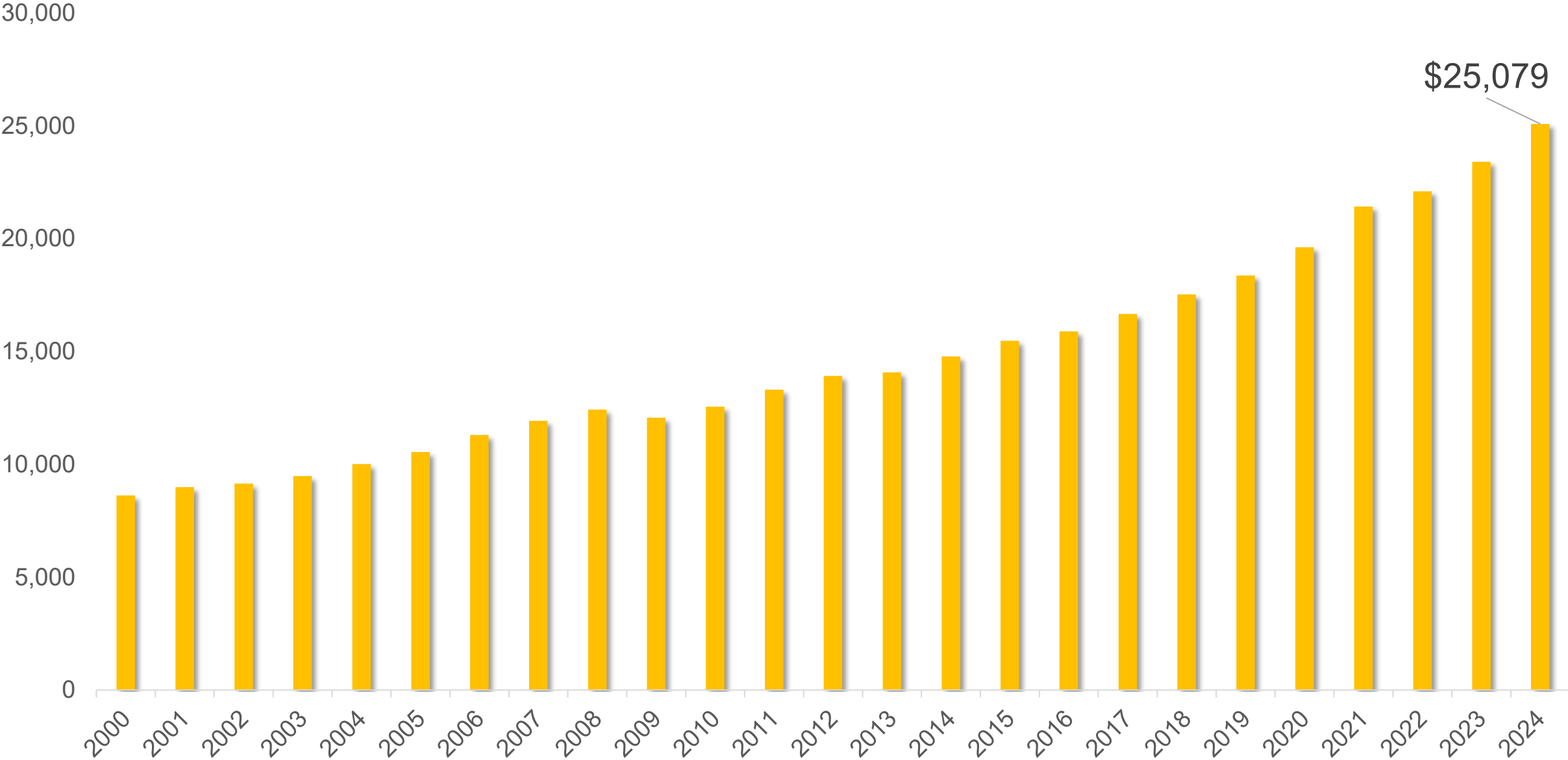
Headline numbers suggest a strong economy



California Total Nonfarm Employment

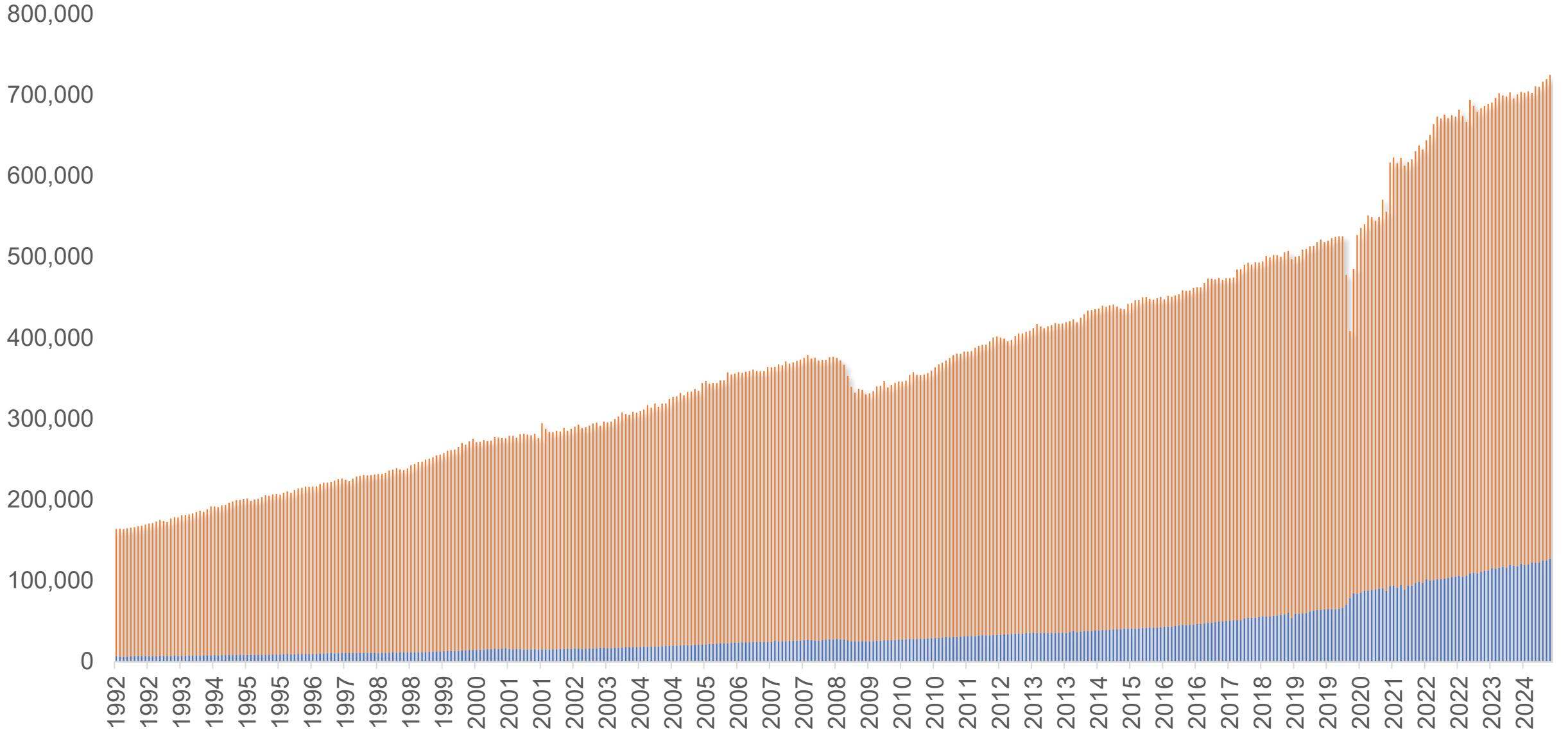


Aggregate Personal Income (\$ Billions)

