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## Southern California Home Sales Show Modest Strengthening this May; Compared with May 2018, Sales Fell Less Than 3% as Prices Remained Close to Flat

New data released today by CoreLogic® shows a total of 22,300 new and existing houses and condos were sold in Los Angeles, Riverside, San Diego, Ventura, San Bernardino and Orange counties in May 2019. This number is up 10.6% month over month from 20,156 sales in April 2019,\* and down 2.7% year over year from 22,926 sales in May 2018. Total Southern California home sales in May were the lowest for that month since May 2015 when 21,754 homes were sold.

Sales have fallen on a year-over-year basis for the last 10 consecutive months. However, annual declines moderated to just under 3% this April and May after experiencing declines from about 12% to 20% between November 2018 and March 2019.

This year's nearly 11% increase in sales between April and May was larger than usual. Since 1988, the average change in sales between these months is an increase of 6.1%. May sales have ranged from a low of 16,917 in 2008, to a high of 35,557 in 2005. May 2019 sales were 10.5% below the May average of 24,911 sales.

May sales of newly-built homes remained much lower than the long-term average, while resales were closer to their historical average. In May 2019, sales of newly-built homes (detached houses and condos combined) were 44.7% below the May average since 1988, while May 2019 resales (detached houses and condos combined) were 5.3% below the long-term May average. Ignoring the 2003–2006 housing boom that was fueled by risky home loans, May 2019 resales were 1.3% below the sales average for May.

“Southern California home sales have fallen on a year-over-year basis each month since last August, but May's 2.7% annual decline was the lowest in that 10-month stretch,” said Andrew LePage, a CoreLogic analyst. “The annual decline in home sales has moderated the past two months largely because of more inventory and a drop in mortgage rates, which helps lower the payments home shoppers have to qualify for. Last May, the principal-and-interest mortgage payment on the region's \$529,000 median sale price was nearly 16% higher than in 2017. This May, the monthly mortgage payment for the region's \$530,000 median-priced home is almost 6% lower than a year earlier, thanks to a roughly 0.5-percentage-point decline in mortgage rates.”

The median price paid for all Southern California homes sold in May 2019 was \$530,000, up 0.4% month over month from \$528,000 in April 2019 and up 0.2% year over year from \$529,000 in May 2018. Since 1988, the average change in the median sale price between April and May has been an increase of 1.2%.

Over the past six months, the annual change in the median sale price has been small, ranging from a dip of 0.8% this March to a gain of 1.3% in January. The 0.8% annual decline in the March 2019 median sale price marked the first year-over-year decrease since March 2012, when the median dipped 0.2%. The region's median sale price hit an all-time high of \$535,000 in June 2018. When adjusted for inflation, the May 2019 median remained 12.9% below its peak in July 2007.

"This May's tiny, 0.2% annual gain in Southern California's median sale price marked the sixth consecutive month in which the median has, on a year-over-year basis, either risen less than 2% or fallen slightly, which was the case this March," LePage said. "The flattening out of home price growth reflects the erosion of buyer affordability after years of rising home prices and last year's run-up in mortgage rates. This combination caused the loan payments which buyers needed to qualify for to far outpace income growth. Ultimately, this priced out some would-be buyers and led others to back out of the market after concluding values had neared a peak. Sixteen years ago, a few years before the last cycle's peak, the market might have experienced a similar slowdown had it not been for the widespread availability of very risky home financing that let buyers stretch to their financial max. For the most part, that sort of financing is no longer available."

The number of homes sold for \$500,000 or more in May 2019 fell 2.3% compared with May 2018. Sales of \$800,000-plus homes declined 4.5% year over year, and \$1 million-plus sales fell 5.6%. Compared with May 2018, sales below \$500,000 fell 4.4% year over year, while sales below \$300,000 decreased 13.5% and sales below \$200,000 dropped 25%. Homes sold for \$500,000 or more accounted for 55% of all sales in May 2019, up from 54.6% in April 2019 and up from 54.4% in May 2018.

