
2025 Housing Market Outlook

Orange County Association of REALTOR® Annual Meeting
March 27, 2025

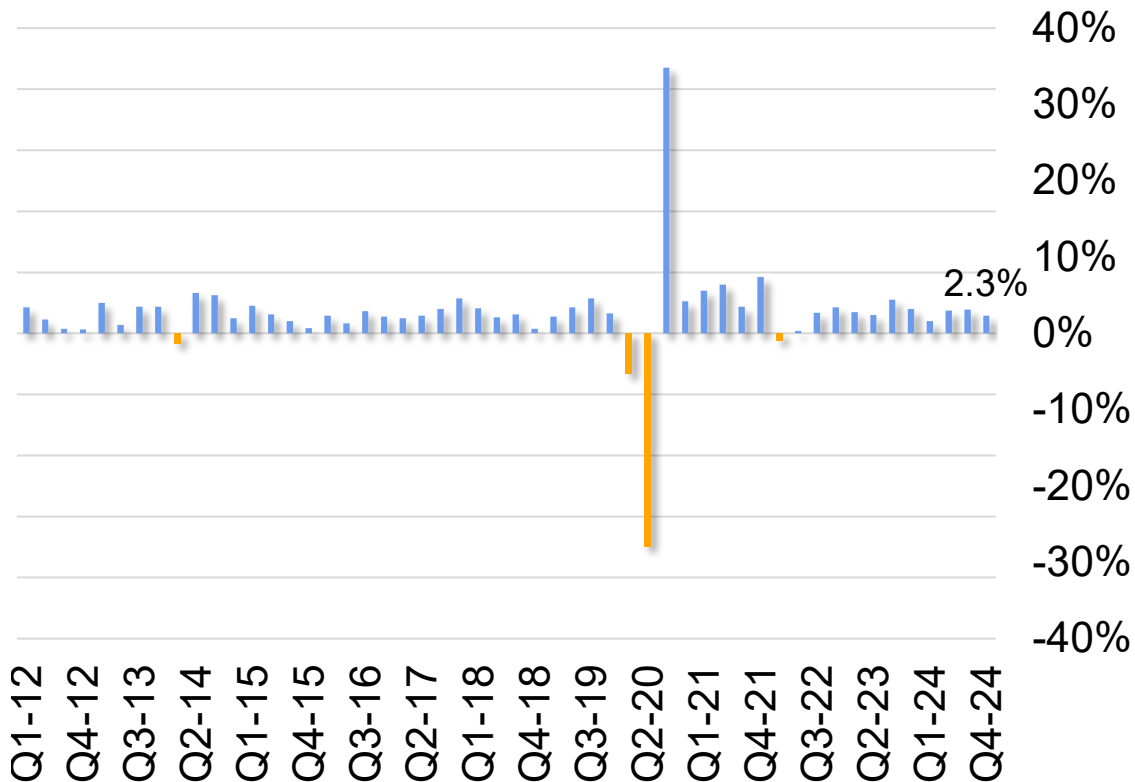
Oscar Wei
Deputy Chief Economist



Economic Update

U.S. economy grew at a healthy pace at the end of 2024

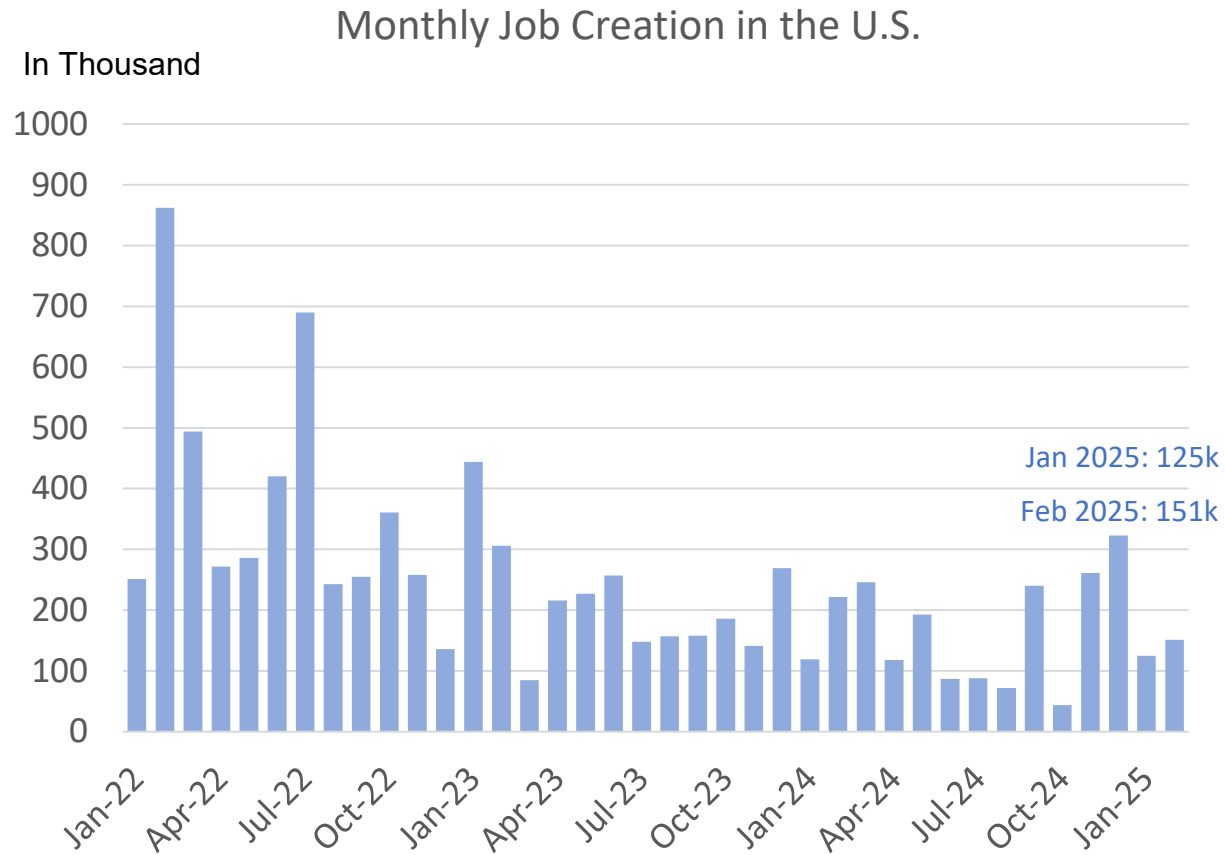
U.S. GDP Growth
(% chg. from previous qtr.)



- Q424 economy increased at a pace slower than the 3.1% registered in Q324, and the growth pace was below the consensus of 2.6%. For the year as a whole, 2024 increased 2.8% from the prior year, a slight dip from 2.9% in 2023.
- Consumer spending surged 4.2% from last quarter, the fastest rate since Q123. Consumers could be motivated to buy big-ticketed items and motor vehicles because of worries about tariffs.
- Business investment (-5.6%), especially equipment (-7.8%), dropped sharply due to the Boeing strikes.
- The U.S. ended the year with a sturdy note, and demand pulling forward may continue to be observed in Q125.

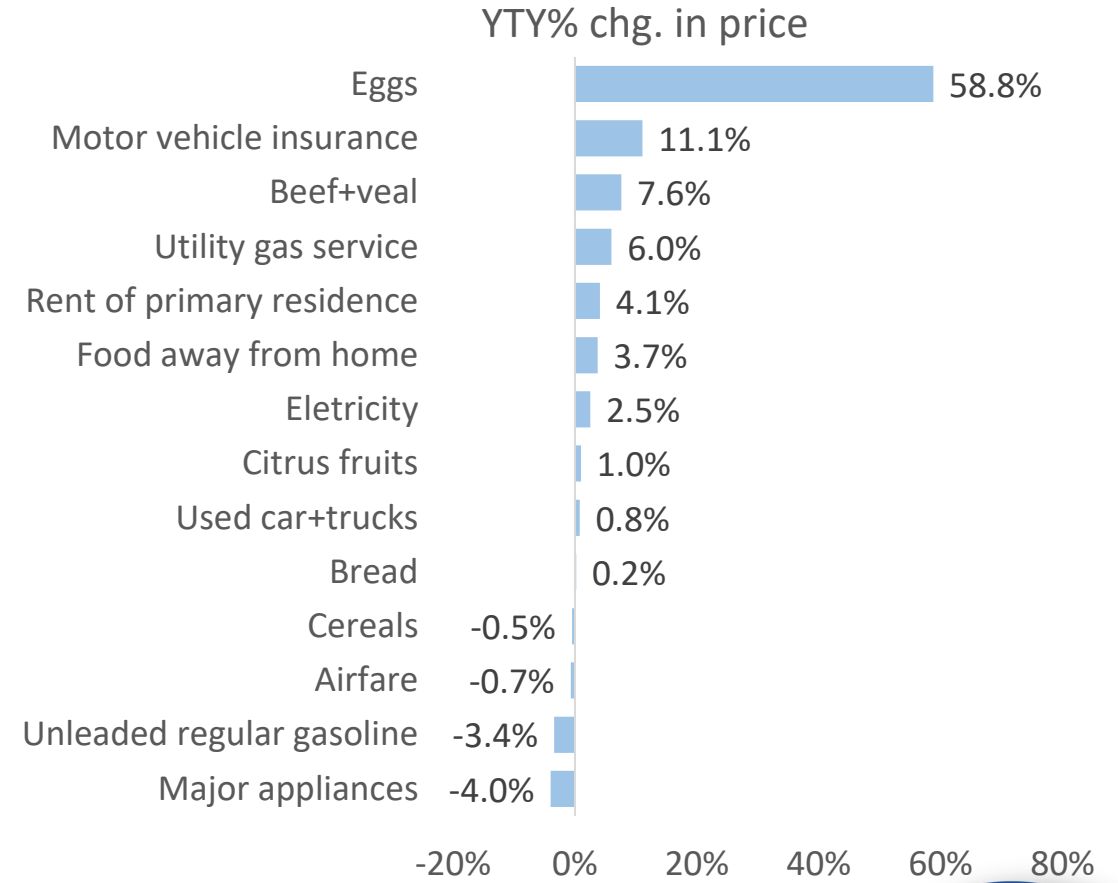
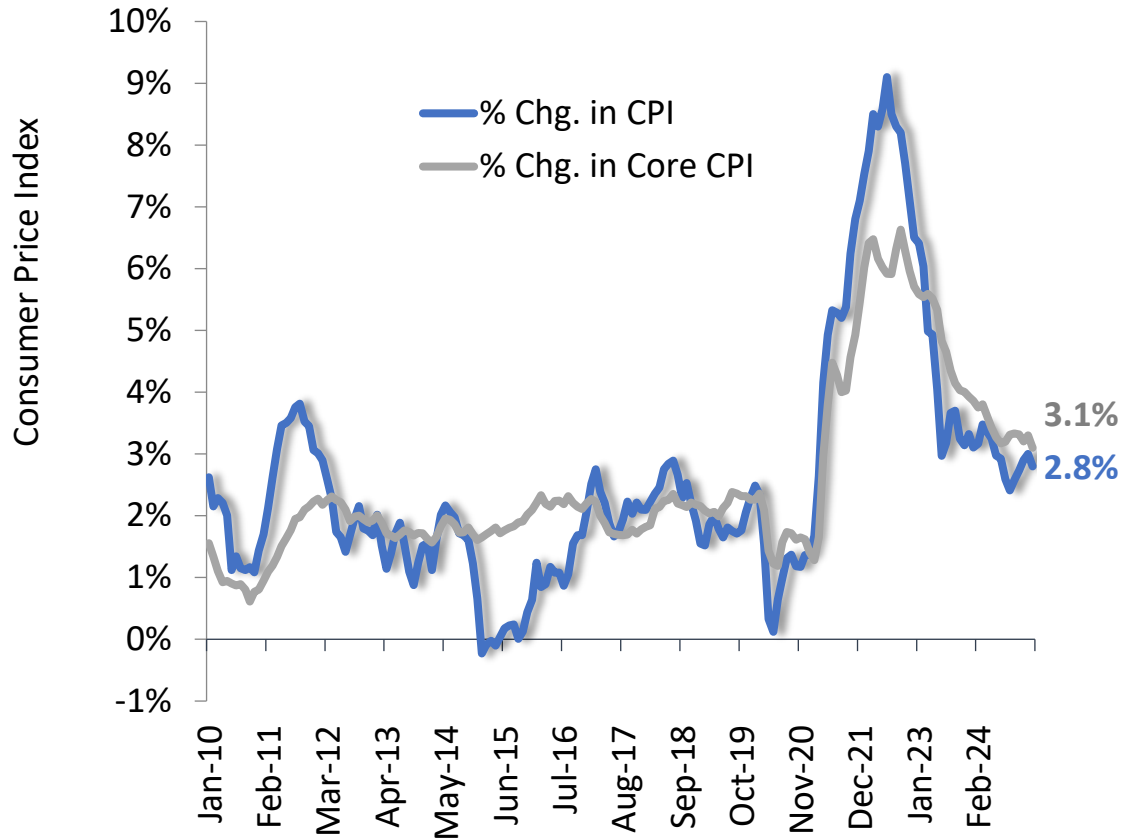
SOURCE: Bureau of Economic Analysis, U.S. Department of Commerce