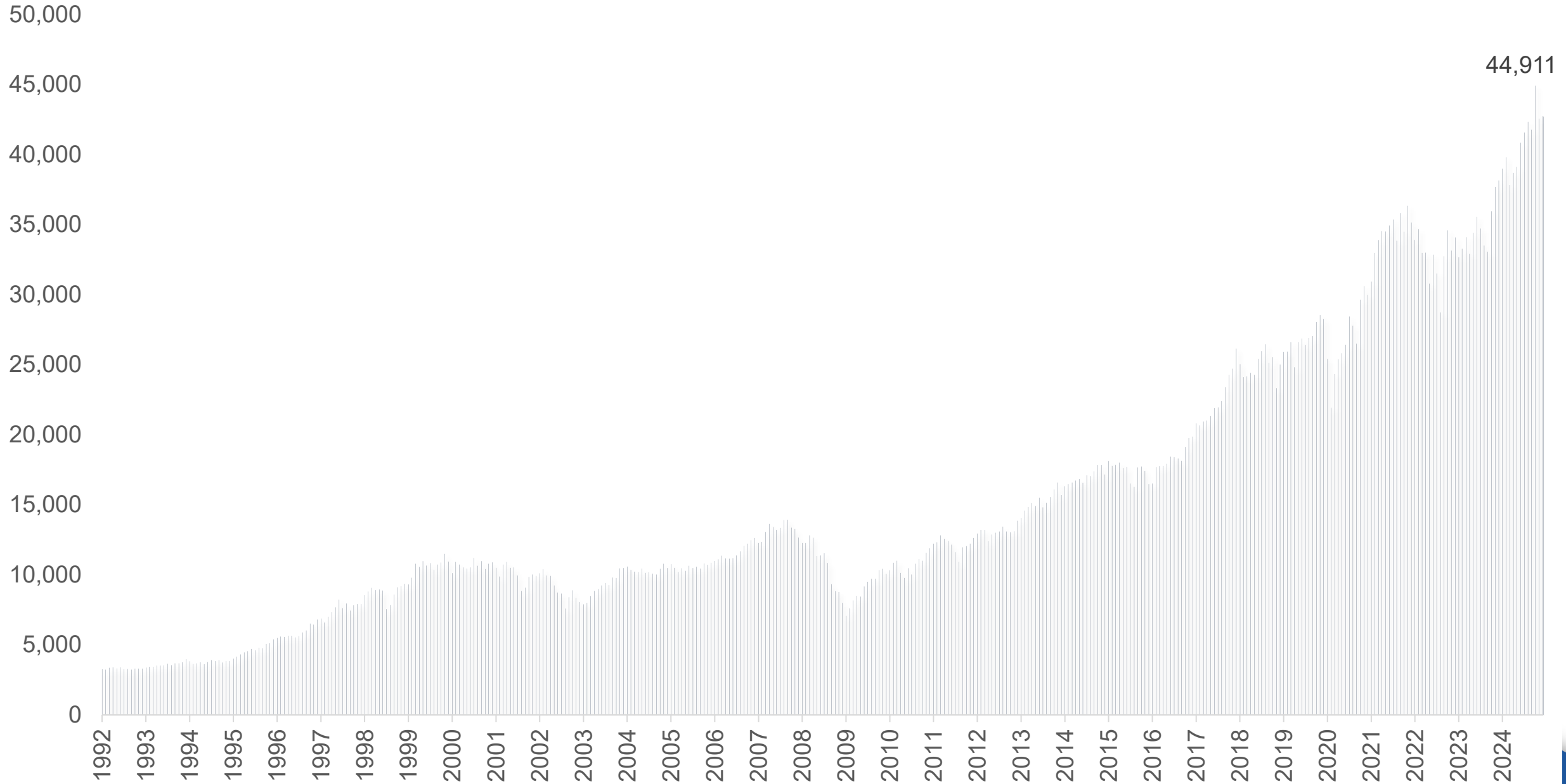


U.S. Retail Sales

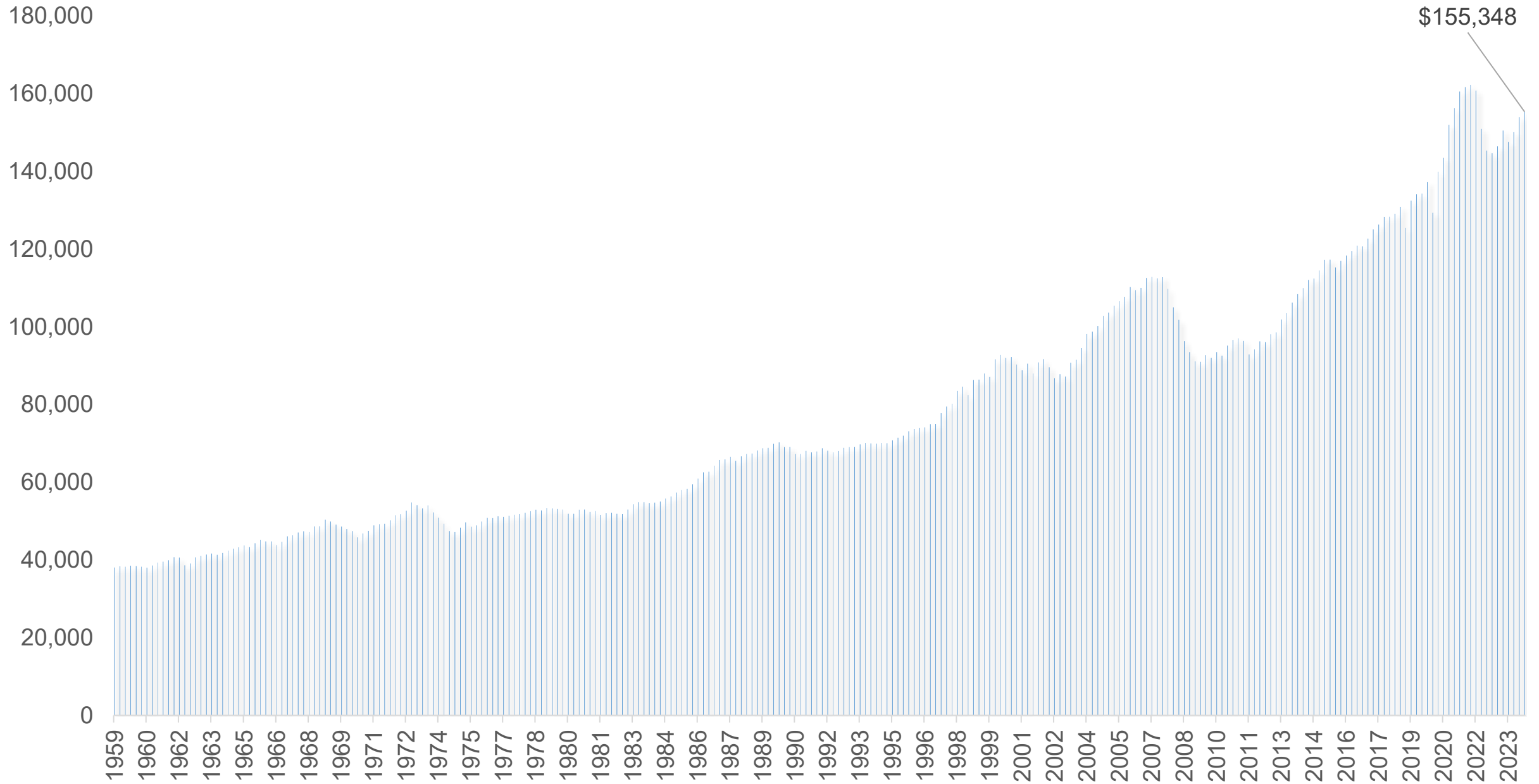
■ Online ■ Brick & Mortar



Dow Jones Industrial Average (Adj. Close)



