

# Market Snapshot

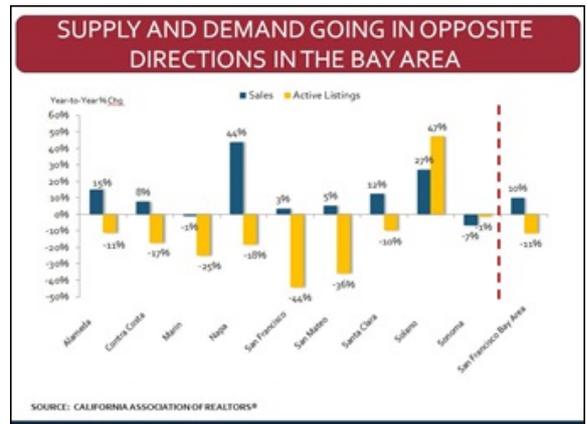
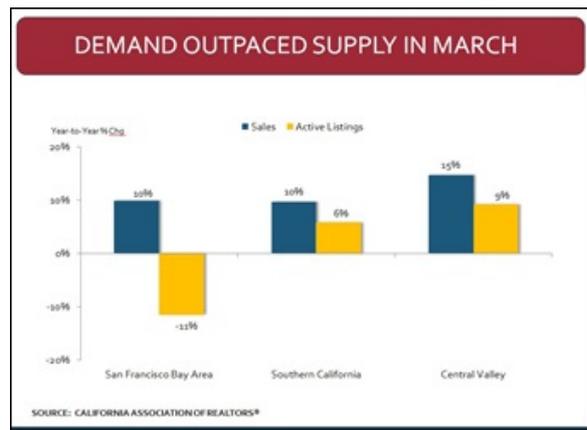
## Spring Home Buying Season Looks Promising

Despite a slow start in the first month of the year, sales continued to gain on a year-over-year basis for the second month in a row in March. The year-over-year growth in sales in March was the first back-to-back increase since December 2012 and it was also the largest increase observed since May 2012. The strong momentum in March elevated sales in the first quarter to 370,520 (seasonally adjusted and annualized), an increase of 2.3 percent when compared to the first quarter of last year. It was the first quarterly increase since the fourth quarter of 2012. Sales increase from the previous month was also much stronger than the long-run average of 0.5 percent increase from February to March recorded since 1979. In fact, it was the biggest February-to-March increase that we have seen since 2008.

Sales surged in all regions when compared to March 2014, with the Central Valley region increasing 14.7 percent year-over-year, the Bay Area increasing 9.9 percent, and Southern California increasing 9.7 percent. Improved economic conditions and more job availability throughout the state benefit the housing market and continue to push sales higher. With pending sales jumping at a double-digits rate from a year ago, the California housing market is picking up its momentum, and should continue to have a solid home buying season in the upcoming months.

The statewide median home price, meanwhile, increased 7.2 percent from last year to \$468,550, the highest level since August 2014. The yearly gain in price was the largest increase observed since September 2014. While the strong increase in high-end home sales in the Bay Area in March might have exerted upward pressure on the statewide median price, tight housing supply conditions probably contributed to the price appreciation as well. The statewide unsold inventory index declined in March to 3.8 months from 5 months in February, and from 4.0 months in March 2014.

While housing supply has been improving in real terms in recent months, the demand for housing continued to grow at a faster pace than that of inventory. The discrepancy between sales and active listings was most obvious in the Bay Area, where sales increased from the previous year by double-digits but active listings fell by more than 10 percent. Six of nine counties in the region, in fact, experienced an increase in sales and a decline in active listings in March. Sales and active listings in the region have been going in opposite directions since late last year. While it is a welcome sign to see the growth in the housing demand continues, the lack of supply is a definitely a concern. The imbalance between the two sides not only intensifies market competition and pushes home prices higher, but also leads to housing affordability issues that ultimately lowers homeownership rate if the problem persists.



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