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**Who Gets to Call California Home?**

 CENTER FOR CALIFORNIA REAL ESTATE |  CALIFORNIA ASSOCIATION OF REALTORS<sup>®</sup>

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## Bay Area housing market is shifting

*Source: San Francisco Chronicle*

The Bay Area housing market is showing signs of cooling as mortgage rates have been on the rise since the beginning of the year. While home buyer demand is still strong in the Bay Area compared to elsewhere - and inventory still scarce, the Bay Area housing market is

“normalizing” and seeing less intense competition.

Some signs of a real estate slowdown are a decline in the number of home sales, price drops and lower sale-to-list price ratio, which indicates what homes are selling for versus their list prices. Industry experts are seeing a sales slowdown and anticipate a continued slowdown in the coming months and possibly into the second half of 2022 as more interest rate hikes are expected.

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Are you nurturing your buyers correctly? Most agents do a poor job of this. Just waiting on the buyer to call or relying on back and forth email communication is a terrible waste of your leads [>> cont'd](#)

## SoCal housing market predicted to slow

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*Source: Los Angeles Times*

Real estate analysts are predicting that rising mortgage rates will slow the housing market across the nation and Southern California. With sales down, inventory rising, many prospective buyers and sellers are wondering whether home prices will fall.

As the slowdown deepens, the prospect is growing more likely with some analysts now adjusting their forecasts to call for price declines

next year, marking a shift from earlier this year, when there was greater expert agreement that rising mortgage rates would simply slow price appreciation. That is: Prices would keep climbing but less than they had in the last two years.

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## Freddie Mac to use on-time rent payments for underwriting

*Source: Housing Wire*

Freddie Mac said this week it will include on-time rental payments in its underwriting system in hopes that it incentivizes “responsible” renters who have been blocked from homeownership because they lack a credit score, or have a limited credit history, to make a leap into homeownership.

This option will be available starting July 10 and will allow mortgage lenders to submit a borrower’s bank account data that shows a 12-month streak of on-time rent payments to its automated underwriting system. Additional requirements for submitting rent payment data to its underwriting system will be announced sometime in July.

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## New home costs rising at unparalleled rate

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*Source: REALTORS® Magazine*

Homebuilding costs are rising at an unprecedented rate as inflation continues to push up home prices, which are being passed on to home buyers. Supply-chain disruptions and labor shortages are also adding pressure to rising prices, according to Bank of America's Who Builds the House? report.

The average cost for materials to build a single-family home jumped 42% from 2018 to 2021, adding thousands of dollars to the price of a new home, according to the report. The median sales price of a new home in April reached a record \$450,600, a 20% hike from a year earlier, Commerce Department data shows.

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## San Francisco, San Jose have more new listings than pre-pandemic

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*Source: Market Watch*

Two California cities – San Francisco and San Jose – are among six U.S. cities that have more new listings than they did pre-pandemic (measured by looking at the average of new listings — properties on the market for 14 days or less — from Jan-Apr 2022 vs. the average for Jan-Apr 2017-2019).

Industry experts say pandemic-related remote work that's shifted housing demand away from less affordable urban markets toward more affordable markets is driving the uptick in new listings in some markets.

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## Interest rates swing lower but mortgage demand stalls

*Source: CNBC*

After rising steadily for three weeks, mortgage rates dipped slightly last week, prompting a small increase in refinance activity. Activity from homebuyers, however, pulled back further, leaving total mortgage demand basically flat from the previous week, according to the Mortgage Bankers Association.

The average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances decreased to 5.84% from 5.98%, with points decreasing to 0.64 from 0.77, including the origination fee, for loans with a 20% down payment.

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