U.S. Real Net Worth Per Capita



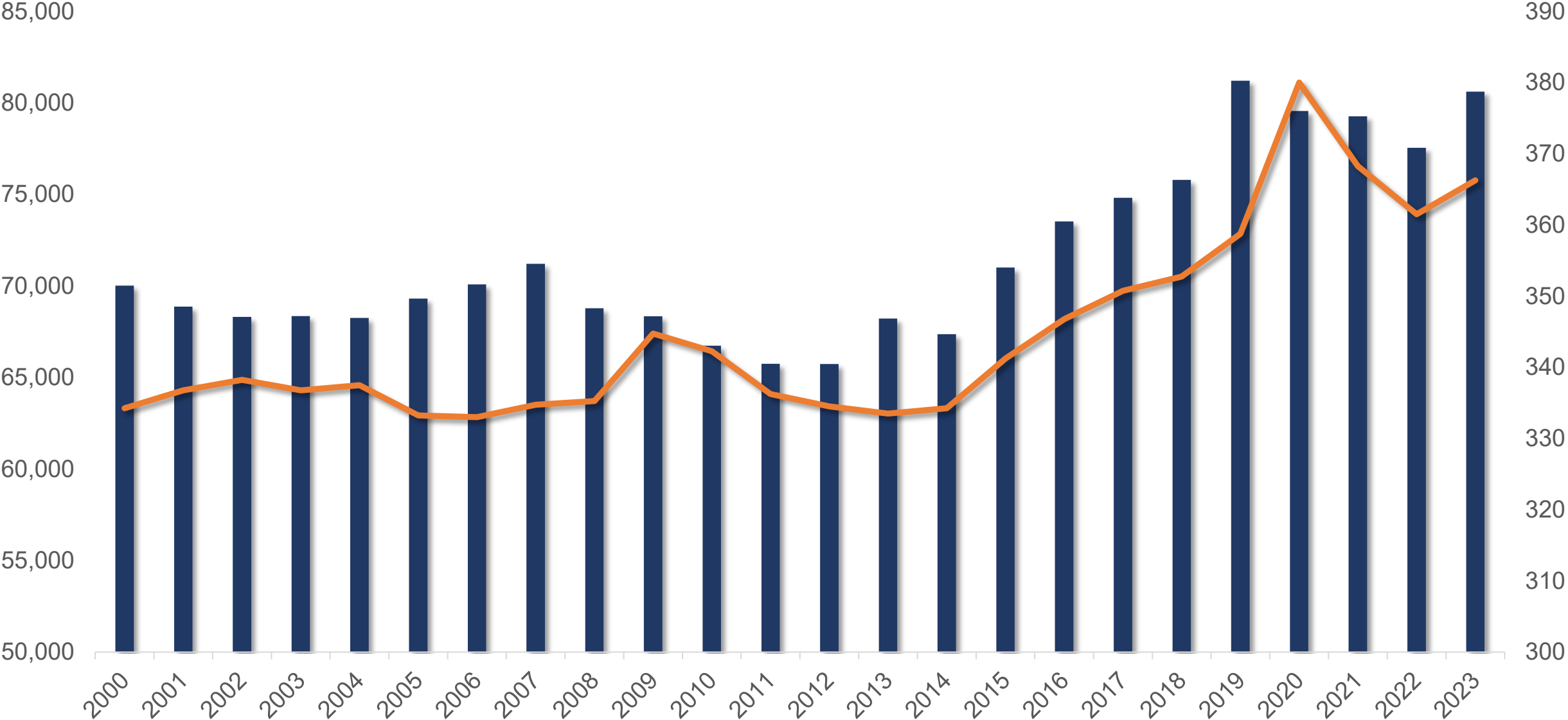
It's not ALL sunshine and rainbows

New stuff, old stuff, and the COVID hangover...



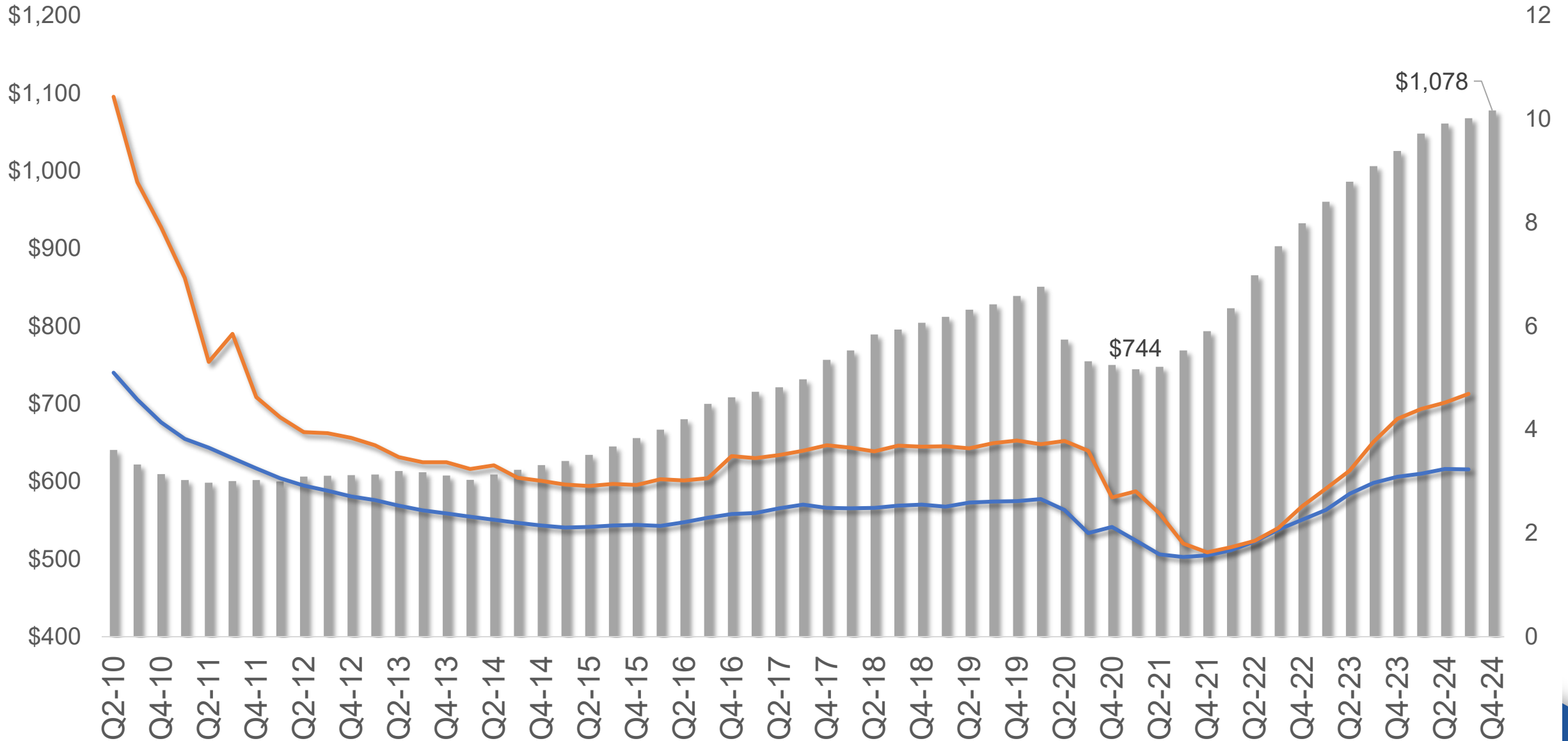
Median Earnings Data

Med. HH Inc. Med. Wkly Wage



U.S. Credit Card Debt

■ Debt (\$B) — Delinquency (%) — Charge Offs (%)

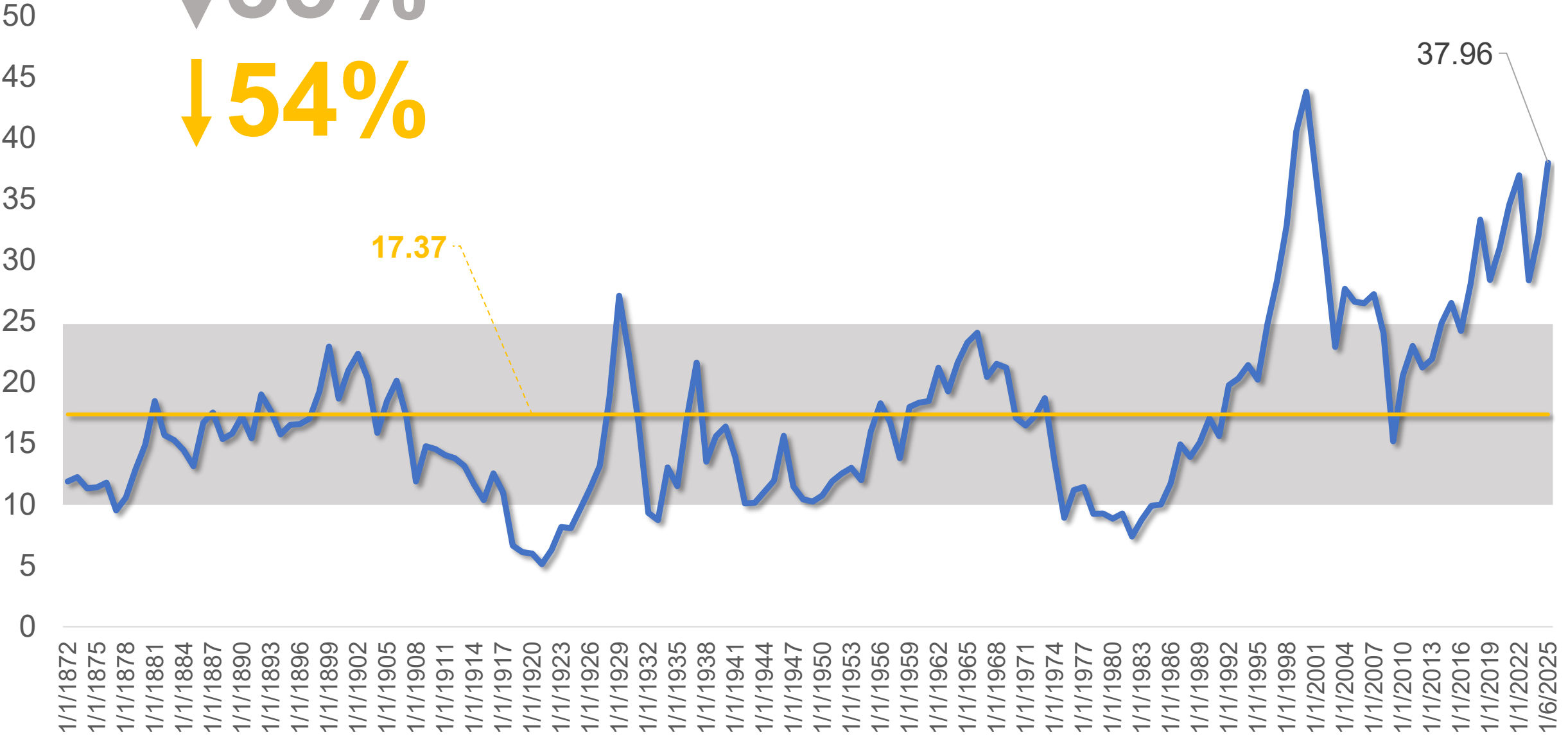


CAPE Ratio

— Actual — Avg.

