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Southern California's Home Sales At Four-Year High for the Month of January; Median Sale Price Down from December, but Still Up 5 Percent Year Over Year

New data released today by CoreLogic® shows a total of 15,422 new and resale houses and condos sold in January 2017 in Los Angeles, Riverside, San Diego, Ventura, San Bernardino and Orange counties, down 24.6 percent month over month from 20,458 sales in December 2016* and up 5.4 percent year over year from 14,633 sales in January 2016. The January 2017 sales tally was the highest for a January since 2013. A sharp decline in sales between December and January is a seasonal norm. The average change between those two months is a decline of 27.6 percent. January sales have ranged from a low of 9,983 in 2008 to a high of 26,083 in 2003, and January 2017 sales were 10.2 percent below the January average of 17,166 sales since 1988 when data for this report begins (data start dates vary by county).

In January 2017, sales of newly built homes—detached houses and condos combined—were about 49 percent below the long-term January average. The resale market, however, is closer to its historical average with January 2017 resales coming in about 4.5 percent below the January average. Ignoring the 2003-2006 housing boom that was fueled by risky home loans, last month's resales were less than 1 percent below the month's average.

"Southern California home sales were the highest for a January in four years despite a spike in mortgage interest rates after the November election," said Andrew LePage, research analyst with CoreLogic. "Many of the homebuyers whose deals were recorded in January would have been out shopping in November and December during a rising-rate environment that might have spurred some to buy sooner rather than later. There was still a normal, sharp seasonal drop-off in sales between December 2016 and January 2017. That's partly because some people prefer not to buy or sell during the holidays, which translates into a relatively low number of deals recorded in January and February. Historically, those months are not good indicators of how the market will shape up during the rest of the year."

The median price paid for all Southern California homes sold in January 2017 was \$455,000 which is down 3.2 percent month over month from \$470,000 in December 2016* and up 5.3 percent year over year from \$432,250 in January 2016. The January 2017 median was 9.9 percent below the peak median of \$505,000 reached in March, April, May and July of 2007; however, when the median sale price history is adjusted for inflation, last month's median remained 19.9 percent below the peak.

"Similar to sales, it's also normal for the region's median sale price to dip between December and January, and this year's 3.2 percent decline between those two months is in line with the average December-to-January decrease of about 3 percent over the past three decades," said LePage. "The 5.3 percent year-over-year gain for the January 2017 median sale price was the lowest since June 2016, but it was still close to the average year-over-year increase of 5.9 percent over the past two years."

Home sales of \$500,000 or more accounted for 43.9 percent of all sales in January 2017, down from 45.4 percent in December 2016 and up from 39.6 percent in January 2016. The number of homes that sold for \$500,000 or more in January 2017 rose 17.1 percent compared with January 2016 and sales below \$500,000 fell 1.9 percent over the same period. Sales of \$800,000 or more increased 16.6 percent year over year, and sales of \$1 million or more increased 18.4 percent.

Additional Southern California Highlights for January 2017:

- ▶ Southern Californians took out about 6,300 home equity lines of credit (HELOCs) in January 2017. This was up 7 percent from December 2016 and up 13.8 percent from January 2016. The approximately 18,000 HELOCs originated in the region in the three months ending in January 2017 rose about 2 percent from the same period a year earlier. However, there's been a substantial gain in another method of tapping home equity: The number of cash-out refinances between November 2016 and January 2017 increased about 52 percent year over year.
- ▶ Absentee buyers, mostly investors and some vacation-home buyers, bought 22.5 percent of all homes sold in January 2017. This was up from 20.8 percent in December 2016 and down from 22.7 percent in January 2016. In recent months, the absentee share

has been the lowest in about six years. The absentee share peaked in February 2013 at 32.2 percent, and the monthly average since 1988 is approximately 18 percent.

