

LONDON PROPERTIES

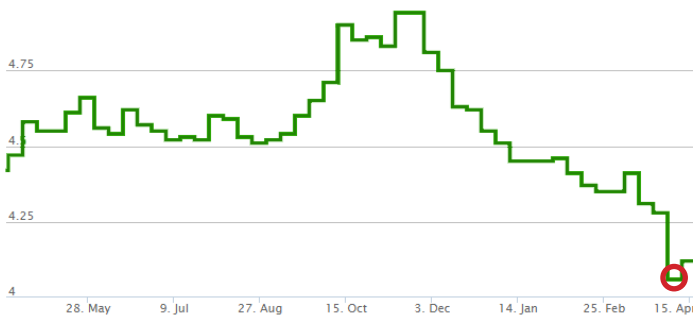
SPRING 2019 HOUSING REPORT

MARKET FACTS

Spring is here and so is a bounce in our local housing market. In the 4th quarter of 2018 and the first few months of 2019, we experienced growing inventory and slowing sales as a result of the government shut-down, brief economic uncertainty, and rising interest rates. Spring, however, has brought a **renewed and active Real Estate market**.

- Inventory is up** – As of April 1st, local inventory was up. Accounting for all property types, 1,383 new listings came to market. Buyers now have a larger selection of homes than in any other Spring in the last three years.
- Although closed transactions were down 10.2% for the first quarter compared to last year, “pended sales” (those going under contract) were up .07%, which indicates that our late Spring and early Summer closings should be **at least** even, if not higher, than last year.
- Prices tick up:** Although we ended 2018 with slowing appreciation, buyer interest came early this Spring and in March pushed our average sales price to \$300,000.
- Millenials are buying!** 40% of renting millenials expect to buy within two years and 73% within the next five years. - Pulsenomics

AVERAGE 30 YEAR FIXED MORTGAGE RATE



SERIES: Average 30 Yr. Fixed Mortgage Rates
SOURCE: Freddie Mac

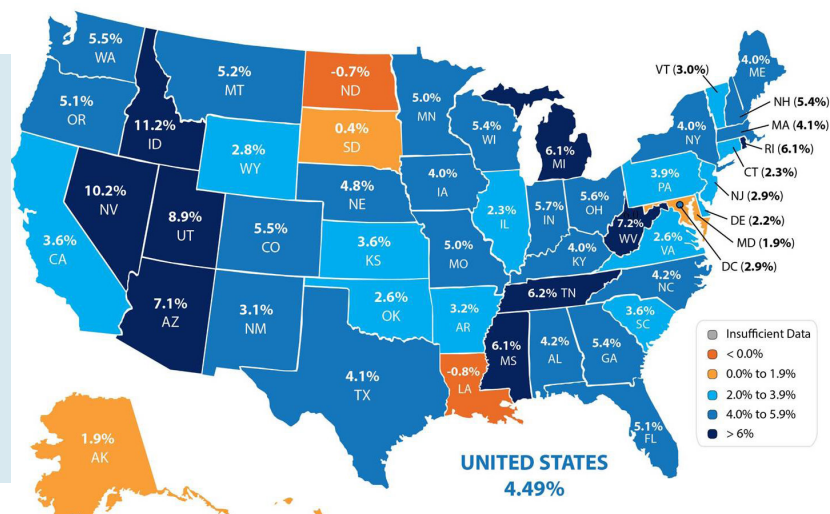
LOCALLY AS OF APRIL

- Inventory is up 20.5% from last year
 - Q1 sales are down 10.2% from previous year
 - Q1 2019 median sales price is up only 7.1% compared to Q1 2018
 - Median sales price is \$273,000
 - As of 4-1-19, cumulative days on market is 59
 - After climbing, interest rates have fallen in Q1
 - In April, rates remain at their lowest level since Q2 2018
- See Graph

THE GOOD NEWS FOR SELLERS

- California’s household formation is at a 10-year high.
- California’s first-time buyers are hitting their highest level since 2012 with 34.8% of the buyer pool.
- Median net cash gain for sellers in California is at historic highs of \$200,000 per seller.
- Months’ supply of inventory (MSI) remains in seller territory. Q1 (MSI) average was at 3.4 months.
- On average, California homeowners have remained in their homes for a record 11.5 years, significantly more than the historic 7-8 years. Increasing inventory and equity are now encouraging households to move.

