



THE Q1 2019 | SOUTHERN CALIFORNIA
GARDNER
REPORT

presented by



Windermere
REAL ESTATE

windermere.com

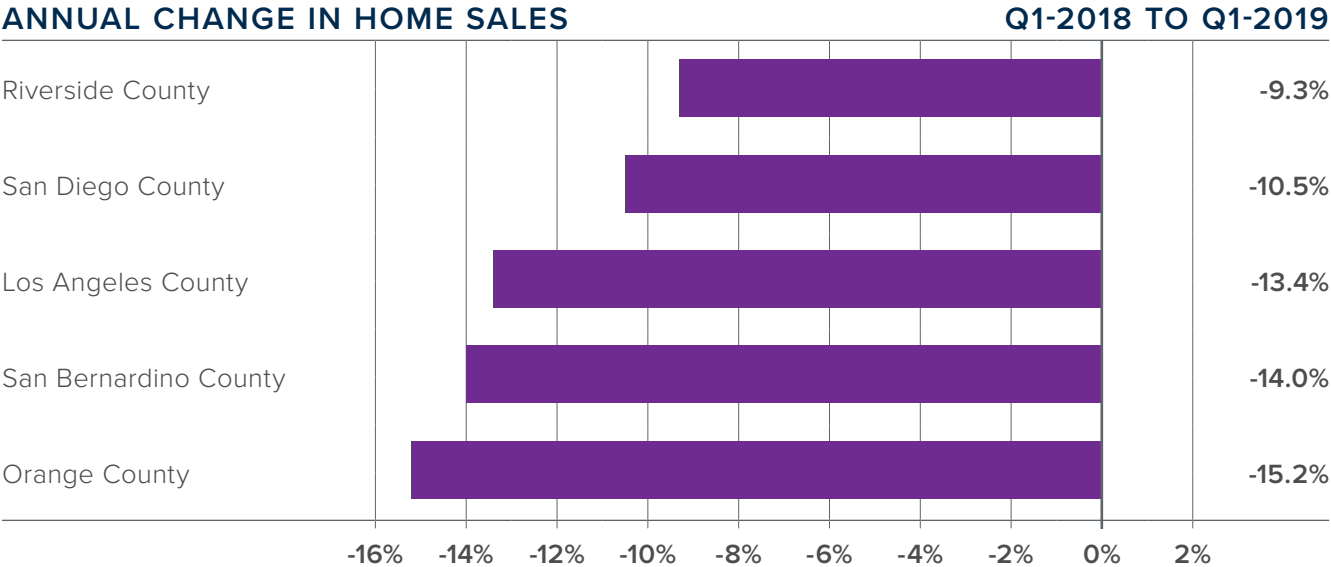
The following analysis of the Southern California real estate market is provided by Windermere Real Estate Chief Economist Matthew Gardner. We hope that this information may assist you with making better-informed real estate decisions. For further information about the housing market in your area, please don't hesitate to contact me.

ECONOMIC OVERVIEW

The counties covered by this report — Los Angeles, San Diego, San Bernardino, Orange, and Riverside — added 165,000 new jobs between February 2018 and February 2019. This represents an annual growth rate of 1.7%. In the same timeframe, the unemployment rate dropped from 4.4% to 3.9%. Employment growth in Southern California picked up a little in the late winter. Los Angeles County led the way, adding 96,500 new jobs. My 2019 forecast for employment in Southern California is for continued growth at around 1.5%.

HOME SALES

- There were 34,142 home sales in the first quarter of 2019. This was a drop of 12.4% from the same period in 2018 and 13.9% lower than the final quarter of last year.
- Pending home sales (an indicator of future closings) were just 2.8% lower than during the same period a year ago, but down 18% compared to the fourth quarter of 2018. This suggests that second-quarter sales are likely to disappoint.
- Home sales dropped across the board, but the most noticeable decline was again in Orange County, which fell by 15.2%. This drop is probably temporary and was more than likely driven by the 49% increase in inventory and high home prices. The smallest drop was in the more affordable Riverside County.
- There was an average of 37,641 active listings in the first quarter — up 30.5% from a year ago.