Labor market remains resilient



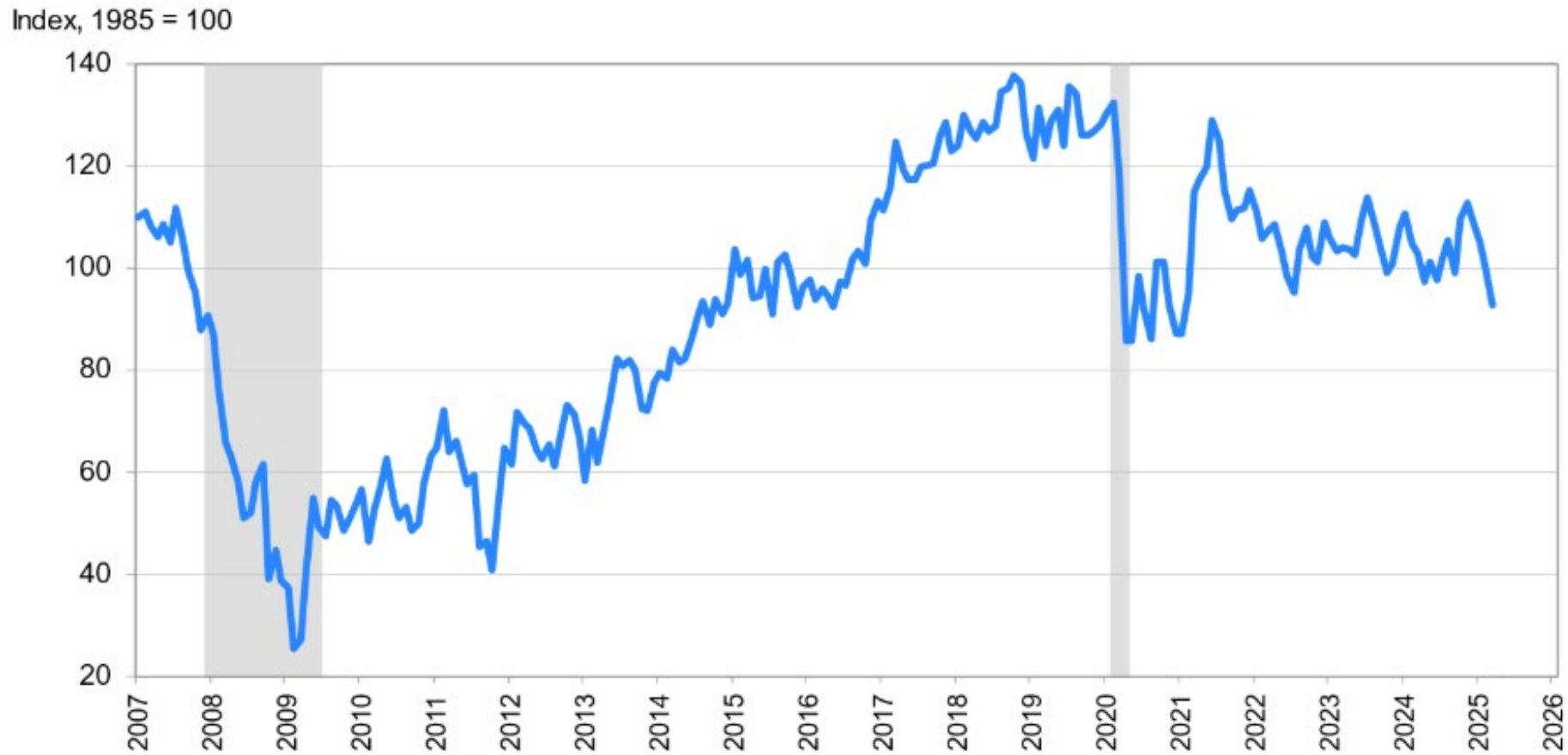
SOURCE Bureau of Labor Statistics

Latest inflation numbers provide some relief



SOURCE Bureau of Labor Statistics, FRED

Consumer Confidence dipped for the 4th straight month



SOURCE: The Conference Board

California Housing Market Update

Mortgage rates start ticking back up

Average 30-Yr. FRM



SOURCE: Mortgage News Daily, Freddie Mac

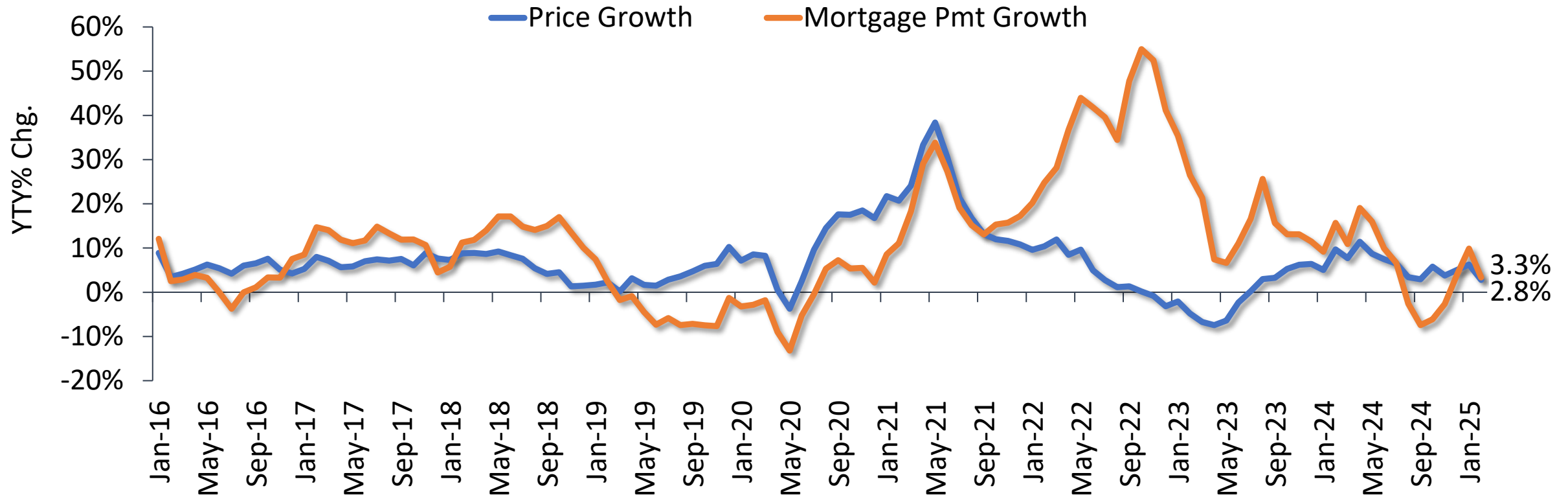
Financial characteristics: All buyers

	2017	2018	2019	2020	2021	2022	2023	2024
Median Household Income	\$120,000	\$120,000	\$120,000	\$140,000	\$150,000	\$150,000	\$150,000	\$150,000
Median Monthly Mortgage Payment	\$1,924	\$2,000	\$1,800	\$2,000	\$2,075	\$2,798	\$3,420	\$3,350
Median Downpayment (in \$\$)	\$72,000	\$78,000	\$100,000	\$83,000	\$100,000	\$121,000	\$135,000	\$119,000
Median Downpayment (in % to Price)	17.6%	18.0%	19.8%	18.6%	18.7%	19.5%	20.0%	19.8%
Median Interest Rate (First mortgage)	4.00%	4.50%	4.00%	3.25%	3.00%	4.75%	6.25%	6.75%

SERIES: 2024 Housing Market Survey
SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®

Mortgage payment growth moderated

California Median Price vs. Mortgage Payment



SERIES: Price Growth vs. Mortgage Payment Growth
SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®

California Housing Market Snapshot

February 2025

283,540 | **Existing Home Sales**
+2.6% YTY **+0.4% YTD** **% change**



**Median
Sales Price**

\$829,060
+2.8% Y2Y



**Unsold
Inventory Index**

4.0 months
+37.9% Y2Y

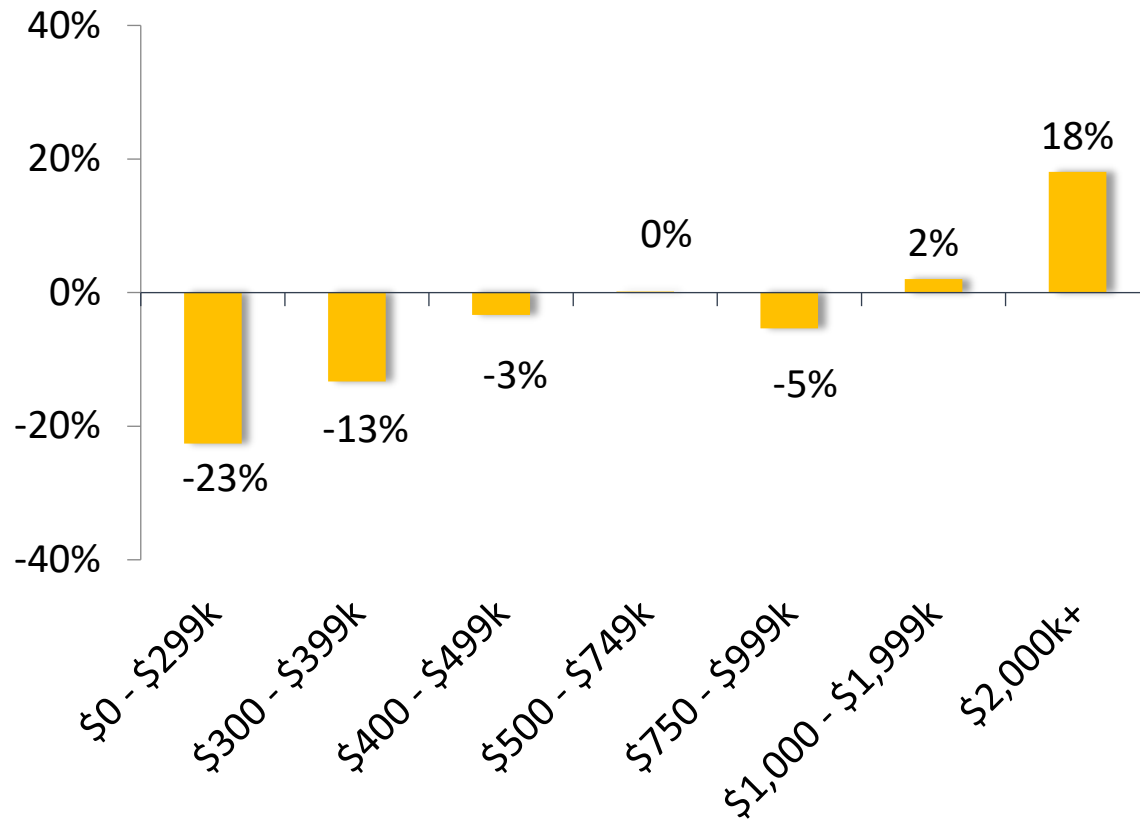


**Median
Days on Market**

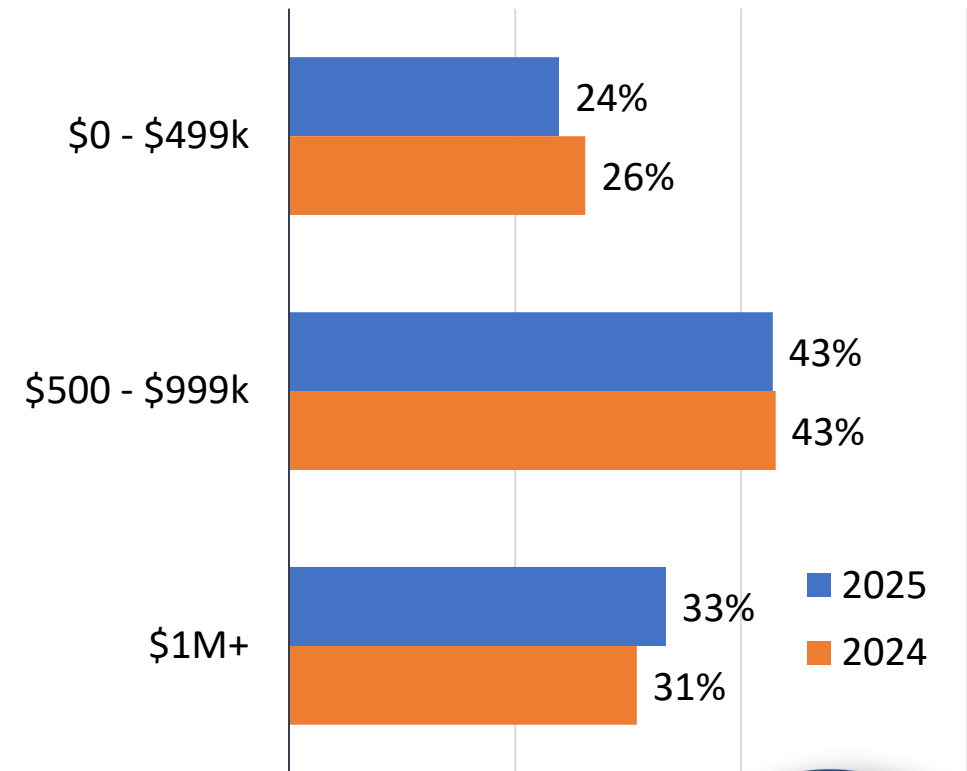
26 days
+18.2% Y2Y

Sales growth continues in the top-end of the market

February 2025 (YTY% Chg.)



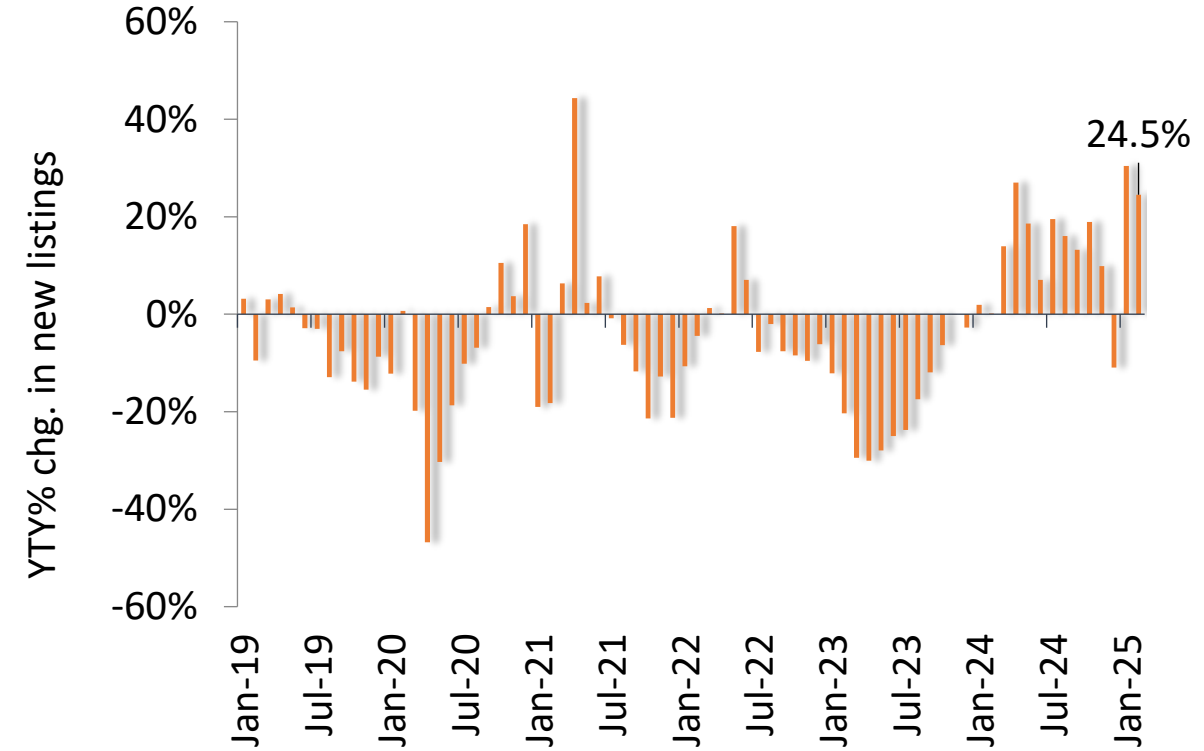
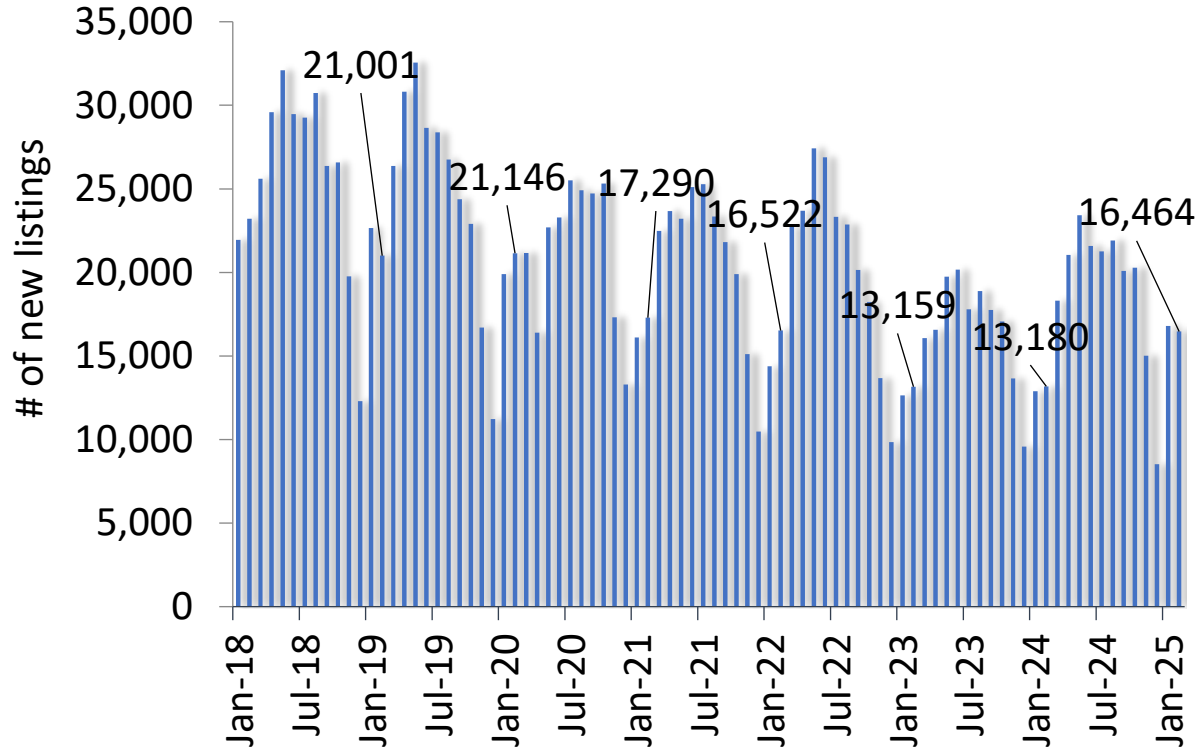
Share by Price Segment