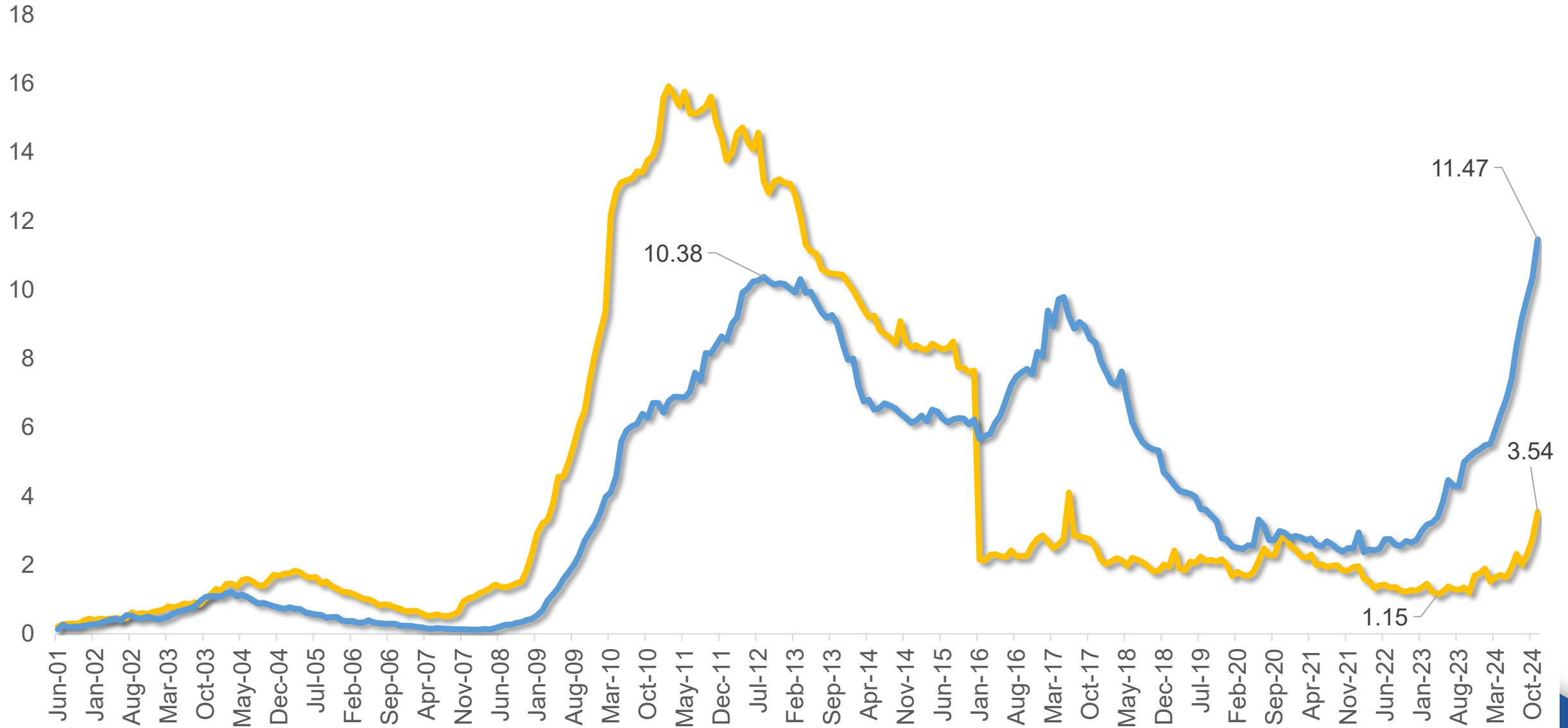
↓ 35%

↓ 54%



CMBS Delinquency Rates

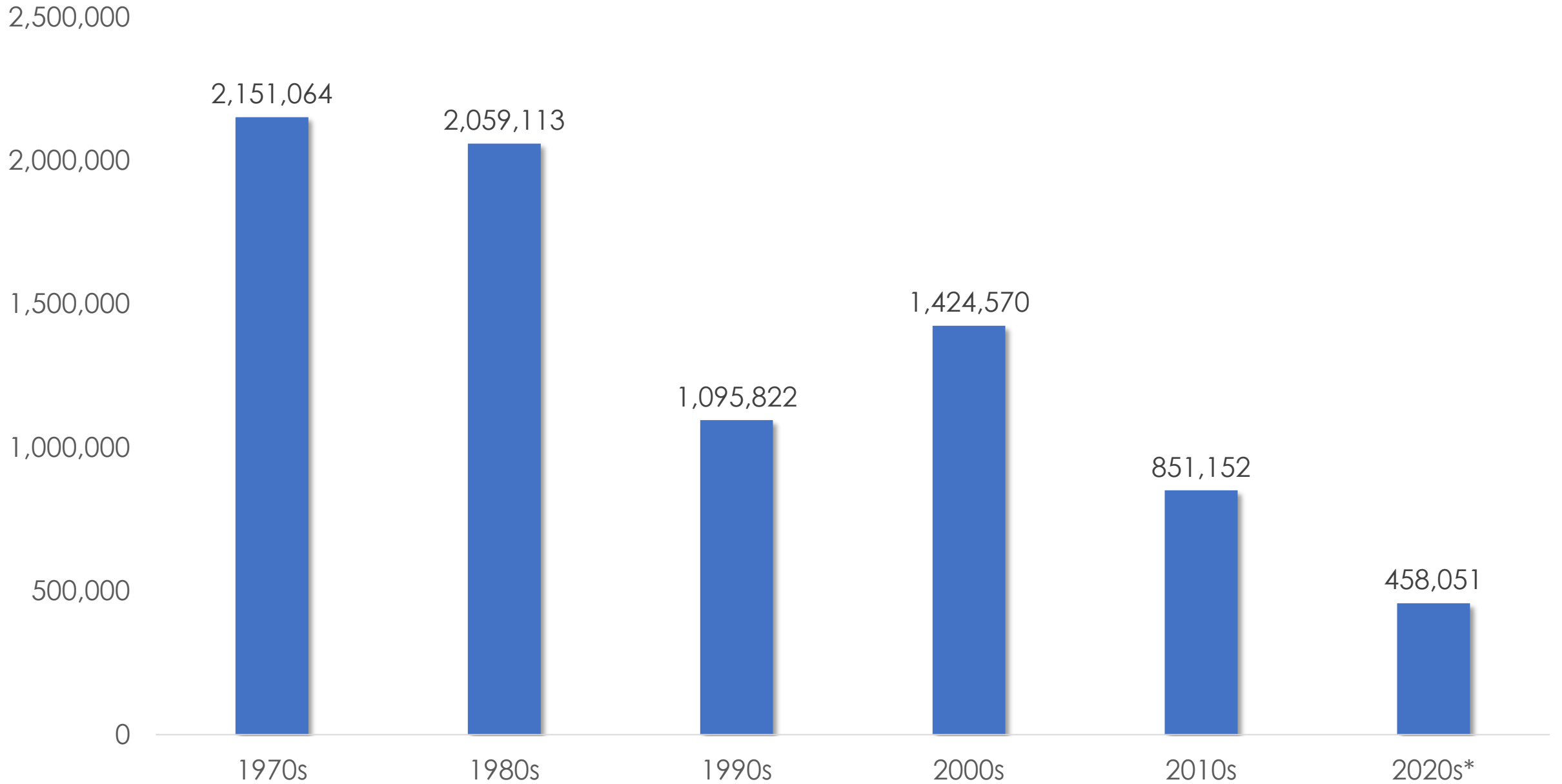
— Multi-Family — Office



Plus the stuff we left unaddressed

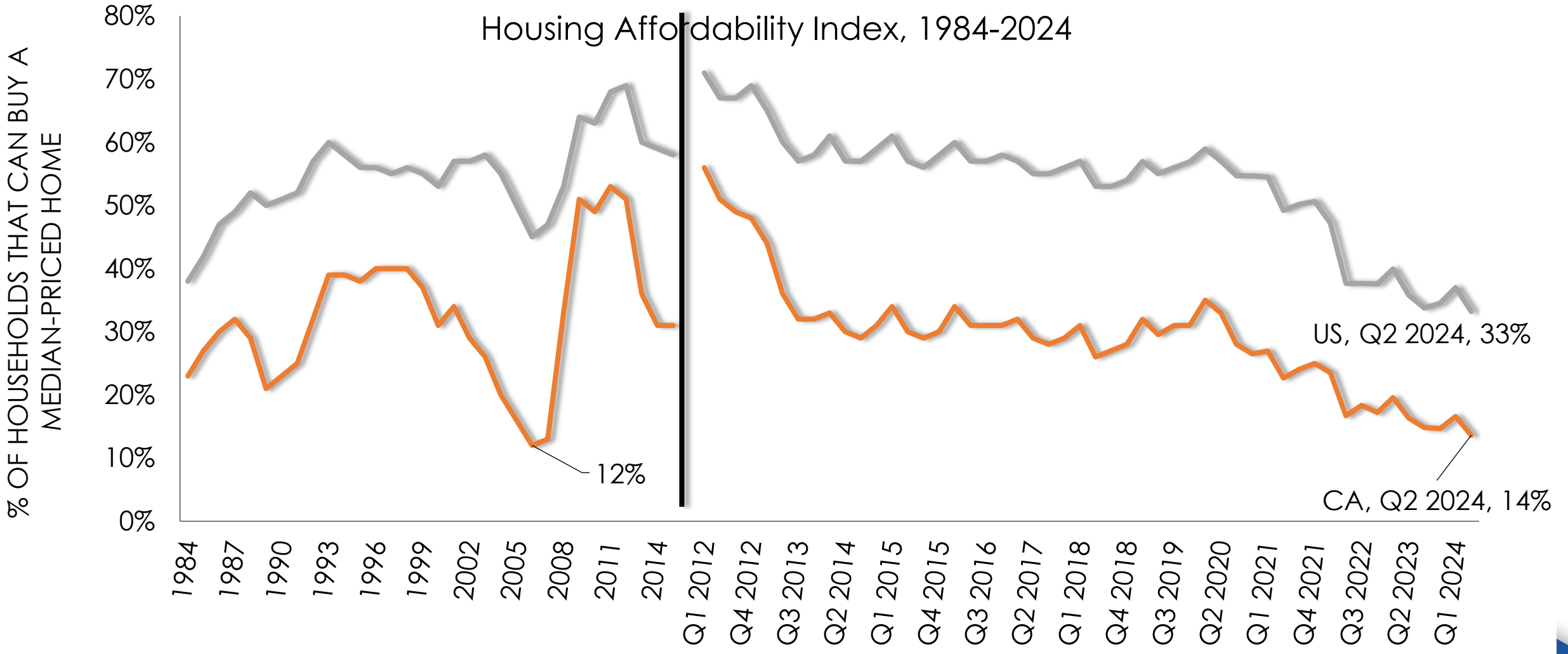


California Residential Building Permits





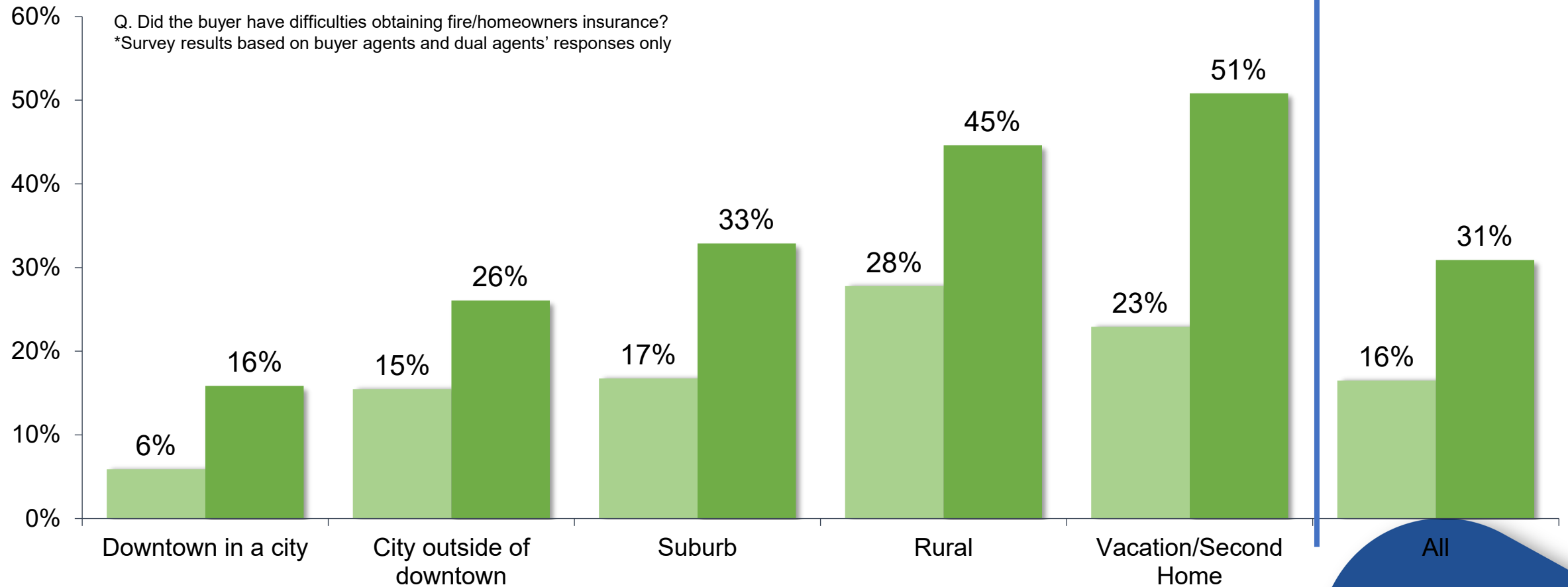
Housing affordability at lowest level since 2007



Obtaining insurance has become an even harder

% of buyers who had difficulties obtaining insurance

■ 2023 ■ 2024



[Housing Market](#)[Regulatory](#)