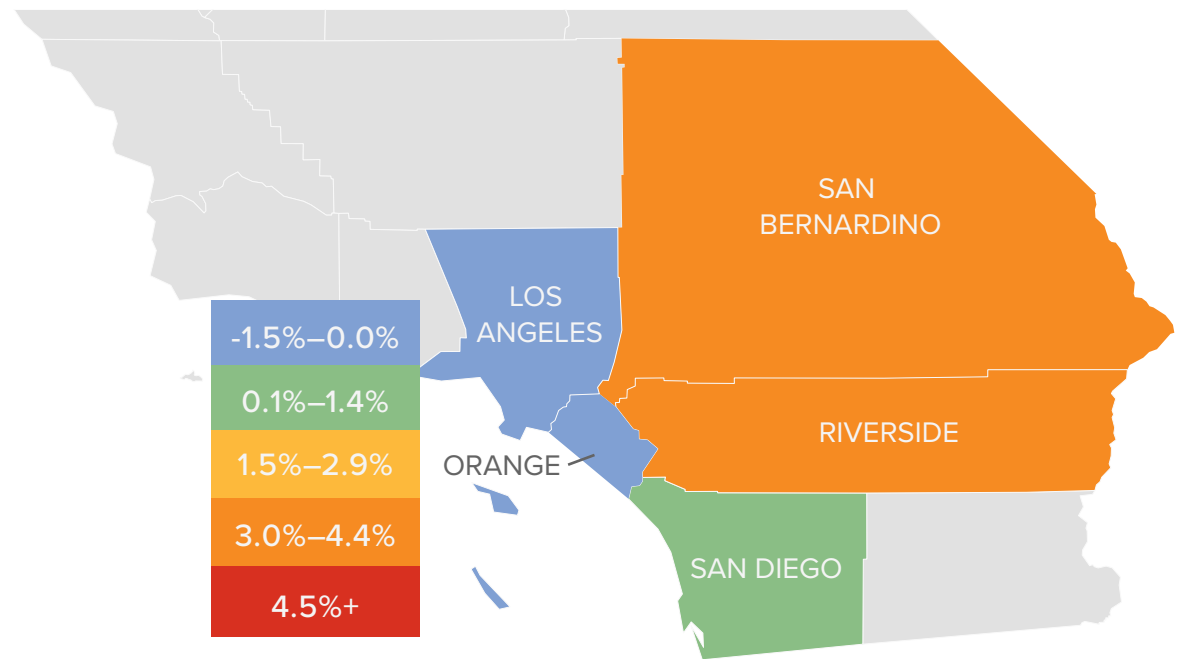
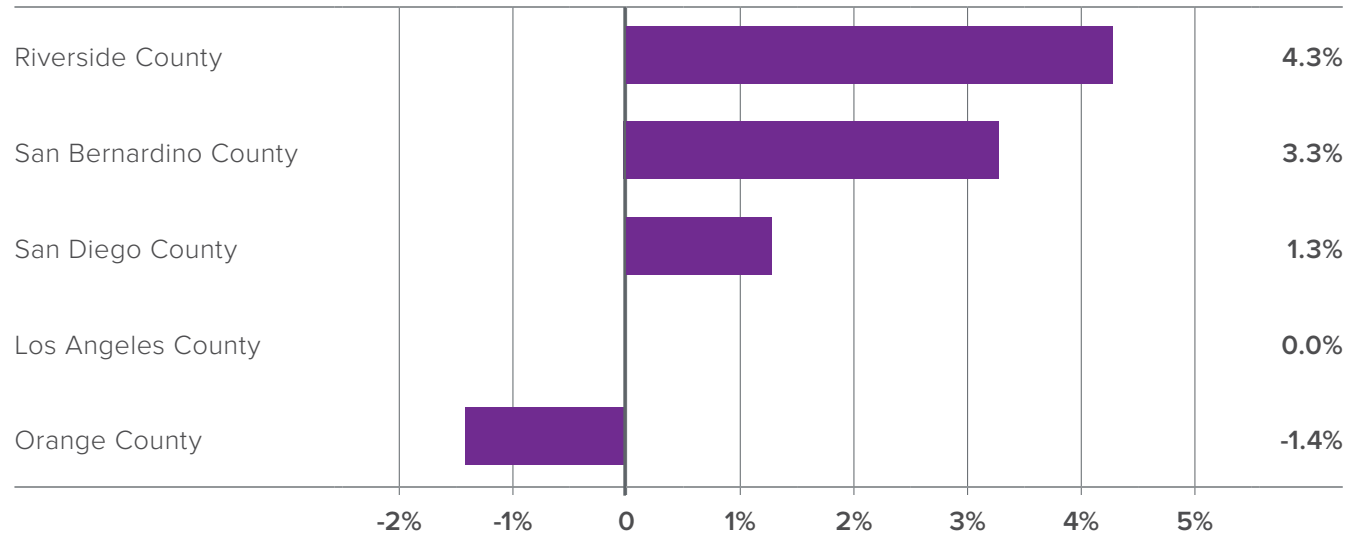


HOME PRICES

- Year-over-year, average prices in the region rose a very modest .3% and were 2.4% lower than in the fourth quarter of 2018.
- Affordability remains an issue in most of the Southern California counties contained in this report, which, in concert with growing inventory, will likely continue to limit home price growth.
- Price growth was varied. Riverside County showed the greatest annual appreciation (+4.3%). Average home prices dropped 1.4% in Orange County.
- On a year-over-year basis, I expect to see home prices continue to rise through 2019, but the rate of growth will be more modest than the market has seen in several years.

