CALIFORNIA ASSOCIATION OF REALTORS®

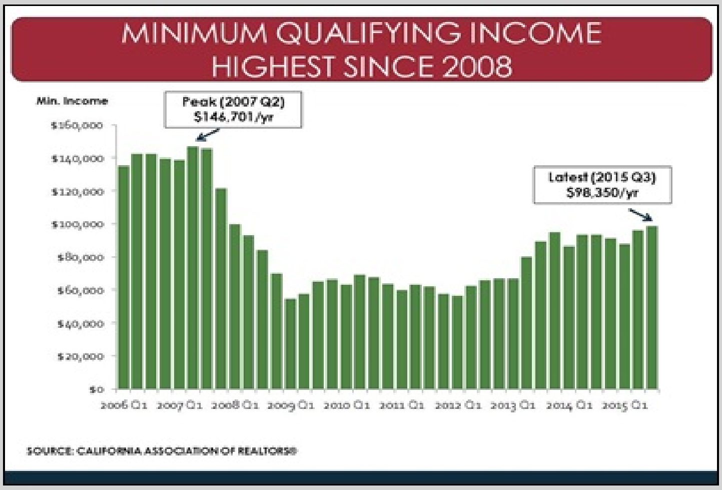
Market Snapshot

The California Market through the Len of Affordability

Relatively flat housing prices and higher interest rates have slightly reduced home-buying affordability for Californians in the third quarter of 2015. California Association of REALTORS®' (C.A.R.'s) Housing Affordability Index (HAI) indicates that twenty-nine percent of home-buyers can now afford a median-priced single-family home – a slight drop from thirty percent in the last quarter.

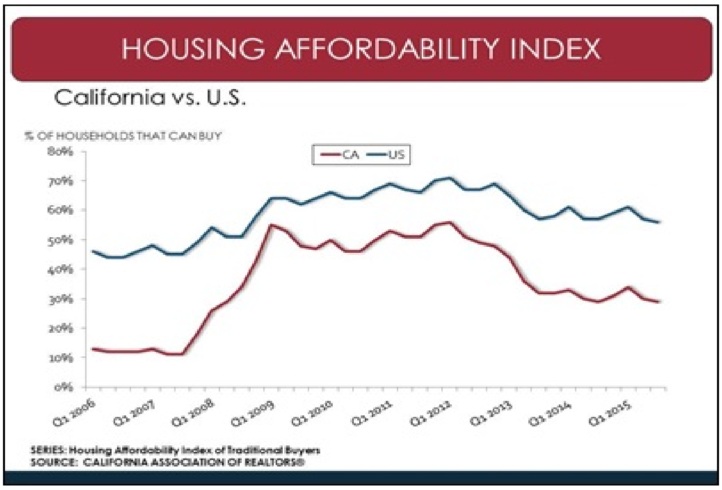
C.A.R.'s HAI measures the percentage of all households that can afford to purchase a median-priced, single-family home in California, and is considered the most fundamental measure of housing well-being for home buyers in the state. It is dependent on relative changes in the economy through household incomes, housing prices, and interest rates.

In Q3 2015, home-buyers needed to earn a minimum annual income of $98,350 to qualify for the purchase of a $487,420 statewide median-priced, existing single-family home. This reflected a slight rise from second-quarter 2015's median home price of $485,910. Condos and townhomes also slipped in affordability but remained in reach for 38 percent of the population; those making an annual income of $78,840 or more.



Viewed over a longer time frame, the affordability index appears to have stabilized for the past three years around 30 percent, a significant drop over the post crisis peak of the affordability index from 2012. We may be in a stable period of "30 percent affordability", caused by high - if flattening prices, and slightly higher rates. Still, home sales exceeded 400,000 across the state, up 5.7 percent from this time last year, and marking the seventh straight month of housing sales over 400,000 units.

One factor that could affect affordability is the prospect of the Federal Reserve implementing its proposed series of graduated increases in rates over the next two years. If the Fed increased the federal funds rate at a slow and steady pace, California housing affordability will decline initially, but could stabilize as the state economy continues to grow and the labor market continues to improve, despite a weaker growth in China and Europe.



Brought to you by:

Haig Barsamian
REALTOR®
Barsam & Associates, inc.
2901 W. Coast Highway #200
Newport Beach, CA 92663

Office: 877-522-7726
Cellular: 949-485-0173
Email: haig@barsaminc.com
Website: http://www.barsaminc.com
BRE License: 01012187