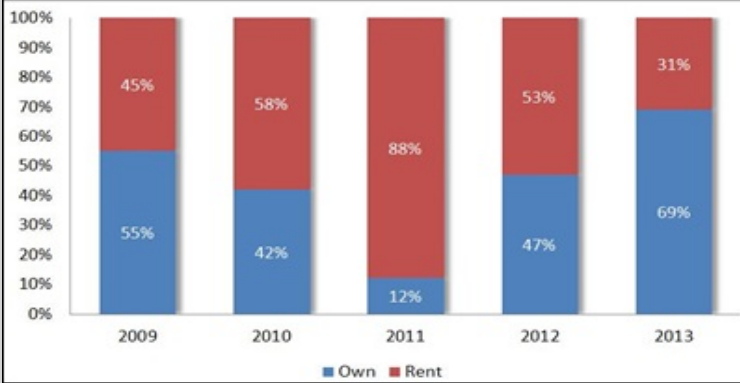


## Sellers Are Optimistic about the Future Housing Market

Home prices in the California housing market have been showing double-digit year-over-year gains for the past year and a half as of the end of 2013. According to the California Association of REALTORS® (C.A.R.), the statewide median price of existing single-family homes has increased by more than 10 percent on a year-to-year basis for 18 consecutive months, and the annual median price for 2013 jumped 27.5 percent from 2012.

While the growth rate in home prices appears to be slowing down as the annual price gain dipped below 20 percent for the first time since September 2012, California home sellers remain confident about repurchasing as general economic conditions continue to improve. Results from the C.A.R. 2013 Survey of Home Sellers show that more than two-thirds (69 percent) of home sellers in 2013 purchased a home after selling their previous residence. That's a significant jump from 2012, when less than half of all sellers (47 percent) repurchased another home, and it was more than five times higher than the share of sellers who repurchased in 2011.

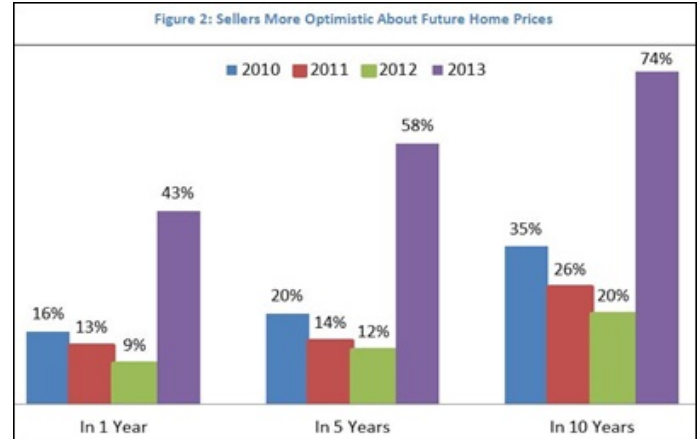
Figure 1: More Sellers Are Repurchasing



Many sellers decided to buy another home instead of renting partly because they were more confident about future home prices.

Two out of five sellers (43 percent) thought home prices would go up in one year, while only 9 percent believed so in 2012. Almost three out of five sellers (58 percent) believed home prices would go up in five years, an increase from 12 percent of sellers indicating so in 2012.

Figure 2: Sellers More Optimistic About Future Home Prices



For those sellers who opted to rent instead of buy in 2013, 70 percent of them planned to buy another home, a jump from 22 percent who planned to buy another home in 2012. For those who did not want to buy, their top reasons for not buying include credit problems (25 percent), insufficient down payment (25 percent), and more affordable to rent (24 percent).

There are reasons for sellers to be optimistic about the future housing market, despite a slowdown in sales at the end of 2013. The fundamentals underlying housing demand and the general economic growth may not be robust but should remain solid in 2014. While interest rates will continue to climb throughout the year, the average fixed rate should hover around 5 percent for most of 2014, which is still considered low by historical standards. The California median price is not expected to record another double-digit annual gain in 2014, but C.A.R. projects prices to increase a solid 6 percent for the year.

Brought to you by:



Hugo Torres  
 REALTOR®  
 Coldwell Banker Arcadia  
 15 E Foothill Blvd  
 Arcadia, CA 91006

Office: 626-445-5500  
 Cellular: 626-415-8559  
 Email: hugo@hugotorres.com  
 Website: <http://www.hugotorres.com>  
 BRE License: 01457023