

YOUR MARKET UPDATE | AT-A-GLANCE

Strong Job Market, Economy Help to Lower Mortgage Rates

Some good news in the U.S. job market for a change could signal optimism for residential real estate. The Bureau of Labor Statistics reports that the economy added 295,000 new jobs in February, exceeding economists' expectations by 55,000 new jobs. In addition, the unemployment rate fell to 5.5 percent from 5.7 percent in January, the lowest since May 2008, when the rate was 5.4 percent.

While the strong numbers put increased pressure on the Federal Reserve to raise interest rates, the Fed has reasons to be cautious. The primary reason is the persistently low labor-participation rate. And wages, which the Fed monitors closely, rose just 2 percent the past 12 months. Good news, though, is the average rate for a 30-year fixed mortgage started 2014 at about 4.5

percent, and ended the year at about 3.9 percent.

According to a January analysis by *The New York Times*, the bond market's rally is benefiting homebuyers. The forces that led to a rising dollar in recent months have resulted in lower long-term interest rates across the economy, including those for homebuyers.

Experts say 2015 will be marked by a return to normalcy and balance for real estate markets across the country. So eight years after the housing boom began to go bust, the market may not be booming, but with the help of lower mortgage rates is contributing to economic growth.

On a very positive note, the Southern California regional median home price increased 9.6 percent in 2014 from the previous year, after a surge of 23.3 percent in 2013. The California Association of REALTORS® attributes the appreciation partly to the continued tight supply of inventory. While the level remained below the norm, it increased 9.4 percent from the previous year last December, and has been improving on a year-over-year basis since October 2013.

Here's a brief recap of February vs. January Southern California highs and lows by region, provided by TRENDGRAPHIX:

Central Coast

Sales: Decreased 1%
Inventory: Remained the same
Pending sales: Increased 28%

Santa Barbara

Sales: Decreased 9%

Inventory: Decreased 2%
Pending sales: Increased 48%

Los Angeles County

Sales: Increased 6%
Inventory: Increased 2%
Pending sales: Increased 25%

San Fernando Valley

Sales: Increased 20%
Inventory: Decreased 4%
Pending sales: Increased 33%

San Gabriel Valley

Sales: Increased 5%
Inventory: Increased 15%
Pending sales: Increased 22%

West Los Angeles

Sales: Decreased 5%
Inventory: Increased 3%
Pending sales: Increased 20%

Orange County

Sales: Increased 3%
Inventory: Increased 2%
Pending sales: Increased 38%

South Orange County

Sales: Decreased 2%
Inventory: Increased 4%
Pending sales: Increased 37%

San Diego County

Sales: Increased 9%
Inventory: Decreased 4%
Pending sales: Increased 23%

Southwest Riverside

Sales: Increased 9%
Inventory: Decreased .06%
Pending sales: Increased 33%

Santa Maria/Orcutt

Sales: Increased 4%
Inventory: Decreased 3%
Pending sales: Increased 13%

ADVICE FOR SELLERS

Try to work with well-informed buyers and agents. There can be a disconnect between what buyers think they want or need vs. what they could have. Many escrows that cancel are due to the borrower's inability to get a loan. Try to learn if potential buyers have been prequalified to avoid difficulties later.

ADVICE FOR BUYERS

The biggest challenge non-cash buyers still face is qualifying for a home loan. Our in-house lending experts say buyers are better served when the lender is part of the decision-making process. Our agents can identify and refer buyers to those skillful loan officers.