SERIES: Sales of Existing Detached Homes
SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®

New listings up double digits from last year

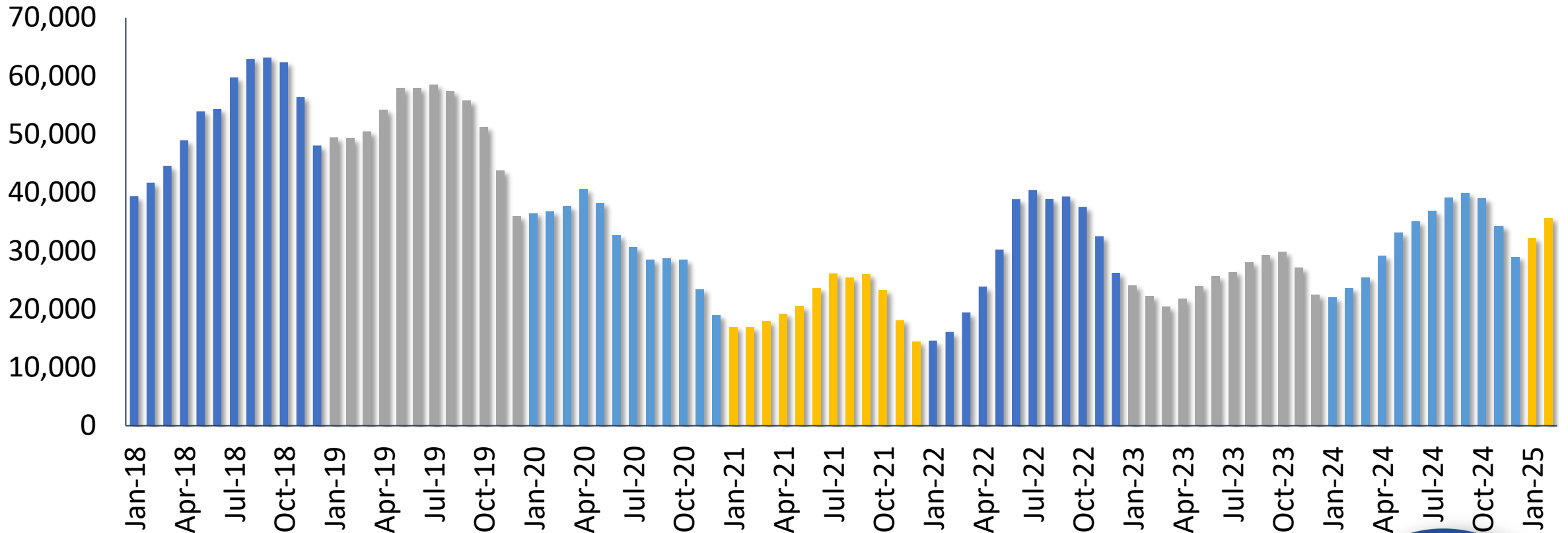
New Listings (Existing Single-Family Homes)



SERIES: New Listings (Existing Single-Family Homes)
SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®

Housing supply continues to improve but remains below pre-pandemic levels

California Active Listings by Month



SERIES: Active Listing of Existing Single-Family Homes

SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®

Local Market Stats

Impact of the wildfires

- Wildfires in L.A. destroyed over 16,240 properties and nearly 180k people were under evacuation orders.
- A pullback in housing activity in L.A. in Q1 is expected and home sales in the immediate areas will experience sharp decline in the near term.
- Demand in the affected cities will take time to recover but the overall L.A. market should begin to bounce back later in the spring homebuying season.
- Supply in the affected areas and their surrounding neighborhoods will tighten up due to the loss of thousands of homes.
- Rents in the surrounding neighborhoods will go up as demand for rental units surges.
- The insurance crisis could deepen in So. CA and may lead to higher insurance costs for homeowners.
- Economic activity in the affected areas will slow in at least the next six months but will pick up late this year or early next year when the rebuilding begins.



Sales by county – Southern California

County/Month	Feb 25	Jan 25	Feb 24	mtm% chg.	yty% chg.	ytd% chg.
Los Angeles	1,671	1,594	1,712	4.8%	-2.4%	-0.8%
Orange	770	703	770	9.5%	0.0%	5.7%
Riverside	976	855	992	14.2%	-1.6%	0.5%
San Bernardino	470	418	515	12.5%	-8.7%	-11.0%
San Diego	1,051	970	1,121	8.4%	-6.2%	-1.3%
Ventura	220	207	217	6.3%	1.4%	2.9%

SOURCE: C.A.R.

Median price by county – Southern California

County/Month	Feb 25	Jan 25	Feb 24	mtm% chg.	yty% chg.
Los Angeles	\$852,190	\$886,400	\$817,100	-3.9%	4.3%
Orange	\$1,465,500	\$1,430,000	\$1,350,000	2.5%	8.6%
Riverside	\$646,840	\$645,000	\$624,900	0.3%	3.5%
San Bernardino	\$490,000	\$505,000	\$450,000	-3.0%	8.9%
San Diego	\$1,040,000	\$1,030,000	\$980,000	1.0%	6.1%
Ventura	\$969,500	\$875,000	\$890,000	10.8%	8.9%

SOURCE: C.A.R.

New active listings by county – Southern California

County/Month	Feb 25	Jan 25	Feb 24	mtm% chg.	yty% chg.
Los Angeles	2614	2748	2252	-4.9%	16.1%
Orange	1035	1037	812	-0.2%	27.5%
Riverside	1487	1623	1219	-8.4%	22.0%
San Bernardino	726	722	546	0.6%	33.0%
San Diego	1422	1604	1140	-11.3%	24.7%
Ventura	305	339	207	-10.0%	47.3%

SOURCE: C.A.R.