### **Additional Southern California Highlights for May 2019:**

- Absentee buyers—mostly investors and some vacation home buyers—bought 21.8% of all homes sold in May 2019. This is down slightly from 22.2% in April 2019 and down from 23.2% in May 2018. The absentee share peaked at 32.9% in February 2013, and the monthly average since 2000 has been about 20%.
- Adjustable-rate mortgages (ARMs) made up 9.9% of the number of purchase loans used to buy homes in Southern California in May 2019. This number is down from 10.5% in April 2019 and down from 11.1% in May 2018. ARMs, which offer lower initial interest rates and monthly payments compared with fixed-rate mortgages, are more common in the middle and high-end of the market where the impact on monthly payments is larger. In May 2019, the median price paid for Southern California homes purchased with ARMs was \$950,000, compared with a median of \$530,000 for all homes purchased. The ARM share ranged from 4.8% of purchase loans in Riverside County to 16.6% in Orange County.
- Jumbo mortgages accounted for 14.3% of the total number of home purchase loans used in Southern California in May 2019, down from 14.6% in April 2019 and down from 15.8% in May 2018. Jumbo loans represented 32.2% of the total dollar volume of all home purchase originations in May 2019, unchanged from April 2019 and down from 34.2% in May 2018. Jumbo loans are those that exceed the "conforming loan limit," which is regulated and varies by county. Nationally, the base conforming loan limit for single-family homes in 2019 is \$484,350, up from \$453,100 in 2018. High-cost counties including San Diego, Orange, Los Angeles and Ventura have higher limits in 2019 of up to \$726,525, compared with \$679,650 in 2018.
- Real estate-owned (REO) sales represented 1.1% of total Southern California home sales in May 2019, down from 1.2% in April 2019 and down from 1.2% in May 2018. REOs are foreclosed homes that lenders then sold on the open market.

## Year-Over-Year Change

Total Homes Sold/Median Price for Select Southern California Counties (Reflects total home sales)

County	Homes Sold May 2018	Homes Sold May 2019	Percent Change	Median Sale Price May 2018	Median Sale Price May 2019	Percent Change
Los Angeles	7,307	7,095	-2.9%	\$605,000	\$615,000	1.7%
Orange	3,526	3,313	-6.0%	\$740,000	\$720,500	-2.6%
Riverside	4,174	4,241	1.6%	\$379,500	\$392,000	3.3%
San Bernardino	2,862	2,768	-3.3%	\$339,000	\$345,000	1.8%
San Diego	4,033	3,916	-2.9%	\$570,000	\$570,000	0.0%
Ventura	1,024	967	-5.6%	\$590,000	\$590,000	0.0%
<b>Southern California Total</b>	<b>22,926</b>	<b>22,300</b>	<b>-2.7%</b>	<b>\$529,000</b>	<b>\$530,000</b>	<b>0.2%</b>

Source: CoreLogic

## Month-Over-Month Change

Total Homes Sold/Median Price for Select Southern California Counties (Reflects total home sales)

County	Homes Sold April 2019	Homes Sold May 2019	Percent Change	Median Sale Price April 2019	Median Sale Price May 2019	Percent Change
Los Angeles	6,443	7,095	10.1%	\$607,500	\$615,000	1.2%
Orange	2,967	3,313	11.7%	\$735,000	\$720,500	-2.0%
Riverside	3,699	4,241	14.7%	\$390,000	\$392,000	0.5%
San Bernardino	2,540	2,768	9.0%	\$335,000	\$345,000	3.0%
San Diego	3,593	3,916	9.0%	\$570,000	\$570,000	0.0%
Ventura	914	967	5.8%	\$585,000	\$590,000	0.9%
<b>Southern California Total</b>	<b>20,156</b>	<b>22,300</b>	<b>10.6%</b>	<b>\$528,000</b>	<b>\$530,000</b>	<b>0.4%</b>

Source: CoreLogic