YEAR-OVER-YEAR % CHANGE IN PRICE 2018



GOOD NEWS FOR BUYERS

- According to the Realtors Confidence Index from the National Association of Realtors, 61% of first-time buyers purchased their homes with down payments below 6%. Don't disqualify yourself because you're uninformed. In 2018, 74% of first-time buyers and 52% of all buyers put less than 20% down.
- The Central Valley is incredibly affordable. While only 27% of Californians can afford the state's median priced home, (\$575,000) affordability in the Central Valley by county is as follows:

Madera 52%	Fresno 47%
Kings 50%	Merced 42%
Tulare 48%	
- Home prices in the Central Valley are still lower by 10 to 13% from their record height in 2006.
- Fresno/Clovis prices peaked in 2006 at nearly \$335,000. As of April 1, 2019 the average sales price is \$300,000 (12% lower).
- Keep mortgage rates in perspective: The average since 1971 is over 8.10%.
- More selection - new listings to market are out-pacing closed sales by nearly 50%.
- Always remember that **“you live in the payment and not the price.”** With interest rates back in the mid 4s, today's buyer can afford more home than they likely can one year from now. With every 1% increase in rate, buyers lose approximately 10% of purchasing power.

MORTGAGE RATES

HISTORIC MORTGAGE RATES BY DECADE	
DECADE	AVERAGE RATE
1970s	8.86%
1980s	12.7%
1990s	8.12%
2000s	6.29%

Look at the actual reasons you are contemplating buying or selling to begin with. Are the reasons related to proximity to work or school, the right sized home, a better interest rate and payment, investment, scaling down, or moving up? Consider all the factors and remember just like our seasons, these factors can change. This Spring just might be the perfect time for you to make a move.

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YOU LIVE IN THE PAYMENT, NOT THE PRICE

BUYER'S PURCHASING POWER

RATE	\$350,000	\$341,250	\$332,500	\$323,750	\$315,000
6.00	\$2,098	\$2,046	\$1,994	\$1,941	\$1,889
5.75	\$2,043	\$1,991	\$1,940	\$1,889	\$1,838
5.50	\$1,987	\$1,938	\$1,888	\$1,838	\$1,789
5.25	\$1,933	\$1,884	\$1,836	\$1,788	\$1,739
5.00	\$1,879	\$1,832	\$1,785	\$1,738	\$1,691
4.75	\$1,826	\$1,780	\$1,734	\$1,689	\$1,643
4.50	\$1,773	\$1,729	\$1,685	\$1,640	\$1,596
		-2.5%	-5%	-7.5%	-10%

Principal and Interest payment
rounded to the nearest dollar amount.



MORE GOOD NEWS

“Sellers have to think about the competition in a way they haven't before. Getting ahead of other potential sellers could be even more of a bigger advantage this year given market conditions.”

- **Danielle Hale**, Chief Economist at Realtor.com

“We're seeing the first indications that price appreciation may be slowing, but the underlying fundamental housing market conditions support a natural moderation of price appreciation rather than a decline.”

- **Mark Fleming**, Chief Economist at First American

CoreLogic recently shared that national home prices have increased by 5.6% year-over-year. Over that same time period, interest rates have remained historically low which has allowed many buyers to enter the market.

As a seller, you will be most concerned about 'short-term price' – where home values are headed over the next six months. As a buyer, however, you must not be concerned about price, but instead about the 'long-term cost' of the home.

- **CoreLogic**