monthly
market
report
February
2025

Fountain Valley, California

Median Price



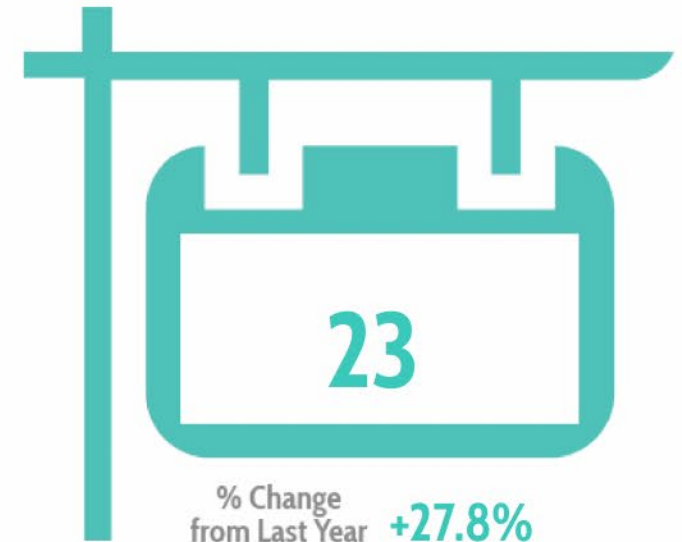
% Change
from Last Year **+15.0%**

Home Sales



% Change
from Last Year **-21.1%**

Active Listings



% Change
from Last Year **+27.8%**

Market Competition

Median
Days on
Market

26

Sales to
List Price %

100.8%

% of Active
Listings with
Reduced Prices

4.3%



monthly
market
report
February
2025

Huntington Beach, California

Median Price



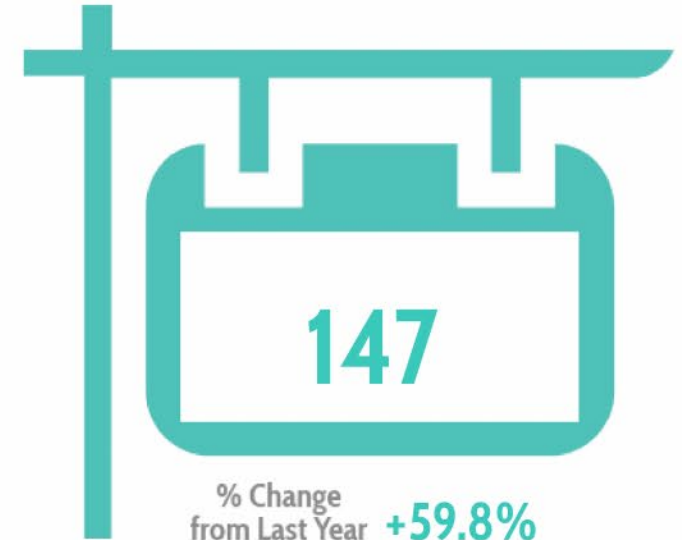
% Change
from Last Year **+11.1%**

Home Sales



% Change
from Last Year **-27.0%**

Active Listings



% Change
from Last Year **+59.8%**

Market Competition

Median
Days on
Market

15

Sales to
List Price %

100.0%

% of Active
Listings with
Reduced Prices

32.0%



monthly
market
report
February
2025

Irvine, California

Median Price



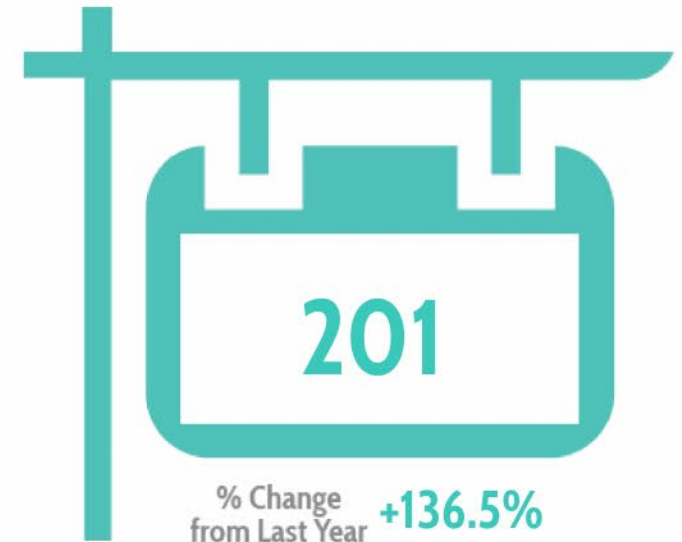
% Change
from Last Year **+3.8%**

Home Sales



% Change
from Last Year **-27.7%**

Active Listings



% Change
from Last Year **+136.5%**

Market Competition

Median
Days on
Market

21

Sales to
List Price %

98.2%

% of Active
Listings with
Reduced Prices

26.9%



monthly
market
report
February
2025

Laguna Niguel, California

Median Price



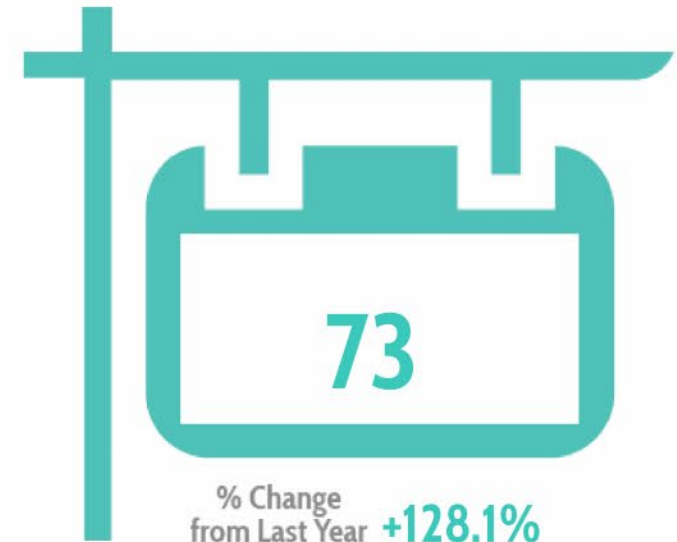
% Change
from Last Year **+14.6%**

Home Sales



% Change
from Last Year **-7.7%**

Active Listings



% Change
from Last Year **+128.1%**

Market Competition

Median
Days on
Market

29

Sales to
List Price %

100.0%

% of Active
Listings with
Reduced Prices

28.8%



monthly
market
report
February
2025

Lake Forest, California

Median Price



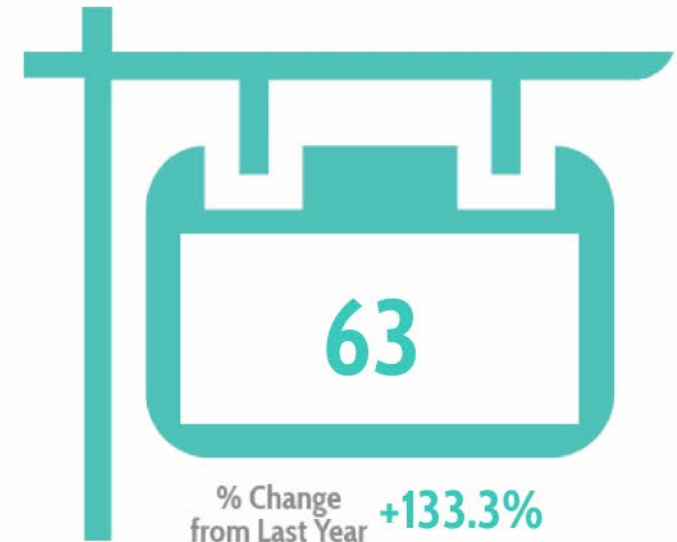
% Change
from Last Year **+11.9%**

Home Sales



% Change
from Last Year **+61.9%**

Active Listings



% Change
from Last Year **+133.3%**

Market Competition

Median
Days on
Market

24

Sales to
List Price %

99.5%

% of Active
Listings with
Reduced Prices

30.2%



monthly
market
report
February
2025

Mission Viejo, California

Median Price



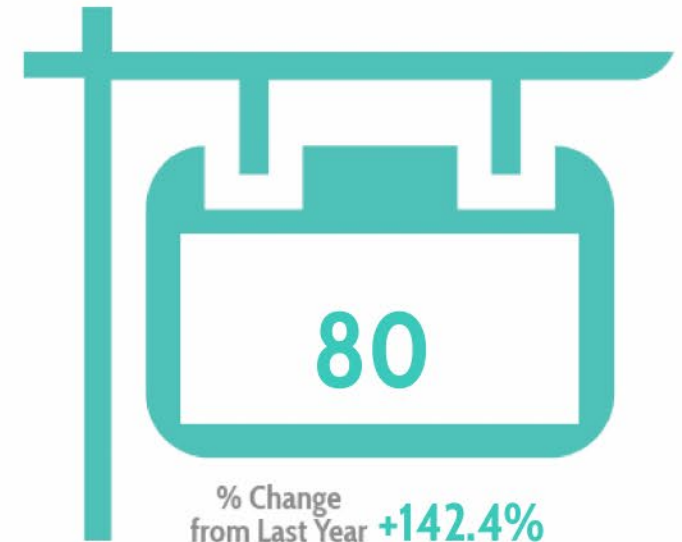
% Change
from Last Year **+15.0%**

Home Sales



% Change
from Last Year **+4.8%**

Active Listings



% Change
from Last Year **+142.4%**

Market Competition

Median
Days on
Market

30

Sales to
List Price %

100.0%

% of Active
Listings with
Reduced Prices

30.0%



monthly
market
report
February
2025

Newport Beach, California

Median Price



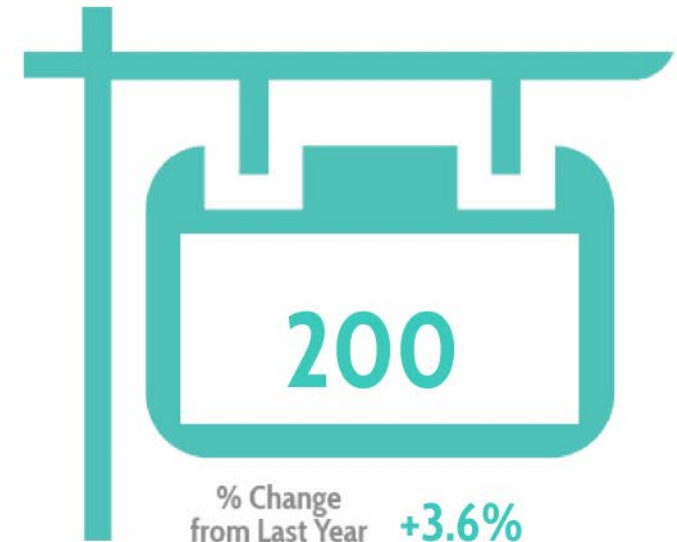
% Change
from Last Year +12.8%

Home Sales



% Change
from Last Year +26.2%

Active Listings



% Change
from Last Year +3.6%

Market Competition

Median
Days on
Market

38

Sales to
List Price %

98.1%

% of Active
Listings with
Reduced Prices

23.0%



monthly
market
report
February
2025

Rancho Santa Margarita, California

Median Price



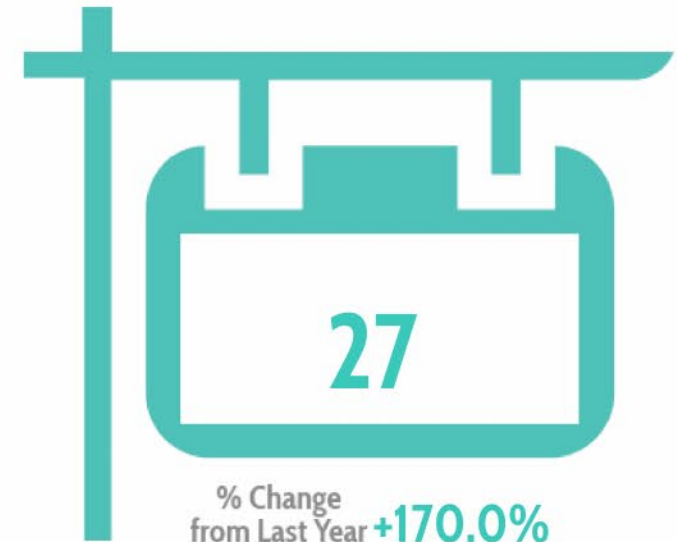
% Change
from Last Year **+10.4%**

Home Sales



% Change
from Last Year **-14.3%**

Active Listings



% Change
from Last Year **+170.0%**

Market Competition

Median
Days on
Market

26

Sales to
List Price %

99.3%

% of Active
Listings with
Reduced Prices

40.7%



Outlook



YEARS OF LEADING THE WAY...®

Retail sales bounce back but growth pace came in lower than expected

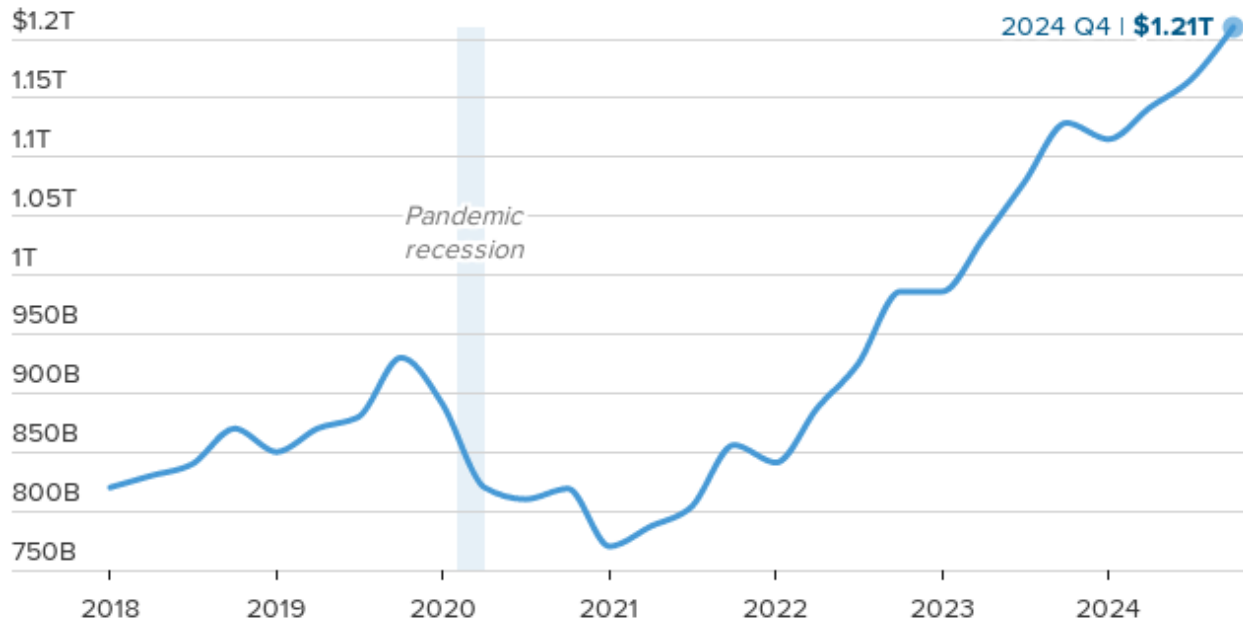
U.S. Retail Sales: February 2025												
	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25
Retail Sales (MoM)	0.4	-0.2	0.2	-0.3	1.2	-0.1	0.9	0.6	0.7	0.7	-1.2	0.2
Retail Sales, Ex. Autos (MoM)	0.6	0.1	0.0	0.5	0.5	-0.1	1.0	0.2	0.1	0.6	-0.6	0.3
Control Group Sales (MoM)	0.8	-0.3	0.4	0.9	0.4	-0.2	1.3	0.1	0.0	0.9	-0.9	1.0
Real Retail Sales (MoM)	0.4	-0.3	0.5	0.0	1.4	0.0	0.9	0.6	0.4	0.3	-1.6	0.1
Retail Sales (YoY)	3.6	2.8	2.6	2.0	2.9	2.0	2.0	3.0	4.0	4.4	3.9	3.1
Retail Sales, Ex. Autos (YoY)	3.7	3.2	2.9	3.3	3.2	2.3	2.4	2.7	3.2	3.4	3.5	3.1
Control Group Sales (YoY)	4.6	3.4	3.4	4.0	3.7	3.4	4.3	3.9	4.2	4.5	3.7	4.4
Real Retail Sales (YoY)	3.0	2.4	2.5	2.3	3.2	3.1	3.4	4.1	4.3	4.1	3.1	2.5

Notes: MoM = Month-over-Month Percent Change
YoY = Year-over-Year Percent Change

SOURCE: U.S. Department of Commerce, Wells Fargo

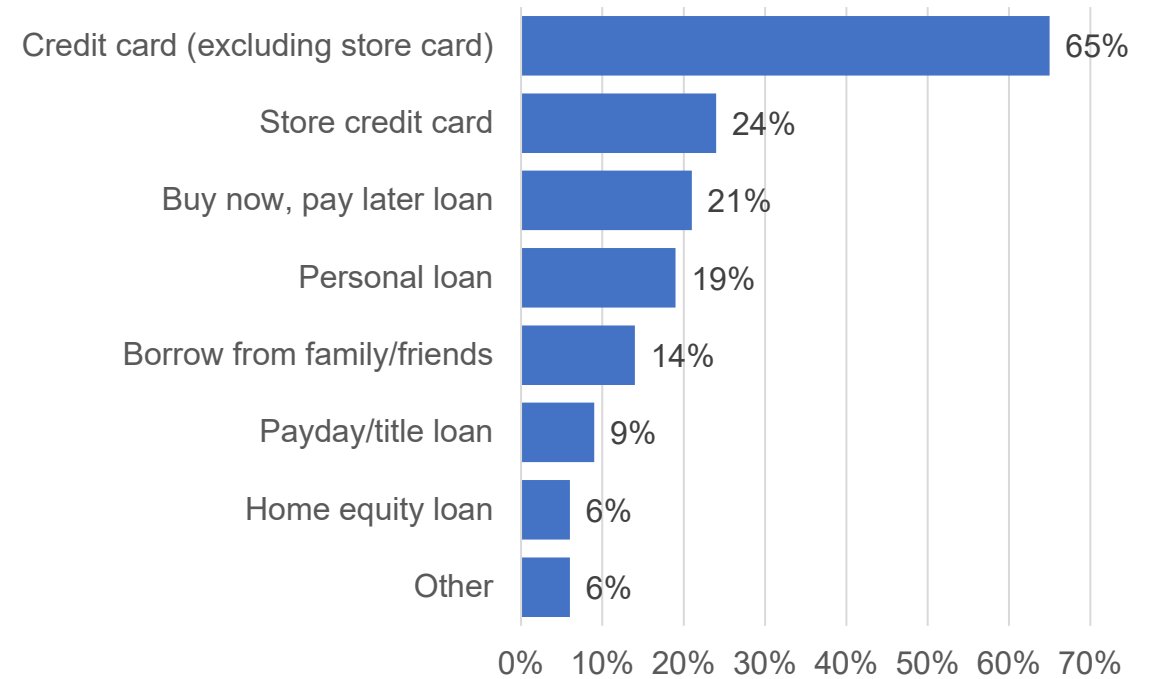
Credit card debt hits a new record high

Total credit card balances in the U.S.
Q1 2018–Q4 2024



SOURCE: Federal Reserve Bank of New York, CNBC

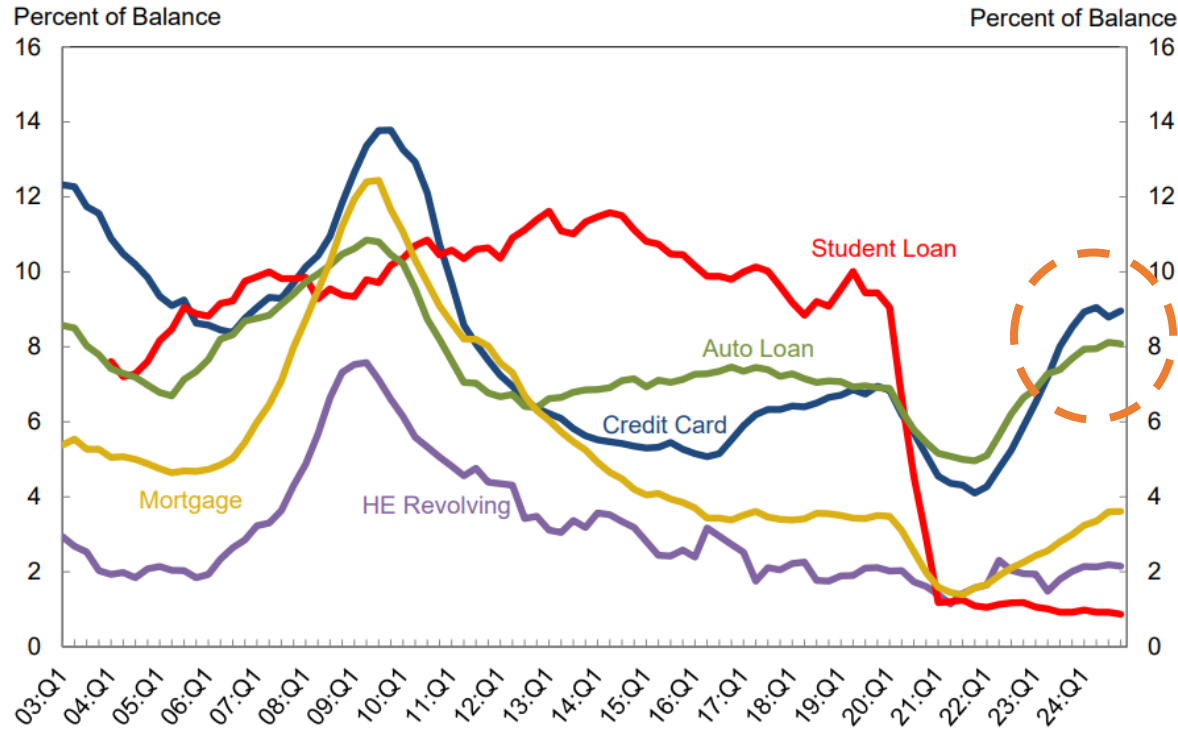
36% of Americans took on holiday debts, and they borrowed from...