California will require home insurers to offer policies in high-risk wildfire areas

A new regulation will allow insurance companies to pass on the costs of reinsurance to consumers

January 3, 2025, 1:14 pm *By [Neil Pierson](#)*

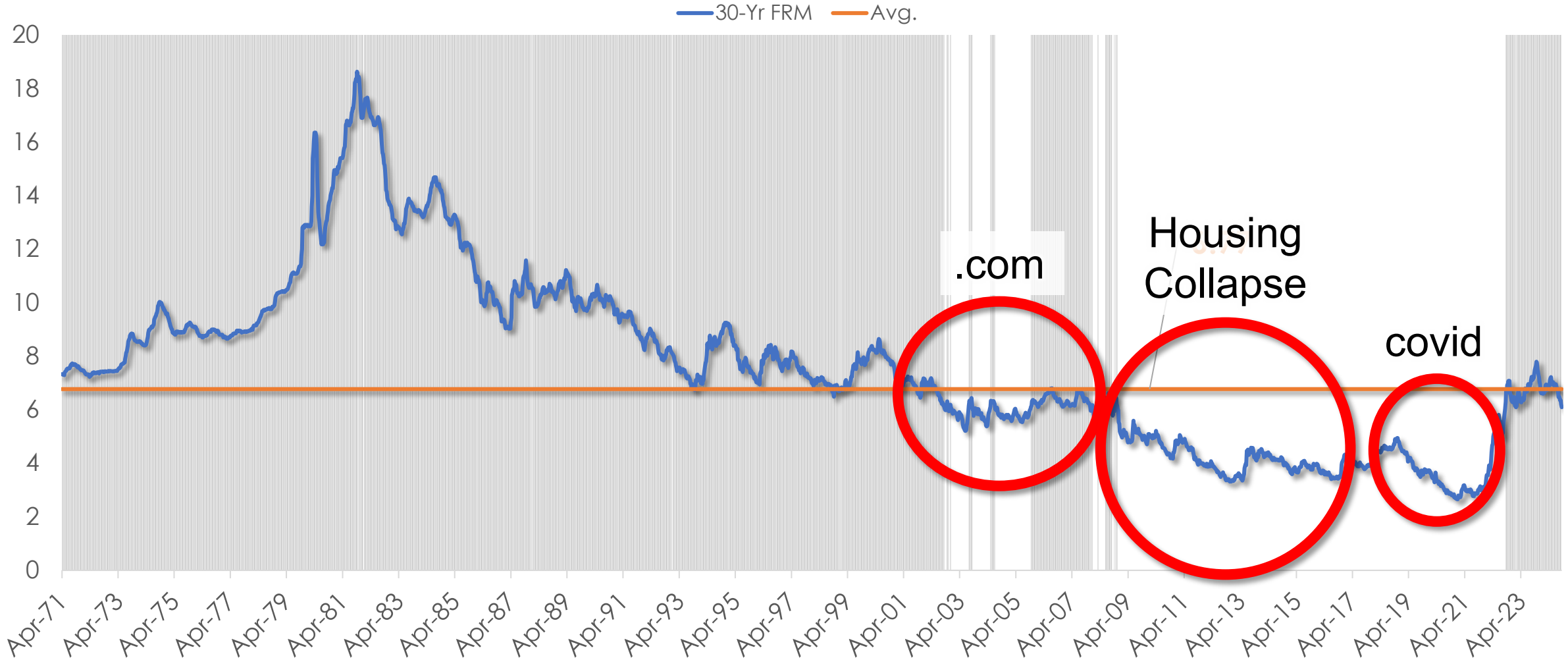
The **California Department of Insurance** unveiled a new regulation this week that aims to increase homeowners insurance coverage in areas prone to wildfires, a response to the recent pullback in policies by several major insurers.

