



Written by [Warren Mass](#) on July 26, 2018

Home Sales In Southern California Down, as Buyers Are Priced Out of Market

Home sales in Southern California fell in June, dropping 1.1 percent from May's figures, and 11.8 percent since June 2017. The data was reported by the Irvine, California-based CoreLogic, Inc., which provides financial, property, and consumer information.

The significance of this trend for people elsewhere is that in the past, California, which is one of the largest housing markets in the nation, has been a predictor for the rest of the country.

Andrew LePage, a CoreLogic analyst, told CNBC News that "affordability and inventory constraints are likely the main culprits in last month's sales slowdown, which applied to all six of the region's counties and across most of the major price categories."

While weak sales might eventually lead to declining prices, for the moment, the opposite effect has been felt. Rising prices have made homes less affordable for many buyers, which has hurt sales. In addition to higher selling prices, higher mortgage rates, which have risen a half-percentage point in the past year to 4.52 percent, have had the effect of increasing an average monthly house payment about 16 percent for a median-priced home.

"People can't afford homes anymore," Joan Augustiny, an agent with Podley Properties in Pasadena, told the *Orange County Register*. "A lot of price reductions are occurring. Lots. And there are a lot of [homes coming] back on the market."

The *Register*, citing CoreLogic's figures, reported that the limited number of homes for sale continues to drive up prices, pushing Southern California's median price for a house to an all-time high of \$536,250 in June. That's up by more than \$36,000, or 7.3 percent, from June of last year.

The CNBC report noted that the weak market is especially apparent in sales of newly built homes, which were 47 percent below the June average. One explanation is that builders are putting up fewer homes, so there are simply fewer to sell.

We noted earlier that the California housing market has historically been a predictor for the rest of the country, and the trend of lower home sales is already occurring nationwide, according to a July 24, CNBC report. CNBC cited a recent Commerce Department release stating that new home sales dropped 5.3 percent to a seasonally adjusted annual rate of 631,000 units last month, the lowest level since October 2017.



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