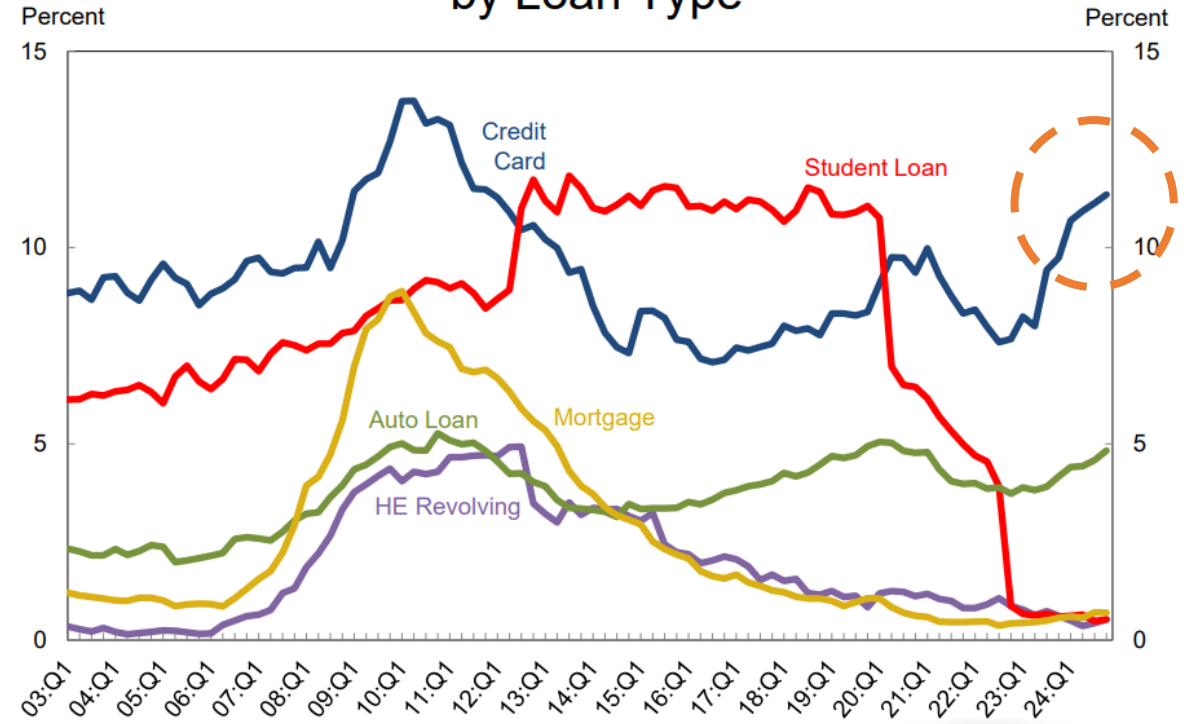
SOURCE: LendingTree

Rising delinquency rate is a warning sign for consumer spending slump

Transition into Delinquency (30+) by Loan Type



Percent of Balance 90+ Days Delinquent by Loan Type



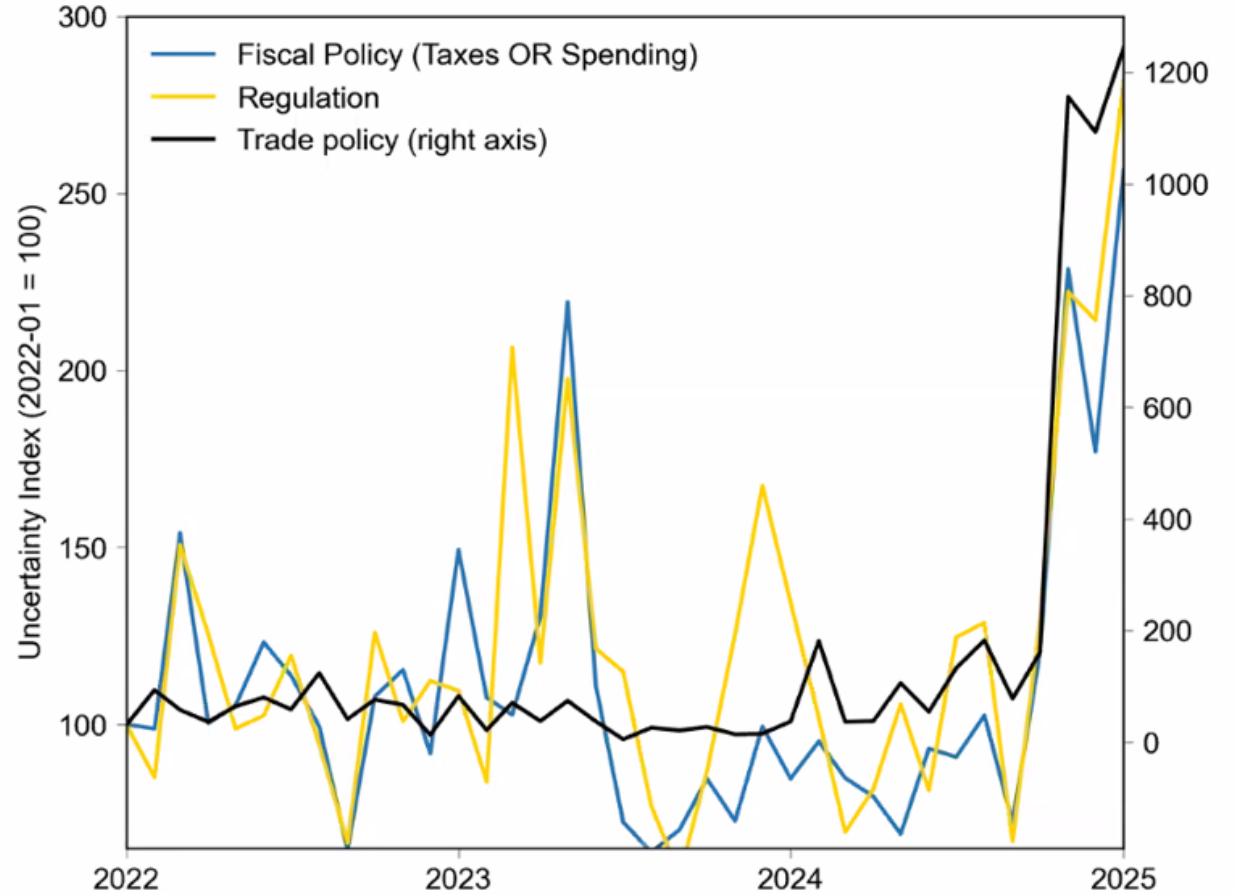
SOURCE: FRBNY Consumer Credit Panel, Equifax

Uncertainty will be the theme for this year

Effective Date*	Target Countries	Tariff Rate	Goods Targeted	Bloomberg Economics Forecast	Retaliation?
2/4/25	China	10%	All	Hike nearly as large as Trade War I, impact manageable	Restrained
3/4/25	China	Another 10%	All	Hike close to twice Trade War I, risks more than 50% drop in China exports to US	Undetermined
3/4/25	Canada, Mexico	25%, but 10% for Canadian energy	Most	Risks 1% hit to US GDP, severe shock to Mexico and Canada	Pledged
3/12/25	Major exporters	25%	Steel, aluminum	Marginal impact on US. Canada exposed	Pledged
4/2/25	European Union	25%	All	Risks 70% cut in EU exports to the US - hitting 1.5% of EU GDP	Threatened
4/2/25	Major exporters	25%	Cars, chips, pharma	Awaiting details	Undetermined
4/2/25	All	Unspecified reciprocals vs VAT, other barriers	Undetermined	Matching VAT and non tariff measures would be a major shock	Undetermined
11/22/25	Major exporters	Unspecified	Copper	Marginal impact on US. Chile, Canada most exposed	Undetermined
12/31/25	EU, UK, Canada	Unspecified vs digital taxes	Undetermined	Awaiting details	Undetermined

Source: Bloomberg

Note: Future dates subject to change; for tariffs targeting digital taxes, date hasn't yet been set yet.

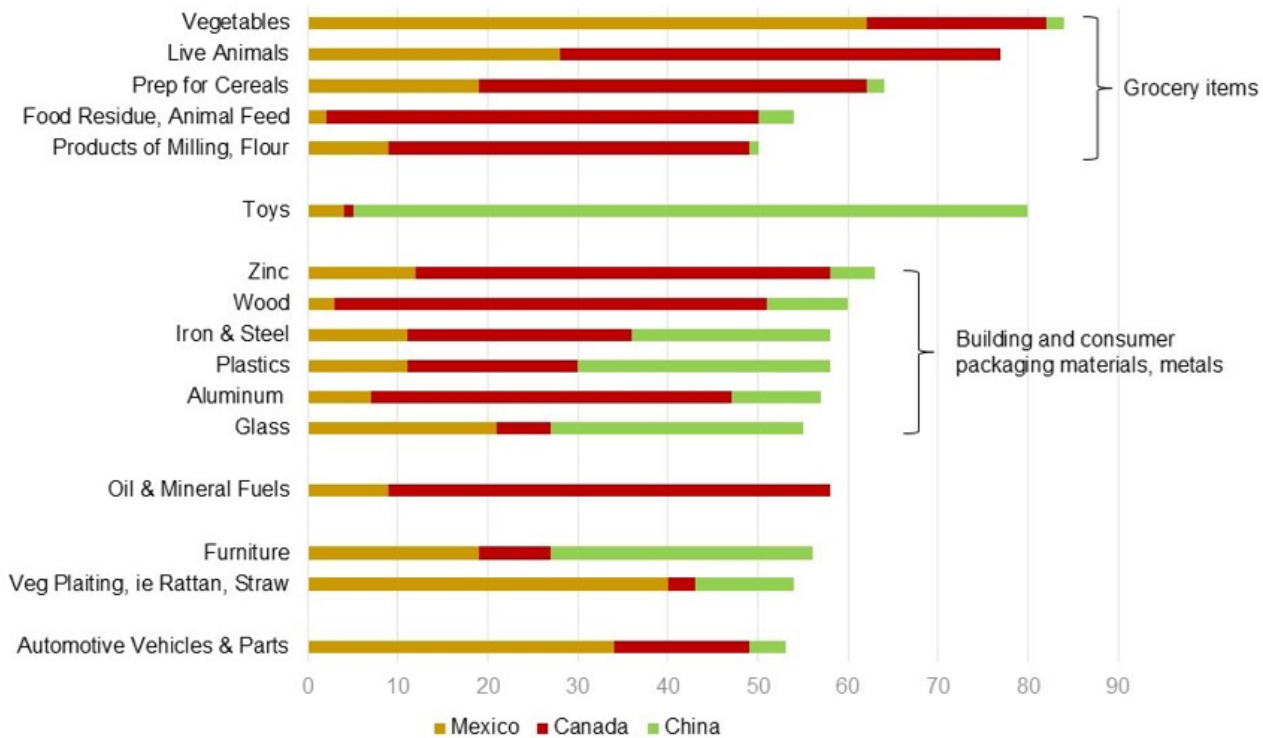


SOURCE: Economic Policy Uncertainty, UCLA Anderson Forecast

Tariffs' effect on inflation

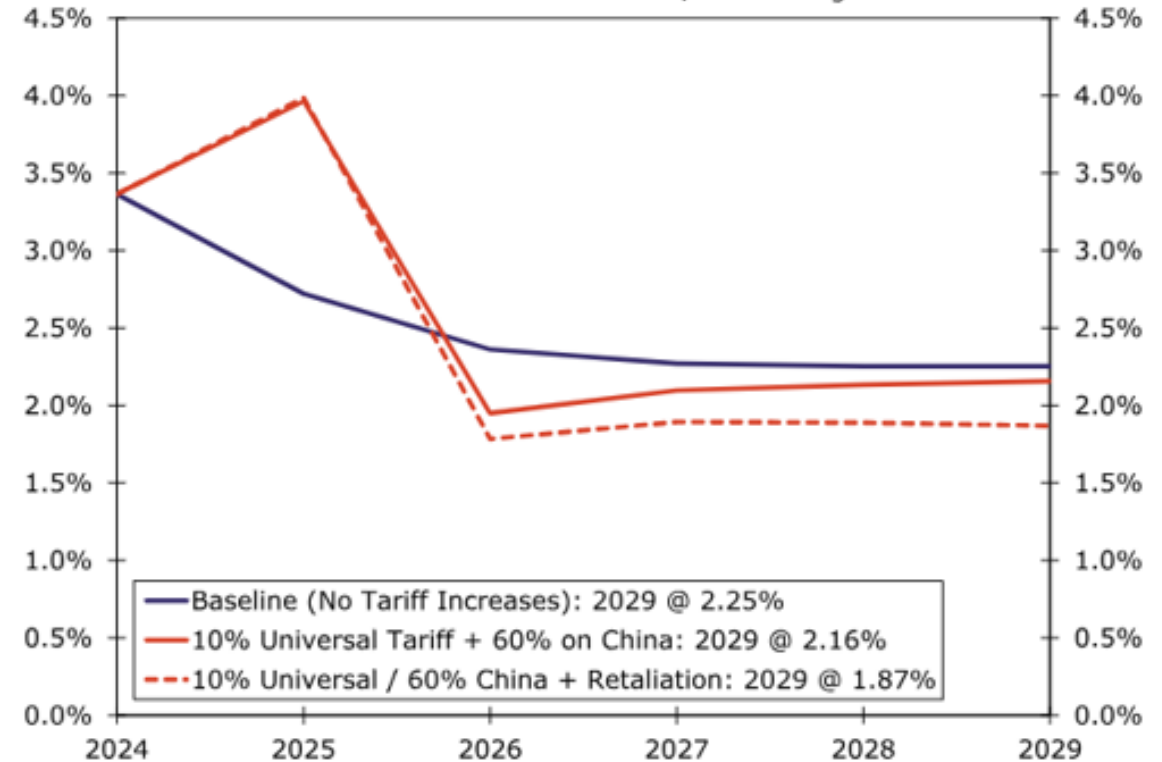
Products for which more than 50% of US imports come from the three countries of Mexico, Canada, and China

(% of total imported goods by product category into US in 2023)



U.S. Inflation Under Tariff Scenarios

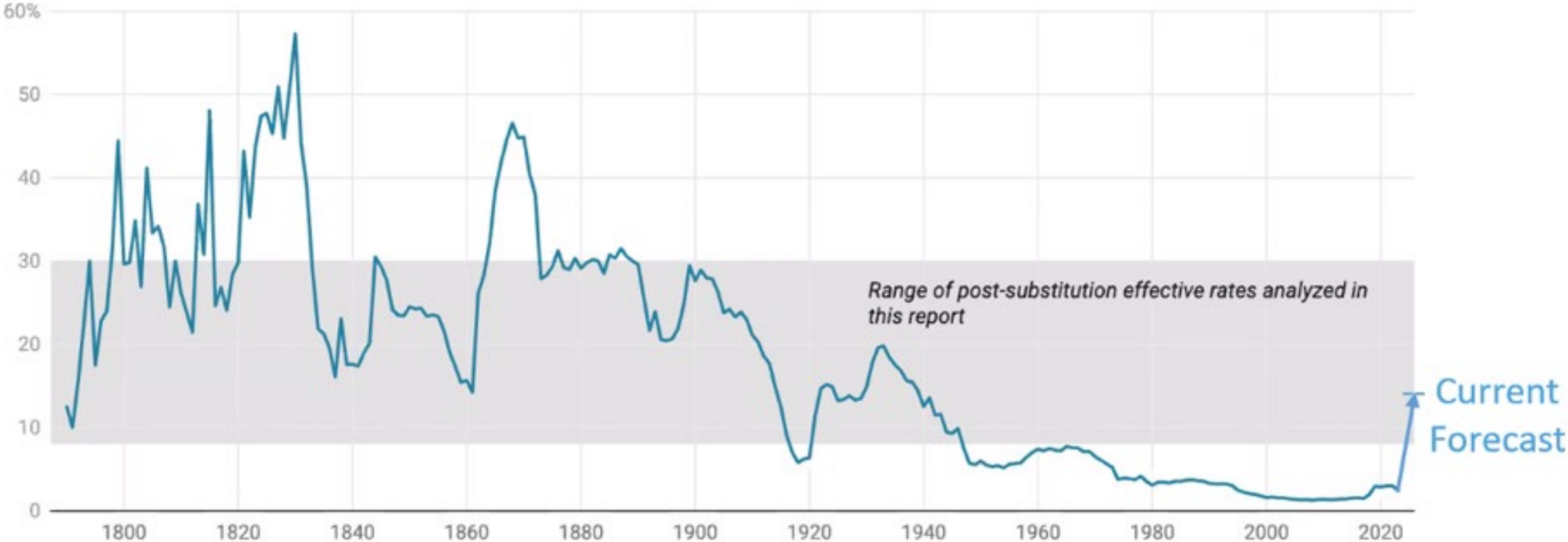
Core Consumer Price Index Yr/Yr % Change



SOURCE: The Conference Board, Oxford Economics, and Wells Fargo Economics

Effective tariff rate is projected to climb

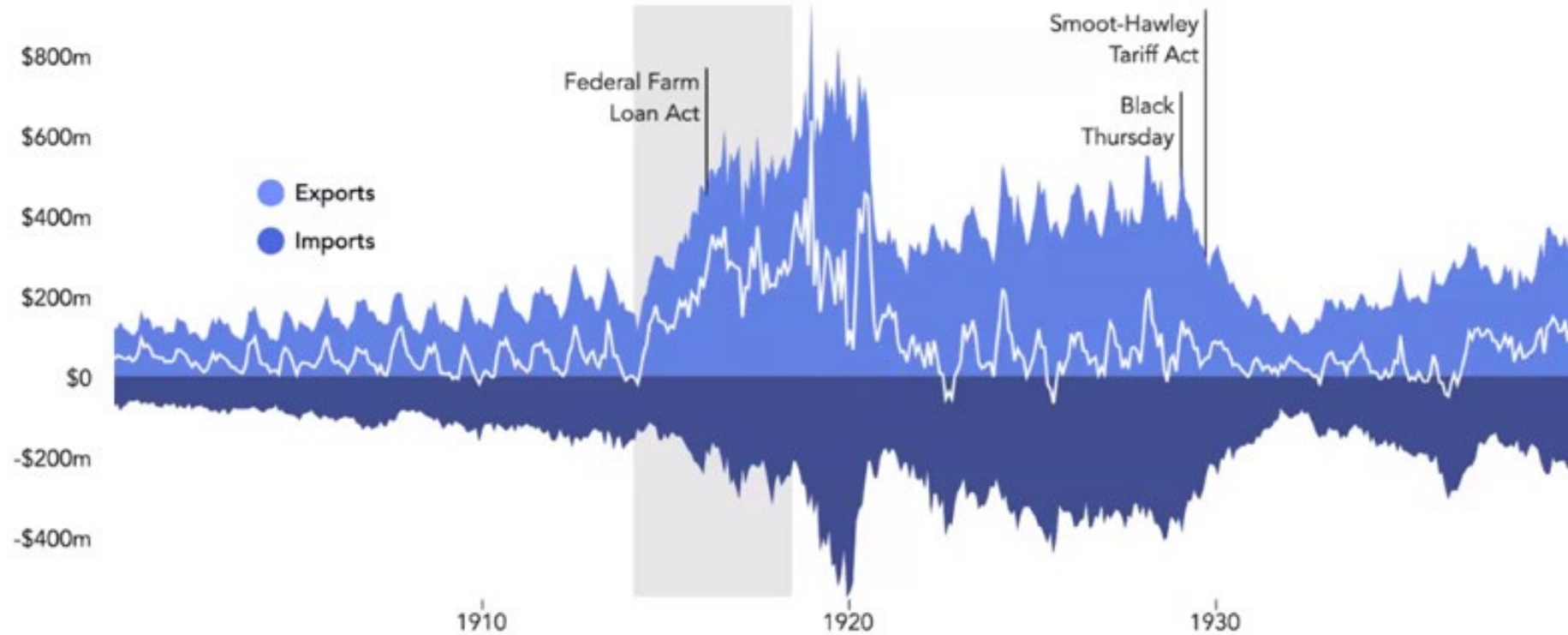
Customs duty revenue as a percent of goods imports