Putting it all together

Lots to be optimistic about, but probably still working just as hard (or harder)

Rates last week were actually pretty good

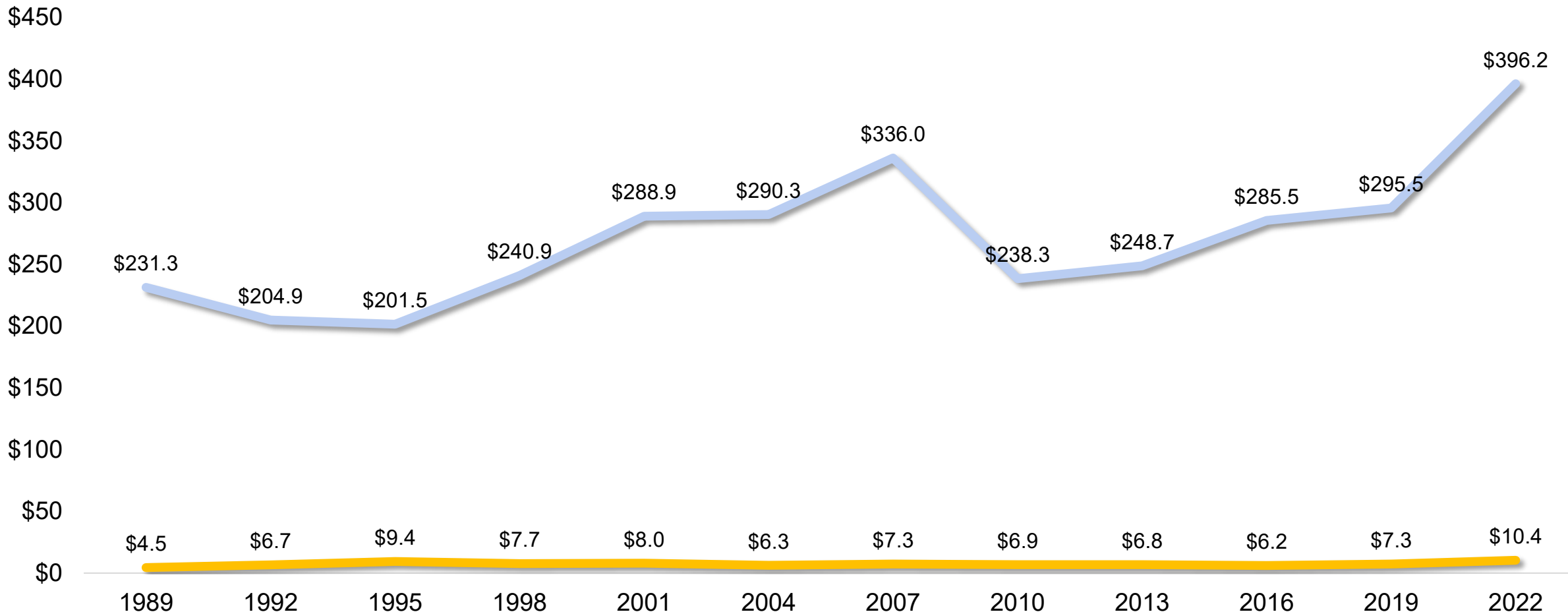
30-Yr Fixed-Rate Mortgage Rates



The benefits of homeownership are well documented

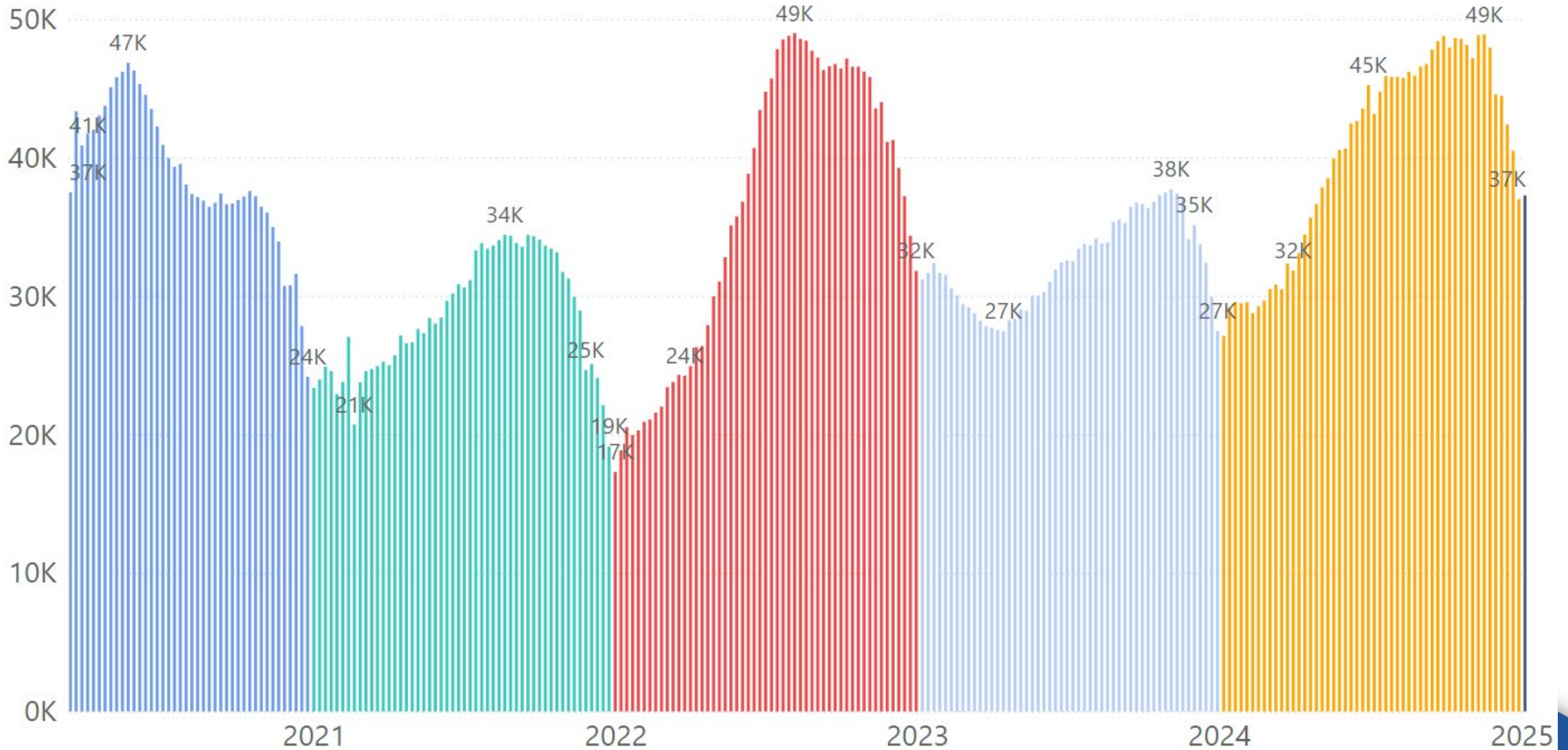