- ▶ Cash buyers accounted for 22.2 percent of January 2017 home sales, up from 21.1 percent in December 2016 and down a hair from 22.4 percent in January 2016. The cash sales share peaked in February 2013 at 37.5 percent, and the monthly average since 1988 is about 16 percent.
- ▶ Jumbo mortgages accounted for 13.8 percent of the total number of home purchase loans used in Southern California in January 2017, down from 15.1 percent in December 2016 and unchanged from January 2016. Jumbo loans represented 32.2 percent of the total dollar volume of all home purchase originations in January 2017, down from 32.6 percent in December 2016 and up from 31.8 percent in January 2016. Southern California's jumbo share of all home purchase loan dollars peaked last year in June at 34.3 percent. Jumbo loans are those that exceed the "conforming loan limit" which is set by regulation and varies by county. Nationally, the base conforming loan limit for single-family homes this year is \$424,100, but high-cost counties including San Diego, Orange, Los Angeles and Ventura have higher limits of up to \$636,150. A rise in the jumbo loan share of home purchase loans can be related to higher home prices, an increase in the share of sales occurring in the market's higher end, or greater availability of funding for jumbo loans.
- ▶ Government-insured, low-down-payment Federal Housing Administration (FHA) loans accounted for about one out of every five (20.3 percent) home purchase loans in Southern California in January 2017, down from 20.6 percent in December 2016 and down from 21.4 percent in January 2016. Riverside and San Bernardino counties experienced the region's highest FHA share in January of this year at 25.7 percent and 34.4 percent, respectively.
- ▶ Real estate-owned (REO) sales represented 3.3 percent of total Southern California home sales in January 2017, up from 2.8 percent in December 2016* and down from 4.5 percent in January 2016. REOs are homes that lenders took back through foreclosure and then sold on the open market.

* When necessary, December 2016 data was revised. Revisions are standard, and to ensure accuracy CoreLogic incorporates newly released data to provide updated results.

YEAR-OVER-YEAR CHANGE

TOTAL HOMES SOLD/MEDIAN PRICE FOR SELECT SOUTHERN CALIFORNIA COUNTIES (REFLECTS TOTAL HOME SALES)

County	Homes Sold January 2016	Homes Sold January 2017	Percent Change	Median Sale Price January 2016	Median Sale Price January 2017	Percent Change
Los Angeles	5,044	5,177	2.6%	\$490,000	\$525,000	7.1%
Orange	2,280	2,351	3.1%	\$619,000	\$635,000	2.6%
Riverside	2,494	2,596	4.1%	\$310,000	\$330,000	6.5%
San Bernardino	1,836	2,163	17.8%	\$265,000	\$283,000	6.8%
San Diego	2,370	2,480	4.6%	\$462,750	\$495,000	7.0%
Ventura	609	655	7.6%	\$499,000	\$510,000	2.2%
Southern California Total	14,633	15,422	5.4%	\$432,250	\$455,000	5.3%

Source: CoreLogic

MONTH-OVER-MONTH CHANGE

TOTAL HOMES SOLD/MEDIAN PRICE FOR SELECT SOUTHERN CALIFORNIA COUNTIES (REFLECTS TOTAL HOME SALES)

County	Homes Sold December 2016	Homes Sold January 2017	Percent Change	Median Sale Price December 2016	Median Sale Price January 2017	Percent Change
Los Angeles	6,861	5,177	-24.5%	\$520,000	\$525,000	1.0%
Orange	3,250	2,351	-27.7%	\$665,000	\$635,000	-4.5%
Riverside	3,528	2,596	-26.4%	\$345,000	\$330,000	-4.3%
San Bernardino	2,464	2,163	-12.2%	\$299,000	\$283,000	-5.4%
San Diego	3,451	2,480	-28.1%	\$495,000	\$495,000	0.0%
Ventura	904	655	-27.5%	\$519,000	\$510,000	-1.7%
Southern California Total	20,458	15,422	-24.6%	\$470,000	\$455,000	-3.2%

Source: CoreLogic