SOURCE: The Budget Lab, Historical Statistics of the US, Monthly Treasury Statement, BEA, Datawrapper, UCLA Anderson Forecast

Trade-War following Smoot-Hawley Tariffs

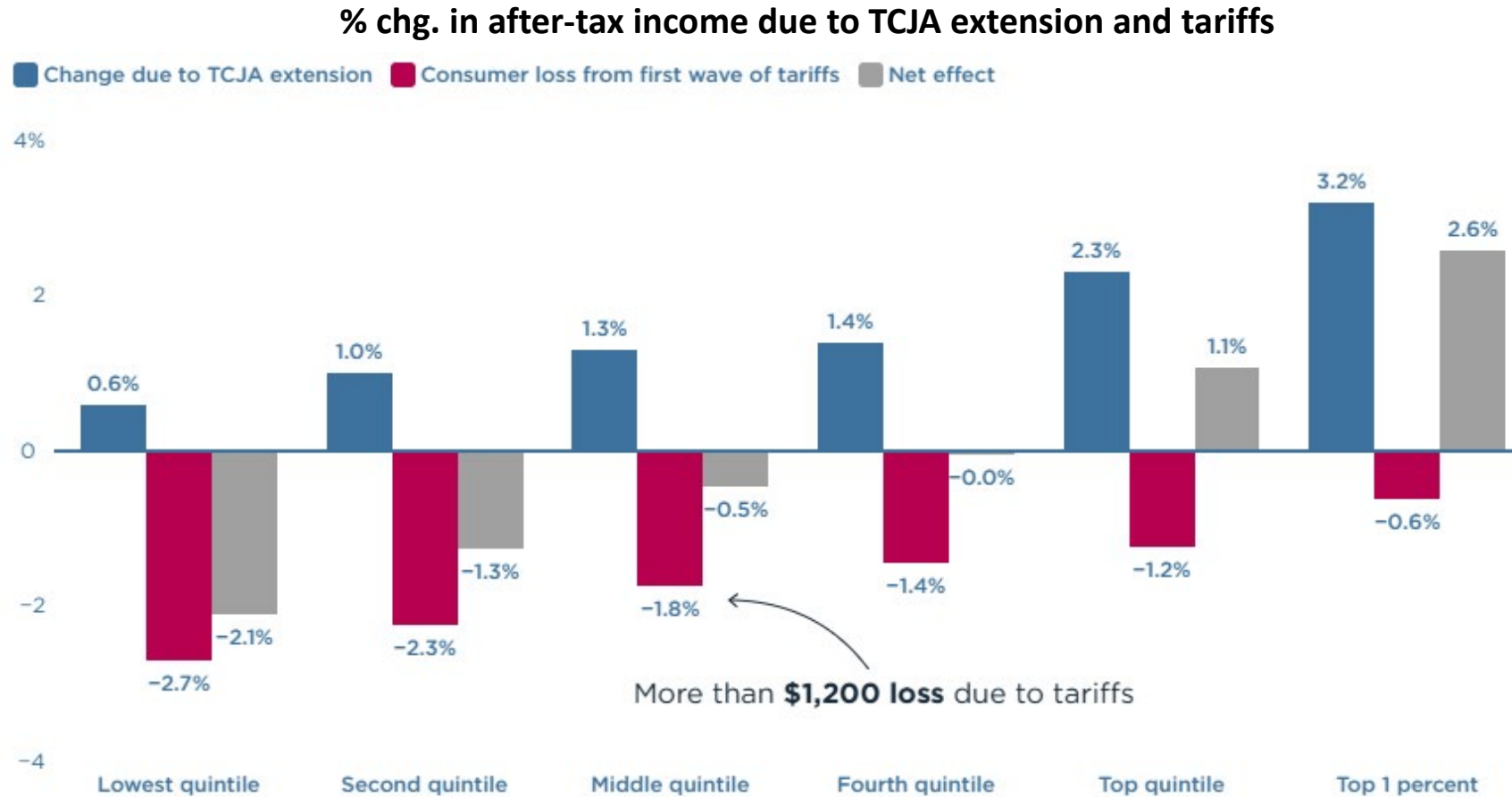
Total exports and imports for the United States, millions USD



Sources: National Bureau of Economic Research Macroeconomic Database
Chart: Karl Schamotta, Corpay Currency Research

Corpay[^]

Tariffs would cost the typical U.S. household over \$1,200/yr



SOURCE: Peterson Institute for International Economics

New administration and the market

More money in pockets!

- Tax cuts are high priority
- Might get some of what was lost back
- SALT and MID are the big ones for CA

Inflation likely to be stickier...

- Tax cuts + tariffs likely inflationary
- Extending 2016 tax cuts costs ~\$3T +++
- Both suggest slower decline in rates

Might even get some new stuff!!

- Doubling the capital gains exemption
- First-time homebuyer credits IN ESCROW
- Pro-supply stuff: Fed lands, conversions, etc

Net effect is hard to say ~_(\`ツ)_/~

- Rates have been the major focus to now
- Nominal income likely to improve, will real?
- If stock market rallies on optimism, net positive?

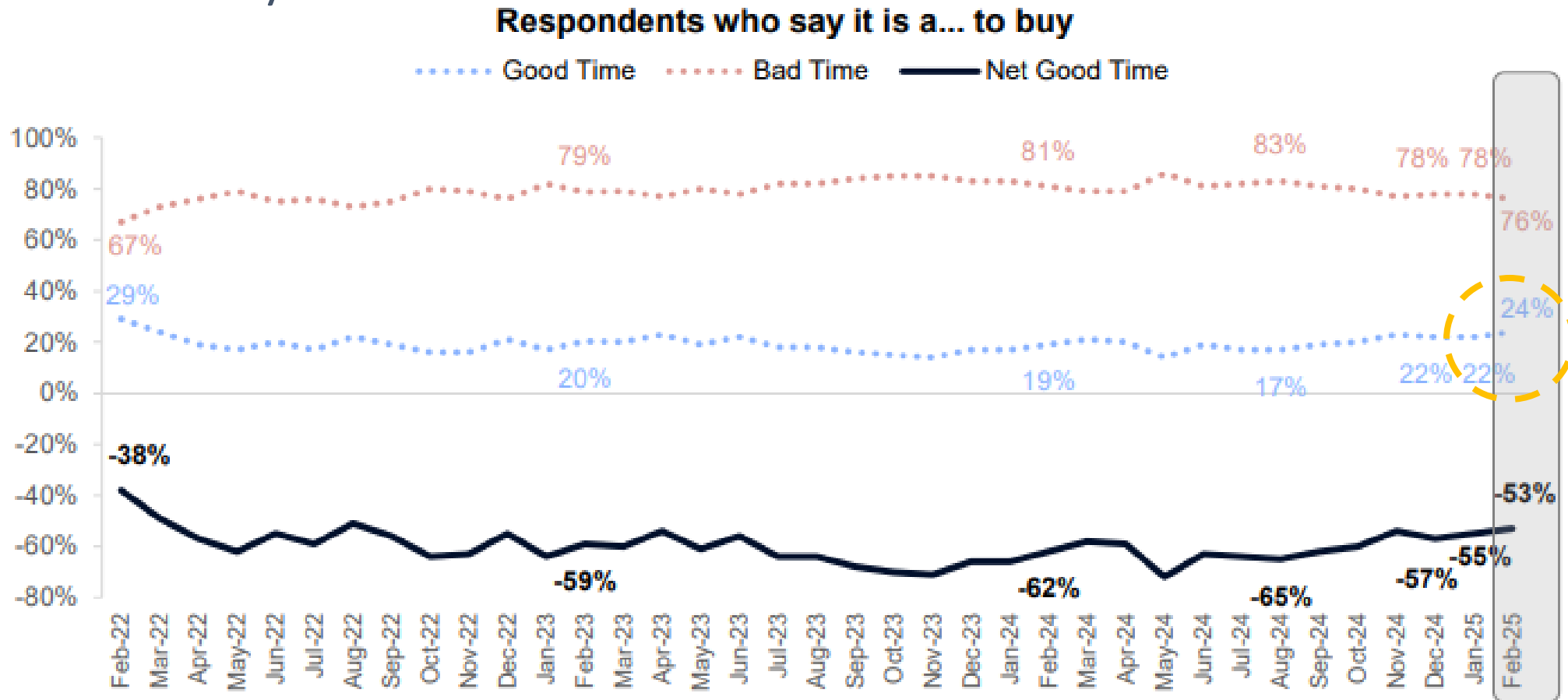
U.S. economic outlook

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025p	2026f
US GDP	1.8%	2.5%	3.0%	2.5%	-2.2%	5.8%	1.9%	2.9%	2.8%	1.4%	2.4%
Nonfarm Job Growth	1.8%	1.6%	1.6%	1.3%	-5.8%	2.9%	4.3%	2.2%	1.2%	1.0%	0.4%
Unemployment	4.9%	4.4%	3.9%	3.7%	8.1%	5.4%	3.6%	3.6%	4.0%	4.3%	4.4%
CPI	1.3%	2.1%	2.4%	1.8%	1.2%	4.7%	8.0%	4.1%	3.0%	2.7%	2.5%
Real Disposable Income, % Change	1.9%	3.1%	3.6%	3.1%	6.4%	3.1%	-5.9%	5.1%	2.9%	2.1%	2.7%

California economic outlook

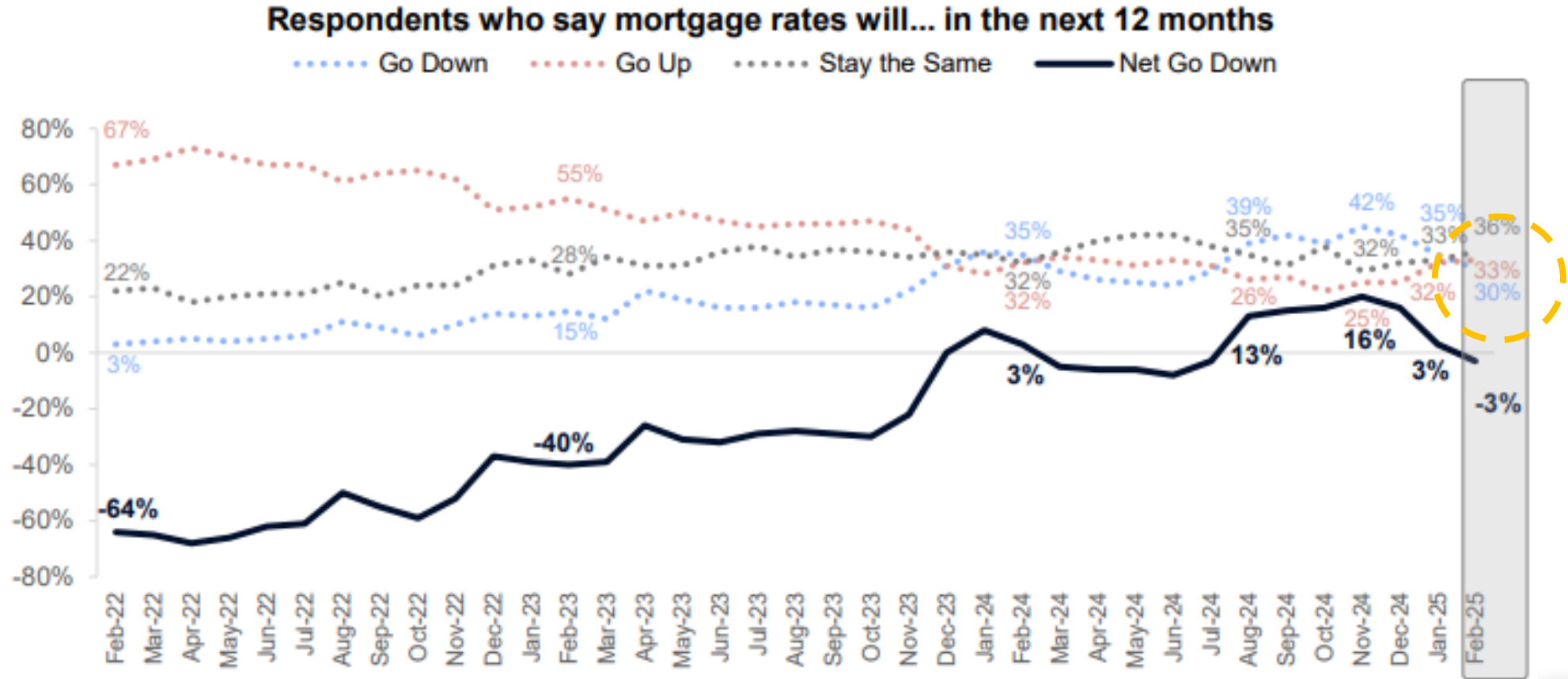
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025p	2026f
Nonfarm Job Growth	2.7%	2.1%	2.0%	1.5%	-7.2%	3.5%	5.5%	0.9%	1.2%	0.9%	0.8%
Unemployment	5.5%	4.8%	4.3%	4.1%	10.3%	7.4%	4.4%	4.7%	5.3%	5.5%	5.2%
CA Population (Million)	39.4	39.5	39.6	39.6	39.3	39.1	39.1	39.1	39.1	39.2	39.2
Population Growth	0.6%	0.4%	0.2%	0.1%	-0.8%	-0.5%	-0.1%	0.2%	0.0%	0.1%	0.0%