Real Household Net Worth Per Capita

— Owner — Renter/Other



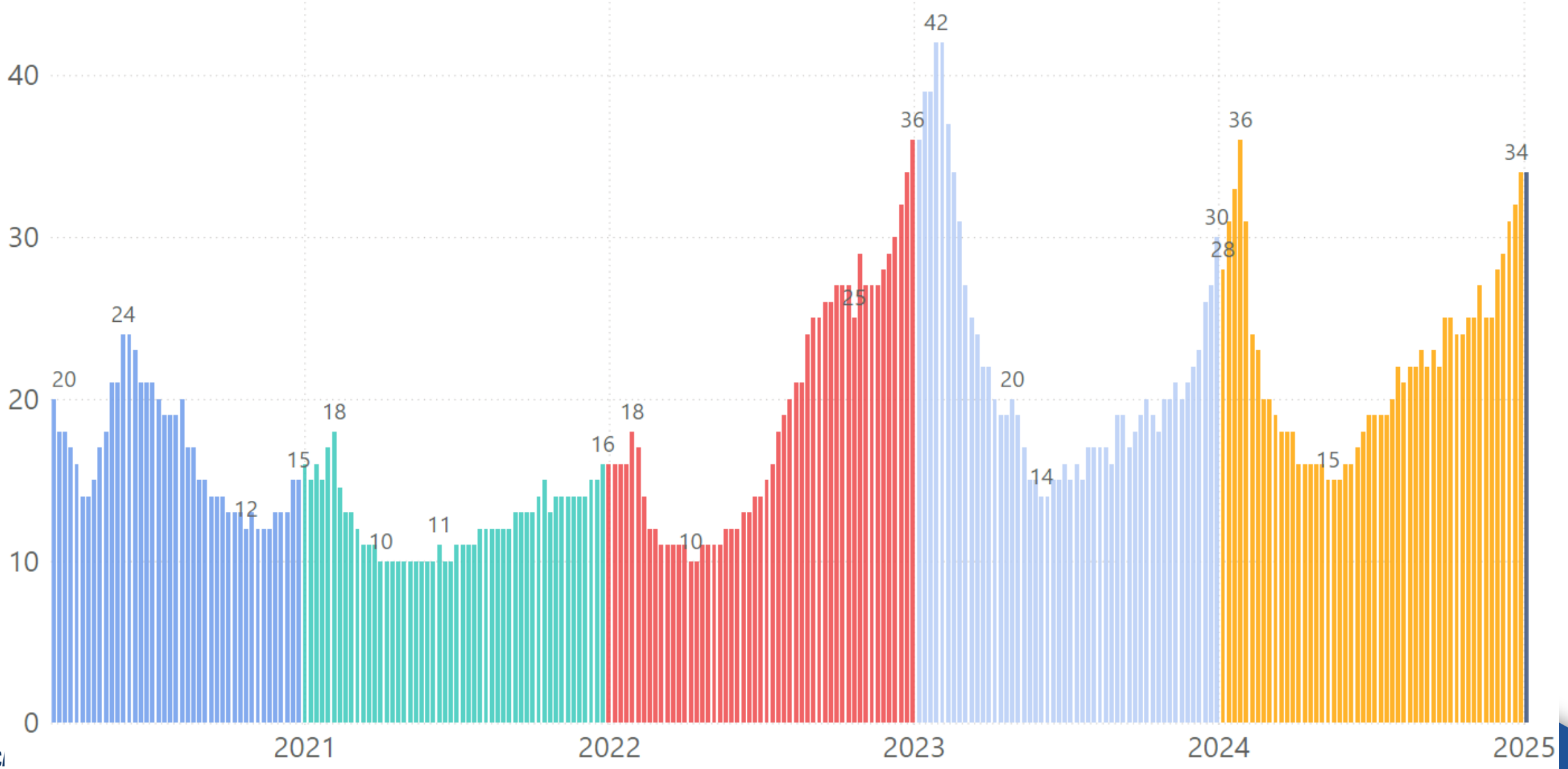
Existing SFR Active Listings

● 2020 ● 2021 ● 2022 ● 2023 ● 2024 ● 2025



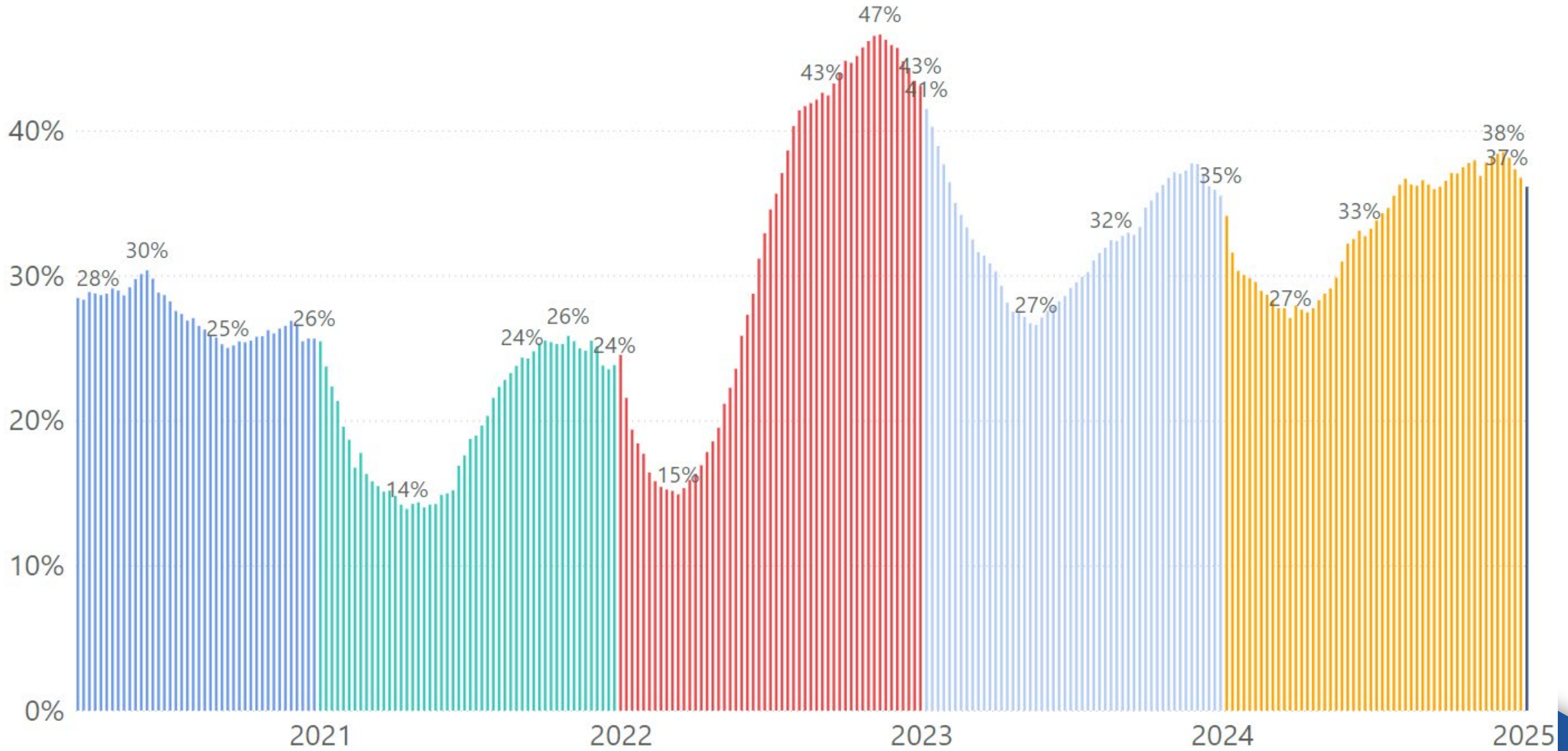
Median Days on Market for Closed Sales (Month-to-Date for Current Month)

