

TAX REFORM:

IS CALIFORNIA A WINNER OR A LOSER?

NOW THAT THE TAX REFORM BILL HAS PASSED, MANY REALTORS® ARE ASKING ABOUT THE EFFECTS IT COULD HAVE ON THE MARKET.



HOME PRICES

4.1%

In the short term, with some price ranges dropping more than others. 1.9% due to the loss in tax incentives. 2.2% due to the inability to deduct state and local property taxes.

PROPERTIES BELOW \$500K

8.9%

Many buyers at this price level are more likely to take advantage of the increased standard deduction, nullifying tax benefits of the mortgage interest and property tax deductions.

EXISTING HOME SALES

2.9%

As the tax saving incentives of being a homeowner vanish, fewer buyers will be inclined to purchase a home.

INVENTORY

1%

With a decline in home prices, homeowners will be reluctant to list their properties for sale. The reduction in the cap of the mortgage interest deduction, in fact, could disincentivize some current homeowners to ever move again.