Home purchase sentiment up again up from last year



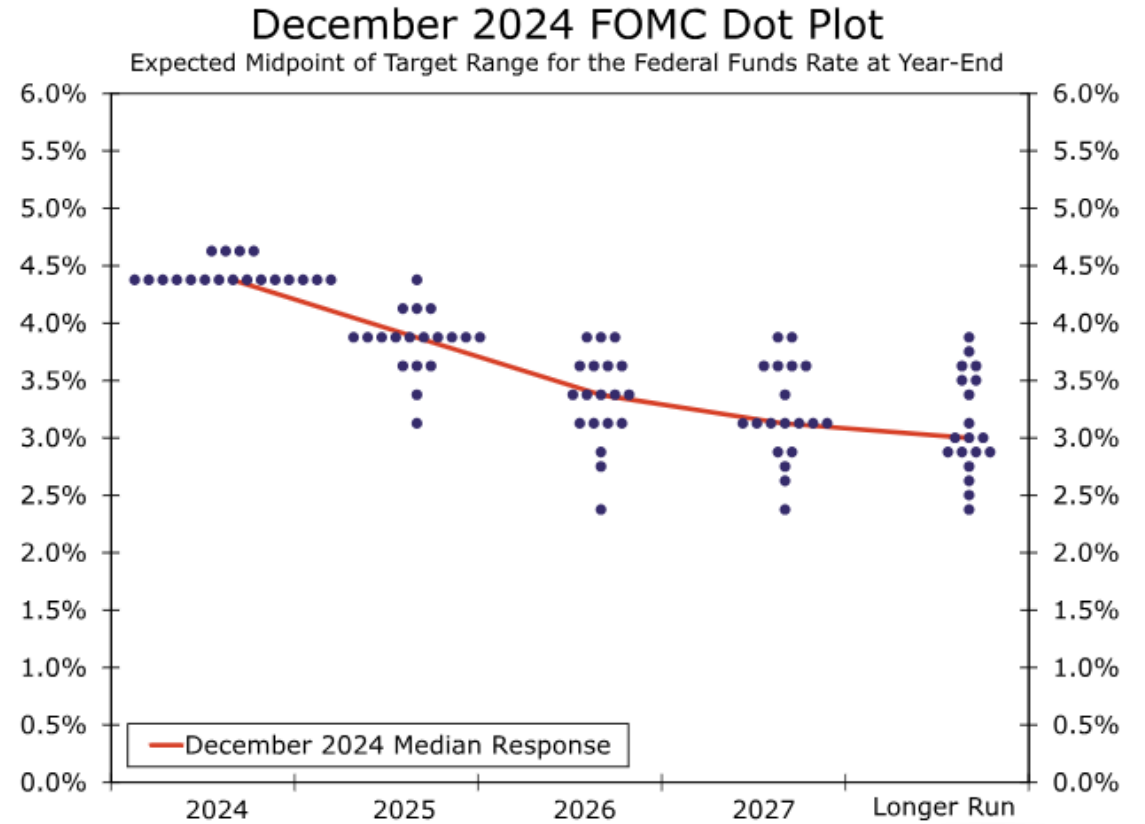
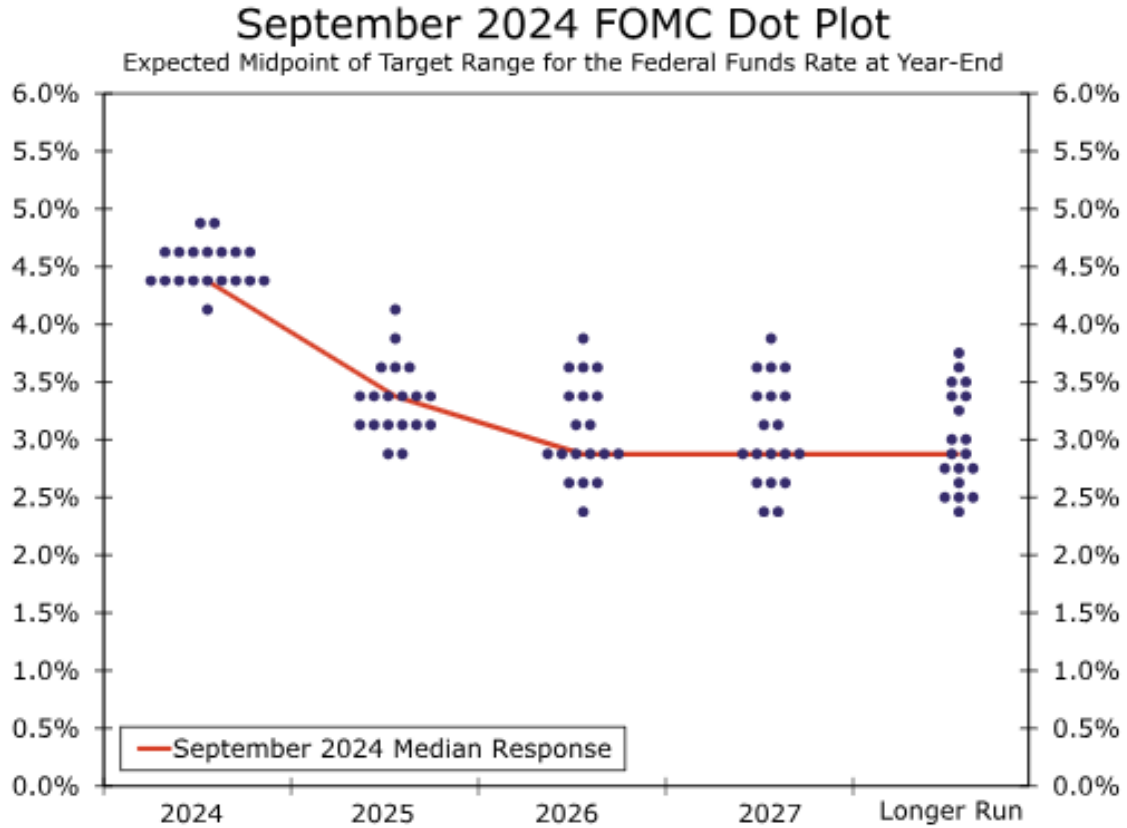
SOURCE: Fannie Mae Home Purchase Sentiment Survey

Consumers who believe rates will go down further last month



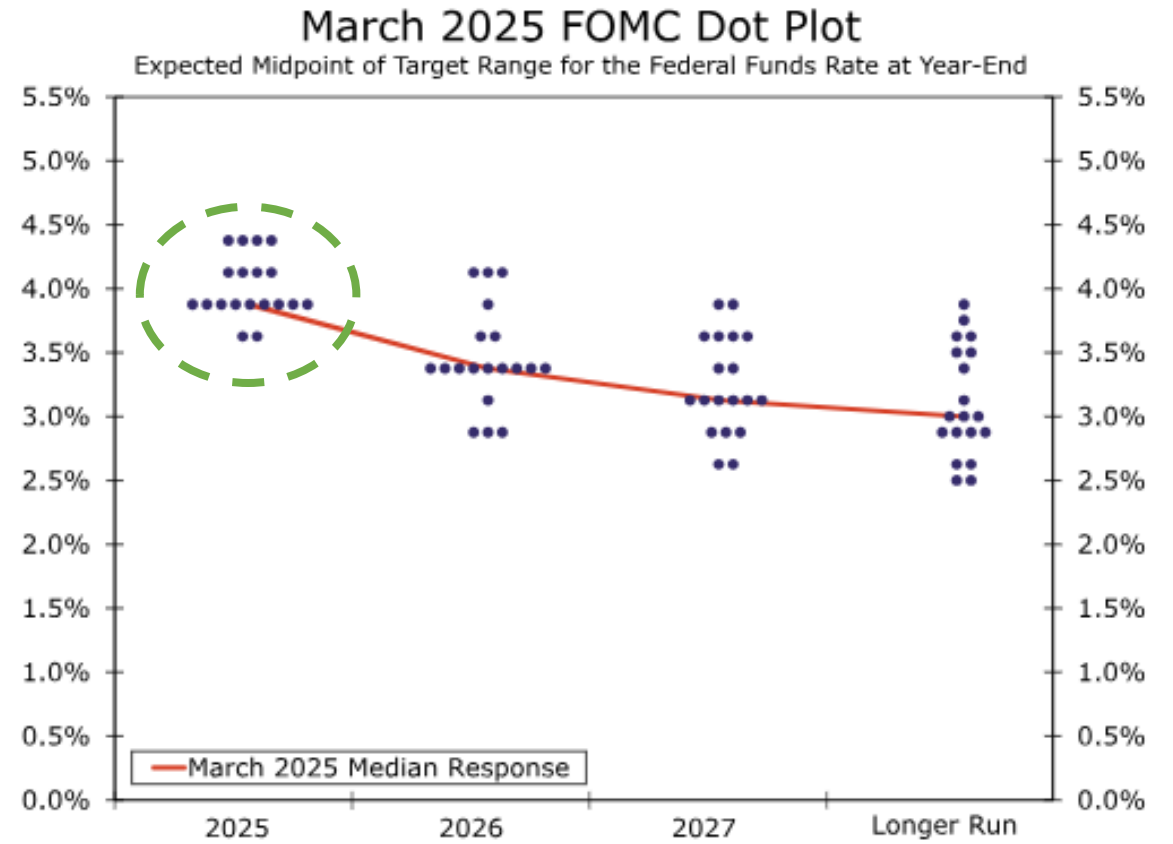
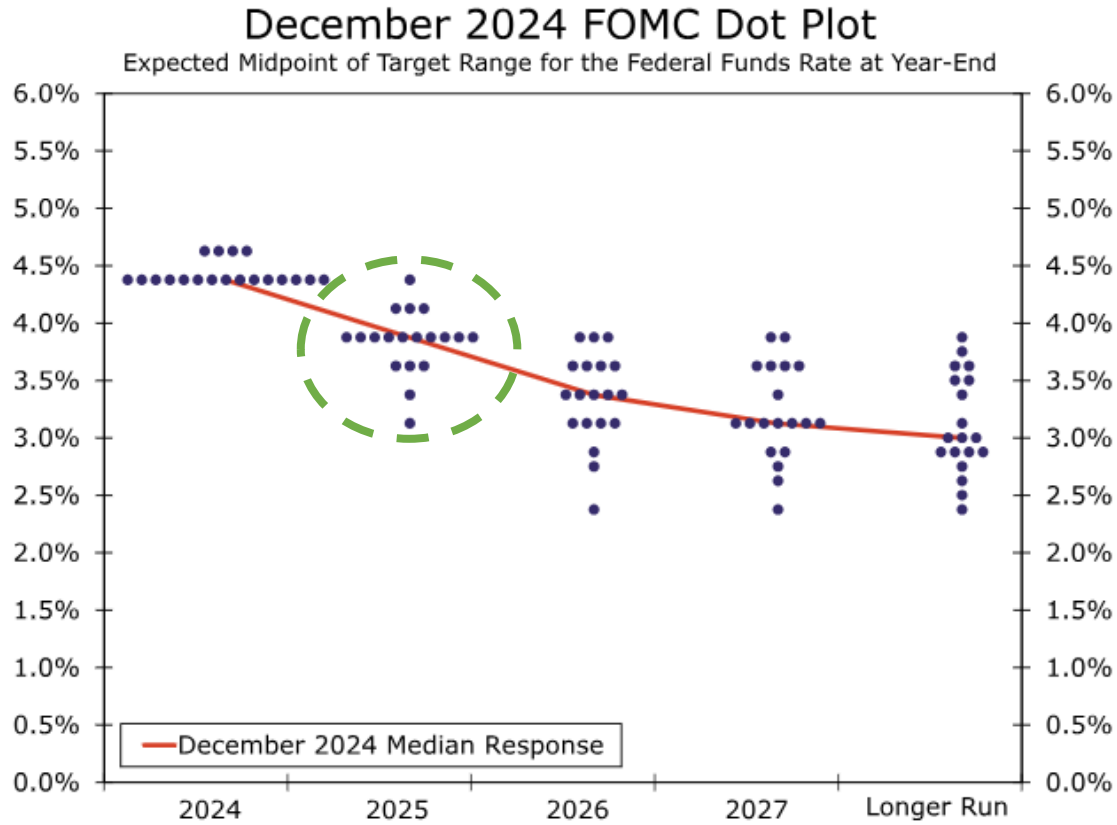
SOURCE: Fannie Mae Home Purchase Sentiment Survey

Federal Reserve recalibrate monetary policy



SOURCE: Federal Reserve Board, Wells Fargo Economics

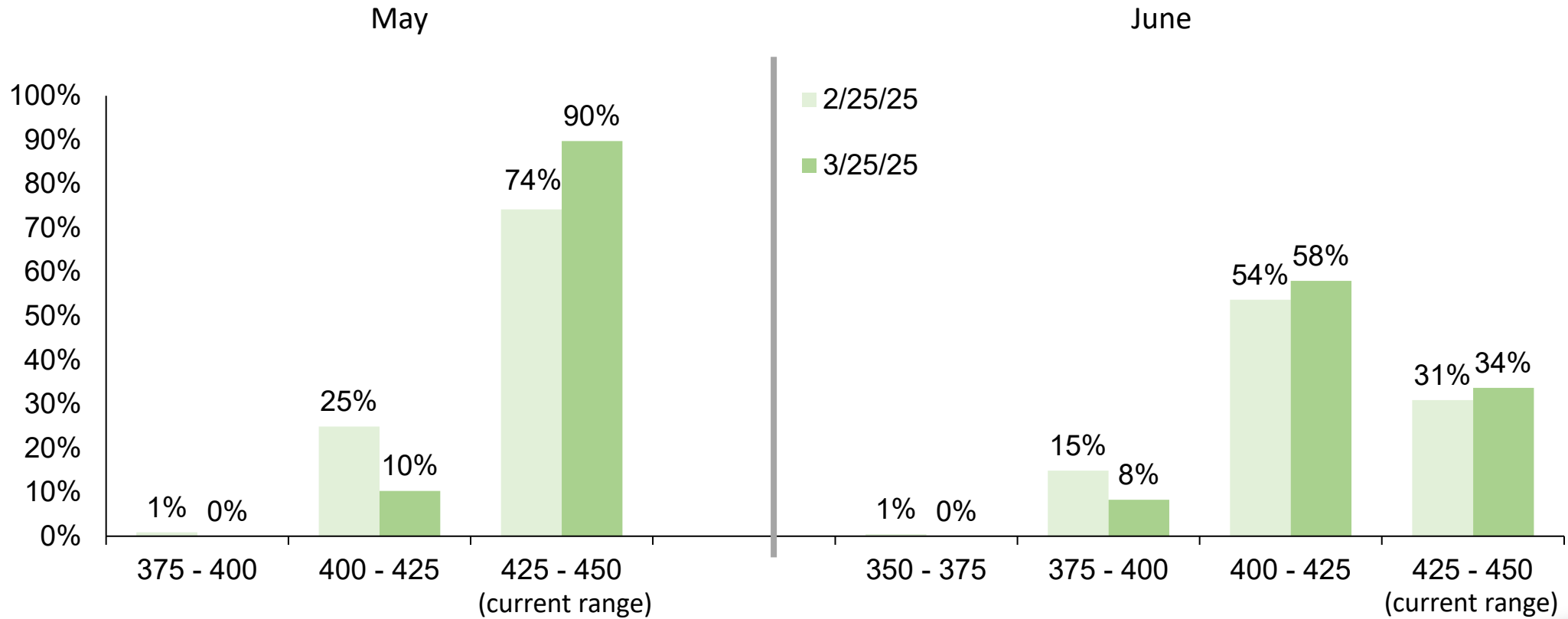
... and made some adjustments at the latest FOMC meeting



SOURCE: Federal Reserve Board, Wells Fargo Economics

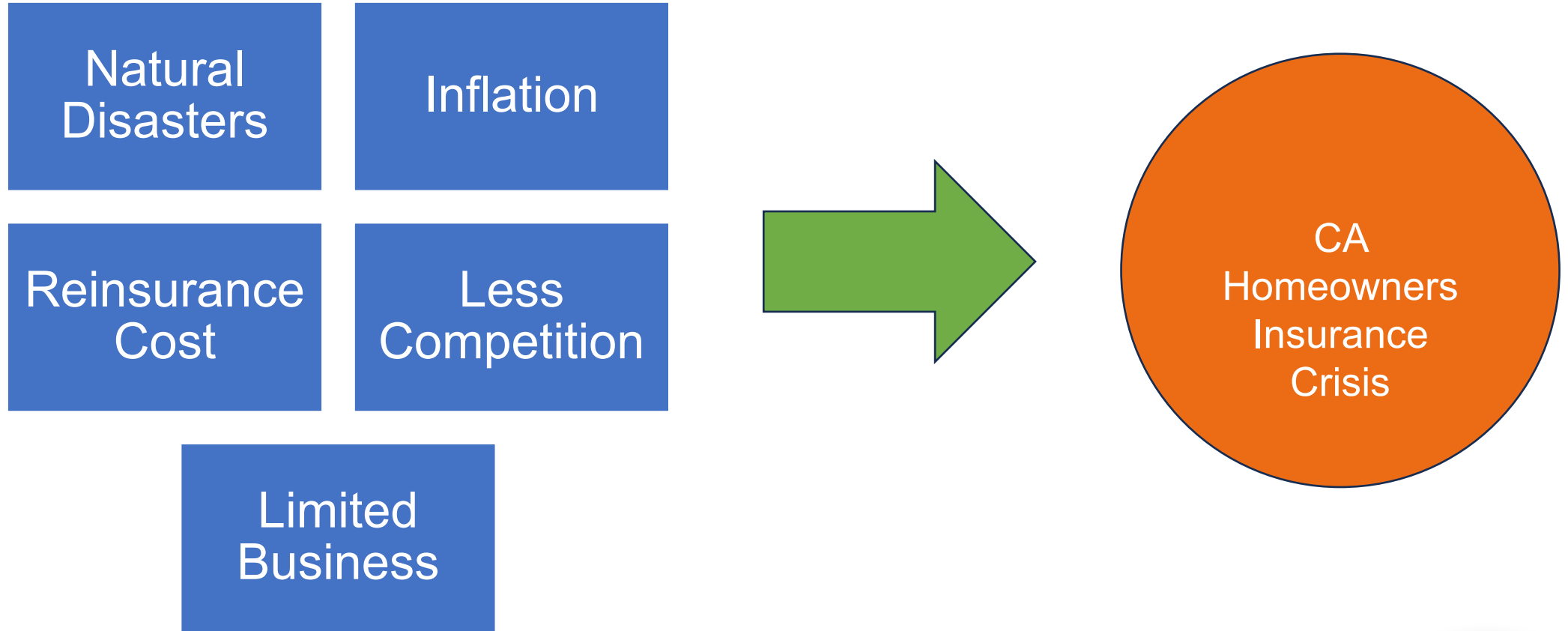
Investors recalibrate interest rate bets