● 2020 ● 2021 ● 2022 ● 2023 ● 2024 ● 2025



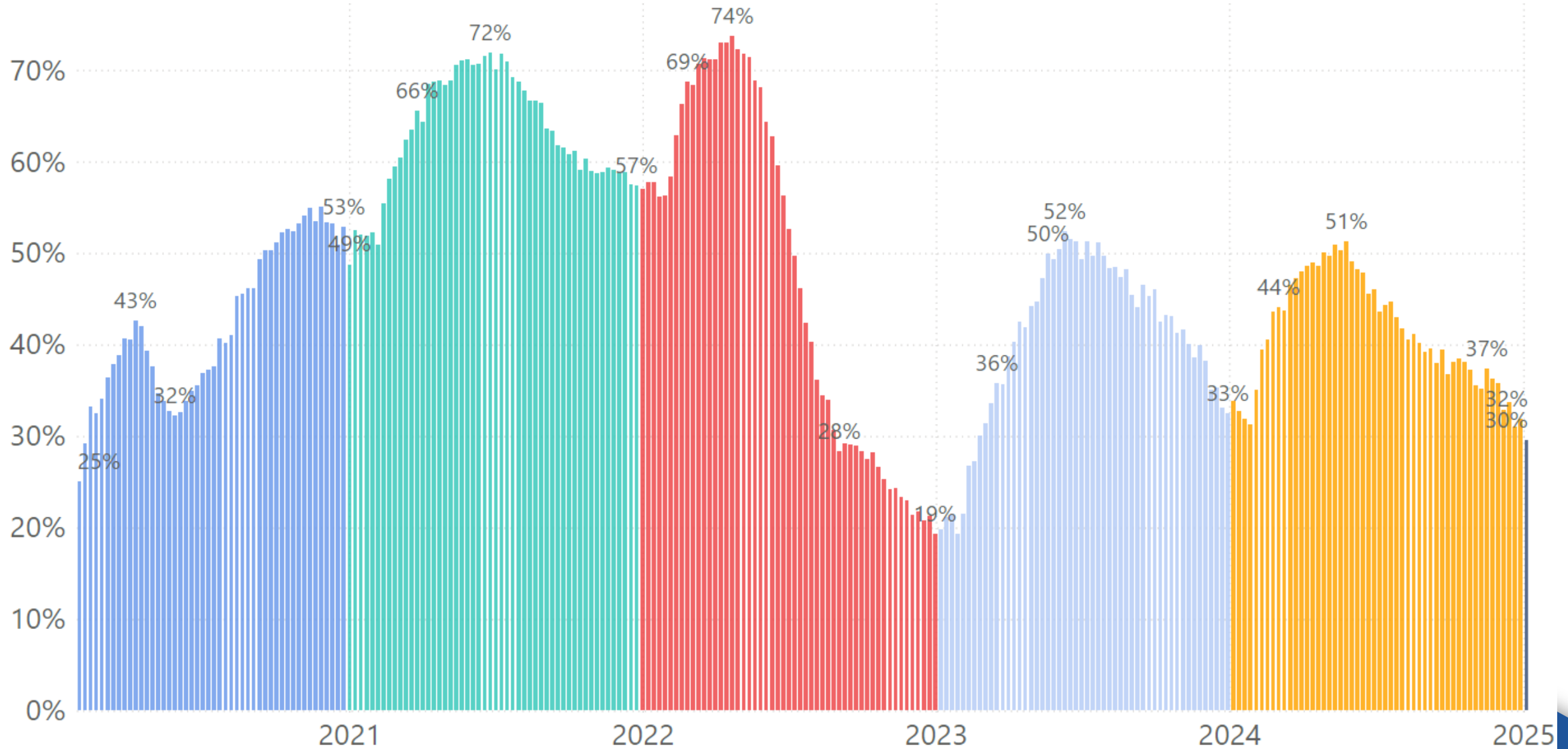
% of Active Listings w/Reduced Price

● 2020 ● 2021 ● 2022 ● 2023 ● 2024 ● 2025



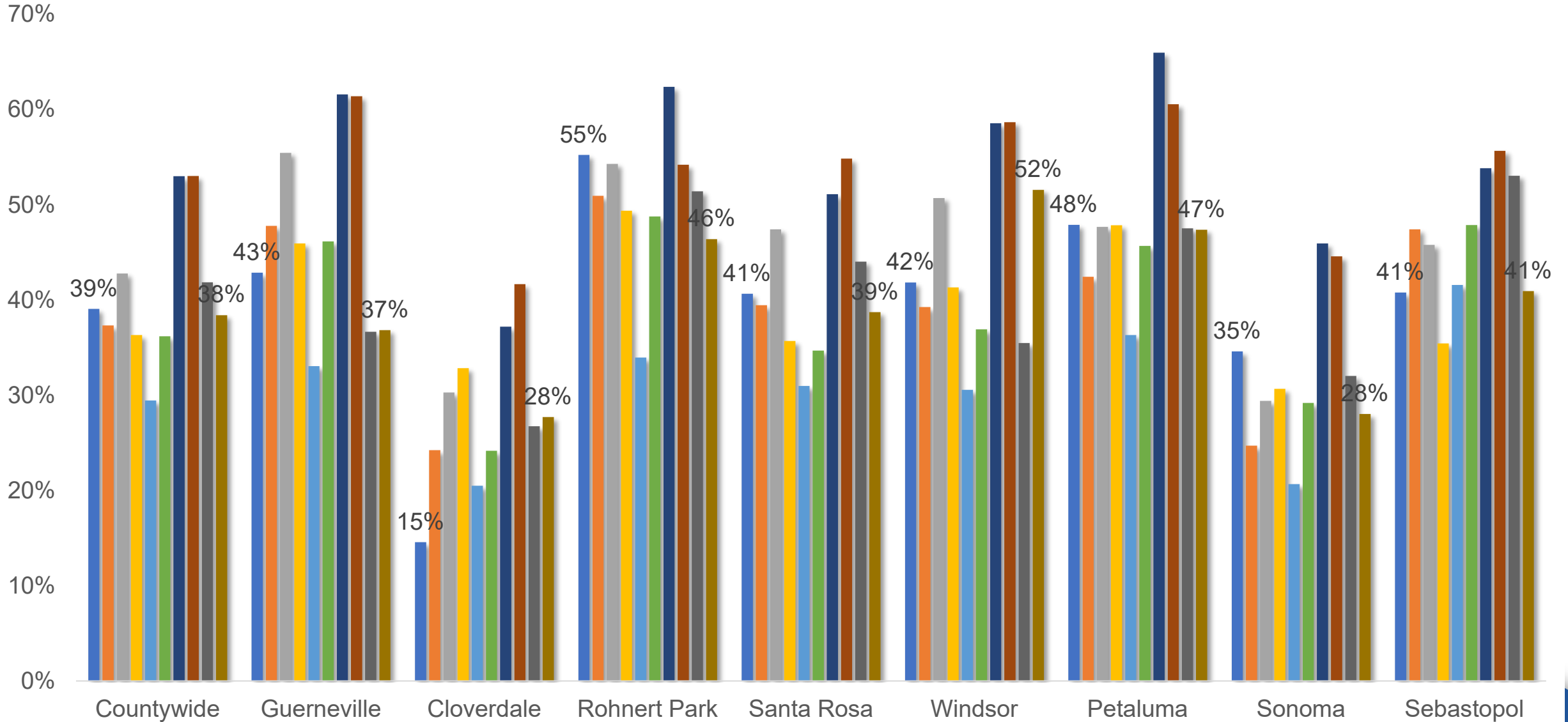
% of Homes Closed Above List Price

● 2020 ● 2021 ● 2022 ● 2023 ● 2024 ● 2025



Sonoma County Sales Over List Price (%)

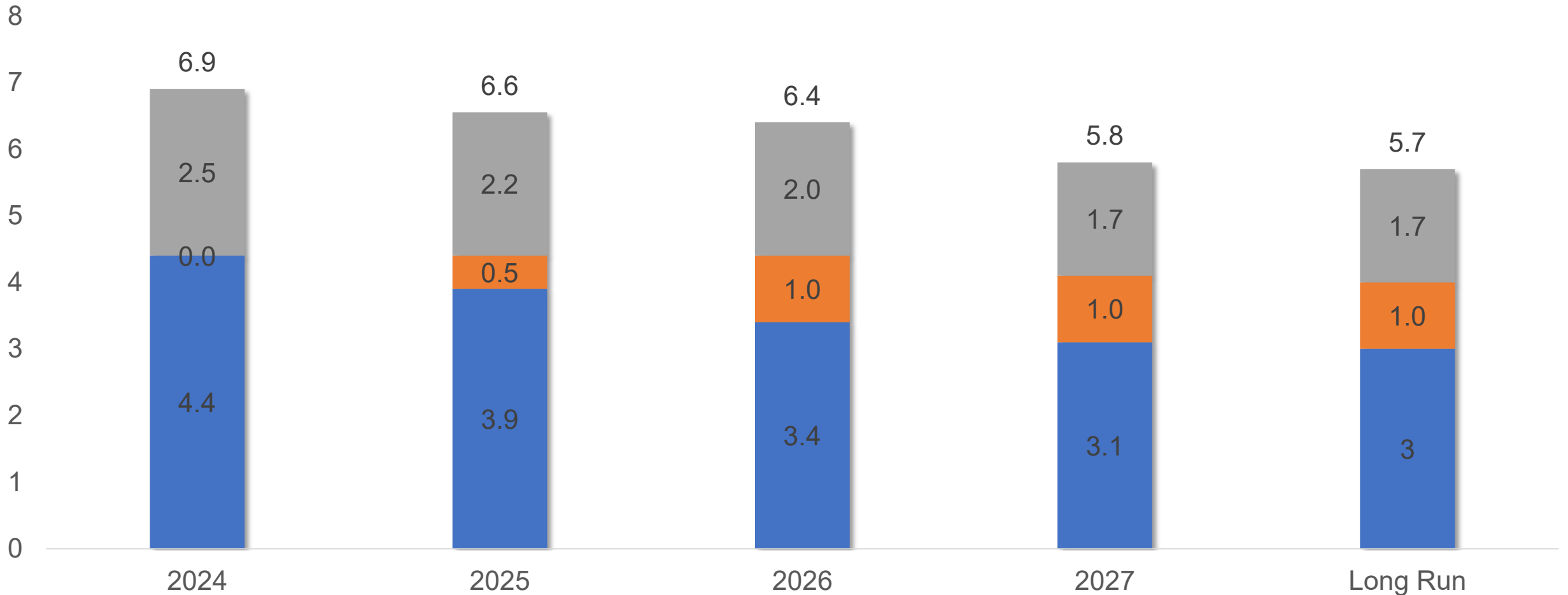
■ 2015 ■ 2016 ■ 2017 ■ 2018 ■ 2019 ■ 2020 ■ 2021 ■ 2022 ■ 2023 ■ 2024 YTD



Rates will come down, but I wouldn't wait around

Translating Fed Funds Rate Into Mortgage Rates

■ FFR ■ Yield Curve ■ Spread



California housing market outlook

	2016	2017	2018	2019	2020	2021	2022	2023	2024p	2025f
SFH Resales (000s)	417.7	424.9	402.6	398.0	411.9	444.5	343.0	257.9	269.0	297.3
% Change	2.0%	1.7%	-5.2%	-1.2%	3.5%	7.9%	-22.9%	-24.8%	4.3%	10.5%
Median Price (\$000s)	\$502.3	\$537.9	\$569.5	\$592.4	\$659.4	\$784.3	\$822.3	\$814.0	\$867.5	\$907.4
% Change	5.4%	7.1%	5.9%	4.0%	11.3%	18.9%	4.5%	-1.0%	6.4%	4.6%
Housing Affordability Index	31%	29%	28%	31%	32%	26%	19%	17%	16%	16%
30-Yr FRM	3.6%	4.0%	4.5%	3.9%	3.1%	3.0%	5.3%	6.8%	6.7%	6.6%

Thank you!!