ANNUAL CHANGE IN HOME SALE PRICES

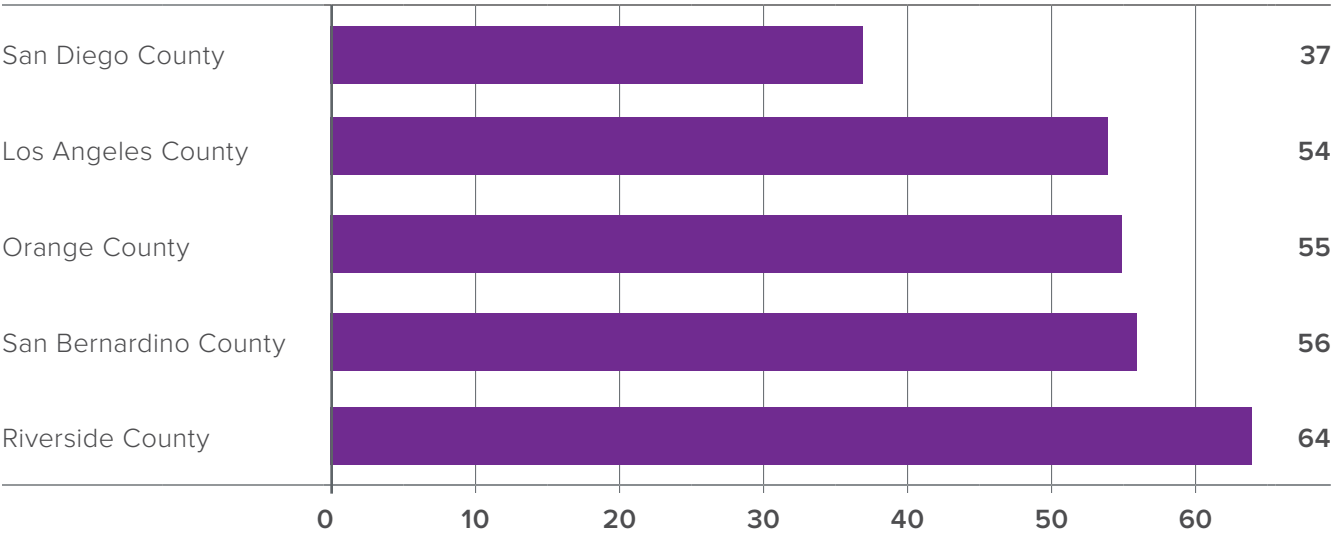
Q1-2018 TO Q1-2019



DAYS ON MARKET

- › The average time it took to sell a home in the region was 53 days. This is a 10-day increase compared to the first quarter of 2018, and eight days more than in the fourth quarter of 2018.
- › All markets saw an increase in the time it took to sell a house in the first quarter of this year compared to both the first and fourth quarters of 2018.
- › Homes in San Diego County continue to sell at a faster rate than other markets in the region. In the first quarter, it took an average of 37 days to sell a home, which is eight days more than it took a year ago.
- › Market time is increasing, which may concern some; however, it is simply a move back to normal averages.

AVERAGE DAYS ON MARKET

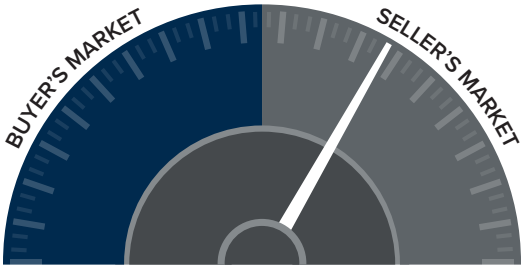


ABOUT MATTHEW GARDNER

As Chief Economist for Windermere Real Estate, Matthew Gardner is responsible for analyzing and interpreting economic data and its impact on the real estate market on both a local and national level. Matthew has over 30 years of professional experience both in the U.S. and U.K.

In addition to his day-to-day responsibilities, Matthew sits on the Washington State Governors Council of Economic Advisors; chairs the Board of Trustees at the Washington Center for Real Estate Research at the University of Washington; and is an Advisory Board Member at the Runstad Center for Real Estate Studies at the University of Washington where he also lectures in real estate economics.

CONCLUSIONS



The speedometer reflects the state of the region's real estate market using housing inventory, price gains, home sales, interest rates, and larger economic factors.

The Southern California economy saw a bit of a boost in early 2019, which is good news. But rising inventory levels and low affordability in many markets will lead to slower price growth. Affordability remains a significant issue and I will be watching proposed legislation, such as Senate Bill 50, to see whether there is enough interest in addressing this obstacle to home ownership.

Rising inventories and slower price growth has led me to move the needle a little further toward buyers.