Odds of a rate cut in upcoming FOMC meetings



SOURCE: CME Group (as of 3/25/2025)

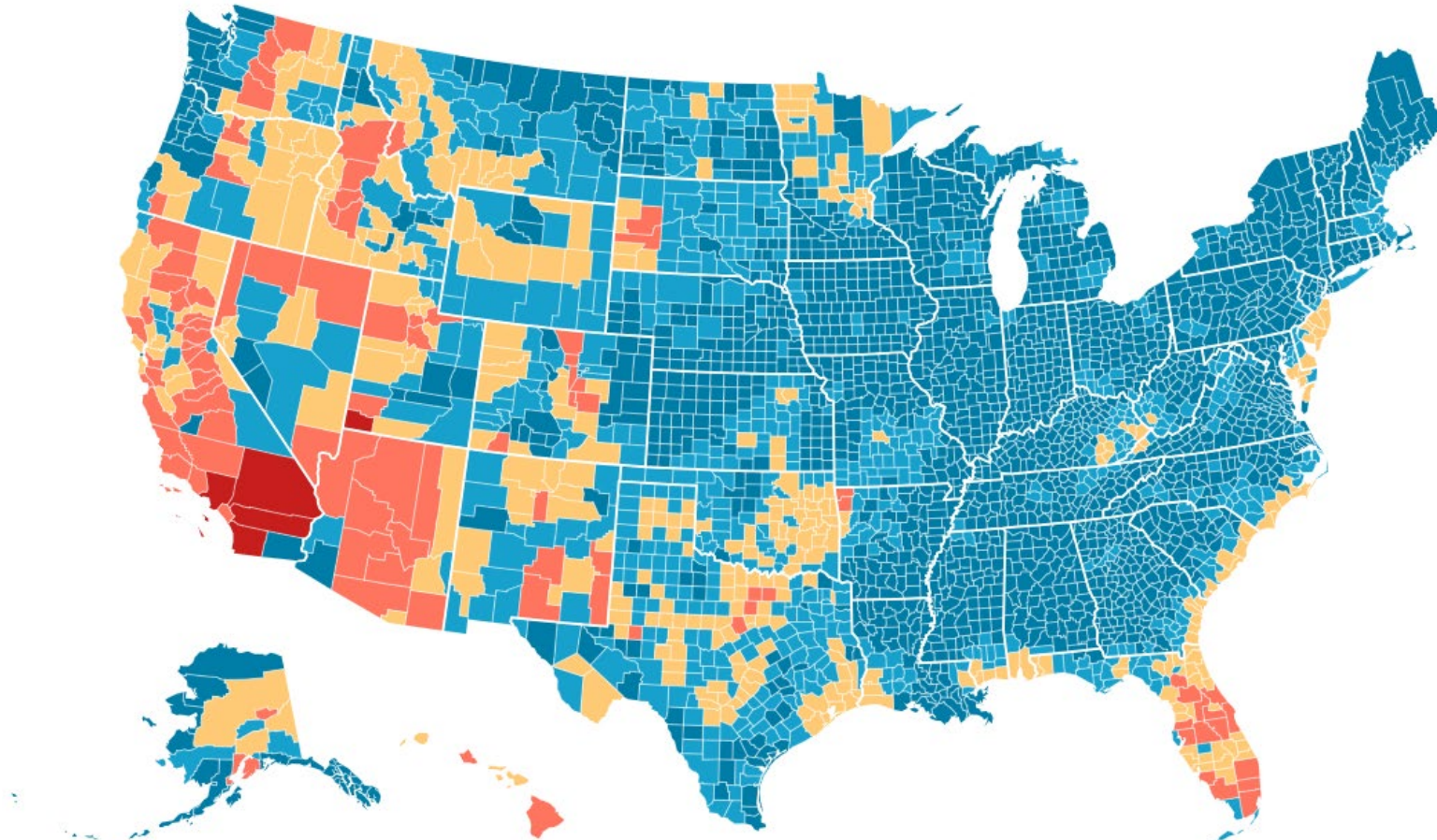
What led to the homeowners insurance crisis in California?



Loss expectations from wildfires remain high in CA

Expected Annual Loss from wildfires

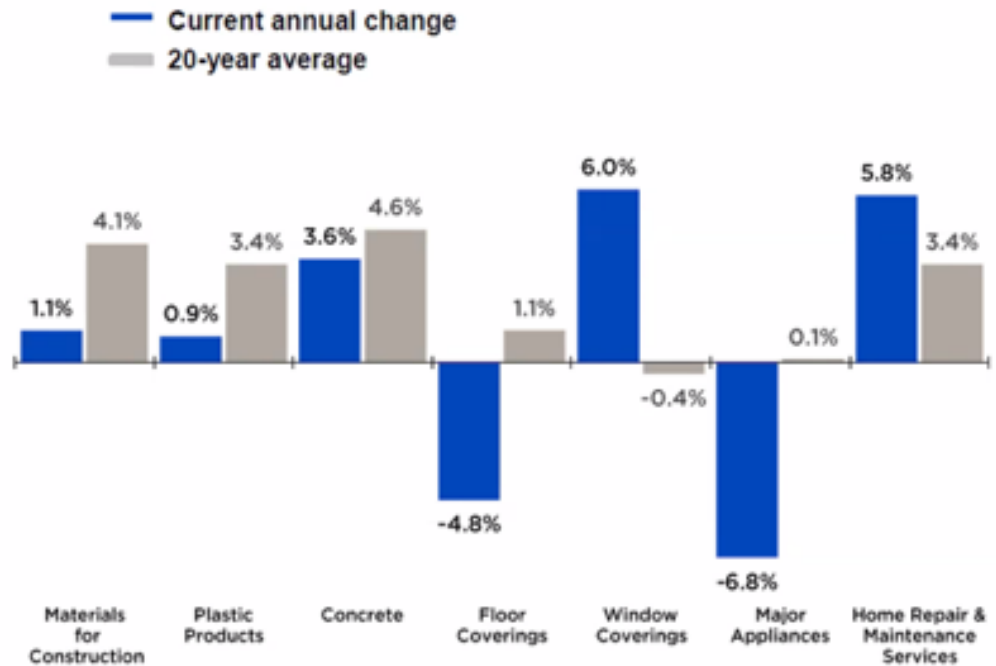
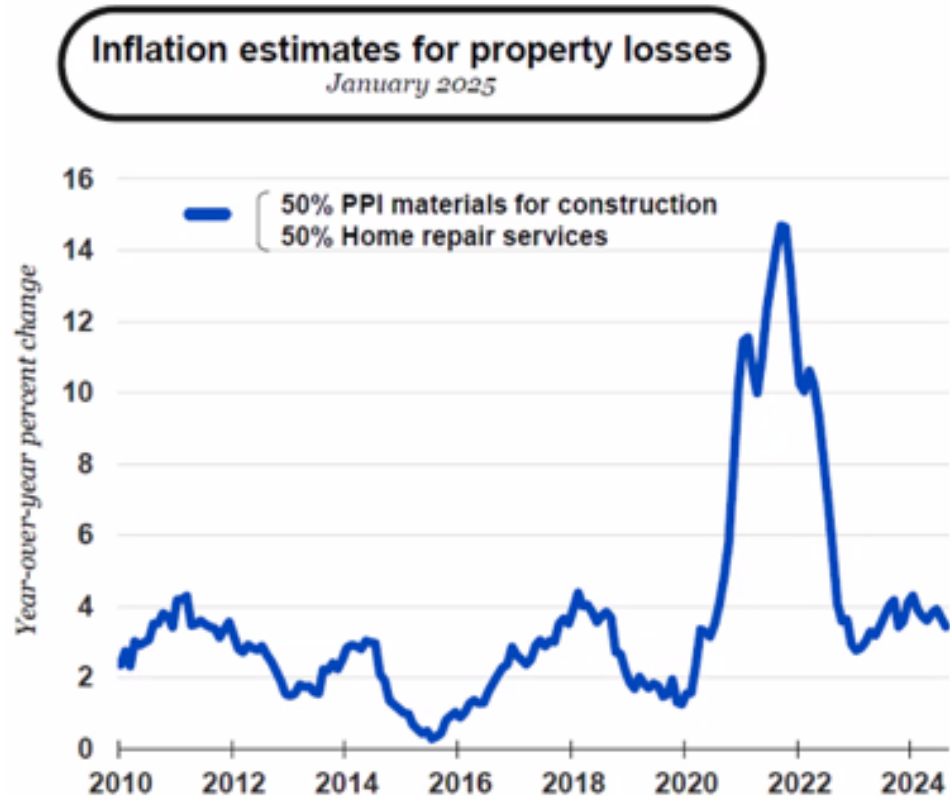
Very High Relatively High Relatively Moderate Relatively Low Very Low



Notes: FEMA's expected annual loss rating takes into account each county's building and agriculture value and population exposed to wildfires.

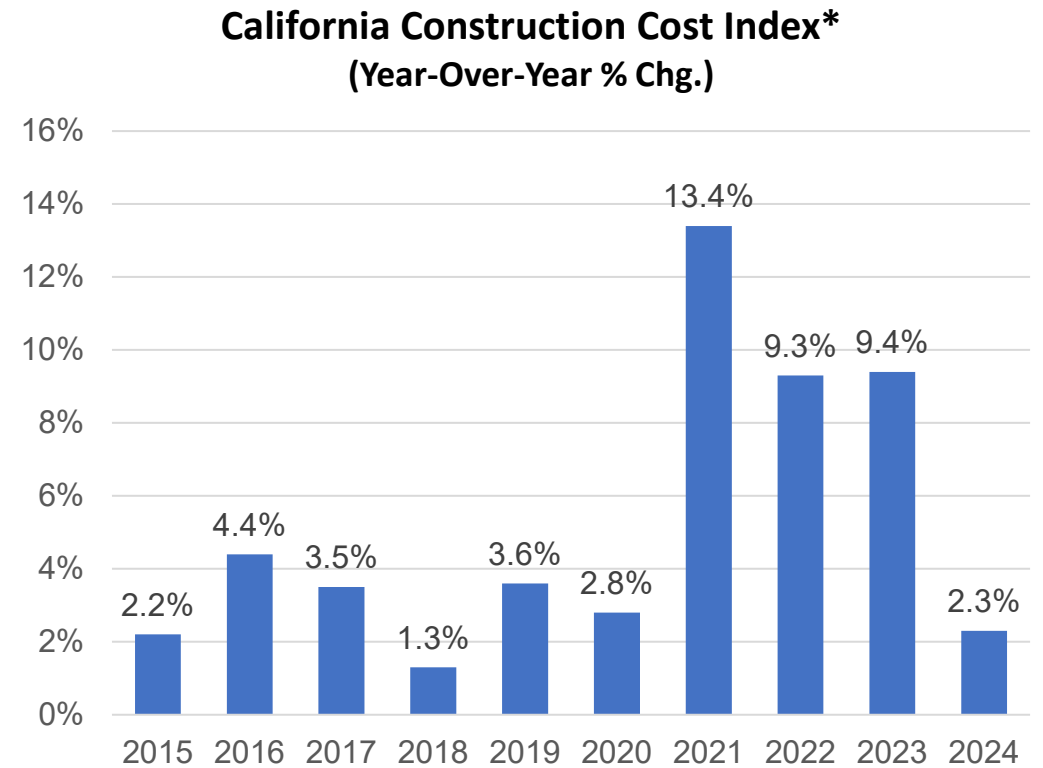
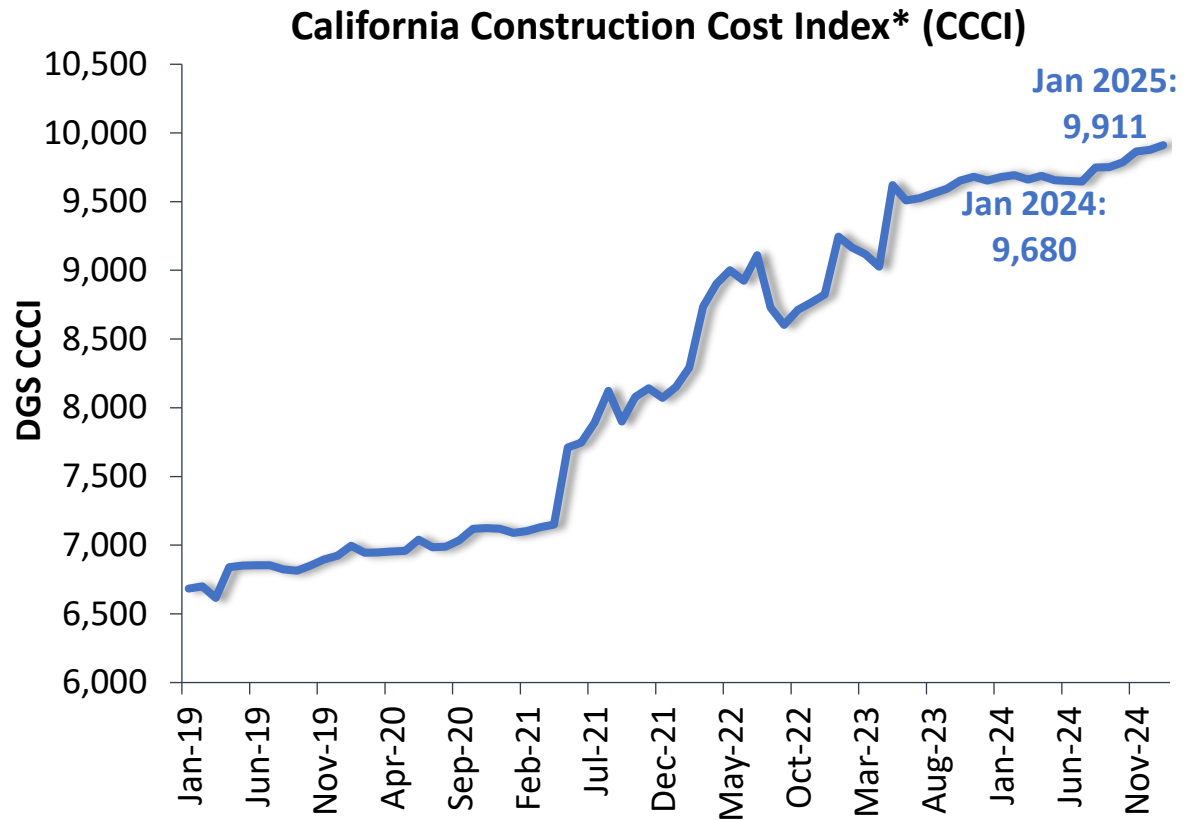
Map: The Conversation/CC-BY-ND • Source: FEMA • [Get the data](#) • [Download image](#) • Created with [Datawrapper](#)

Inflation pressure for insurance claims has stabilized



SOURCE: Bureau of Labor Statistics, Haver Analytics, Nationwide Insurance

California's construction cost growth rate back to pre-pandemic levels last year

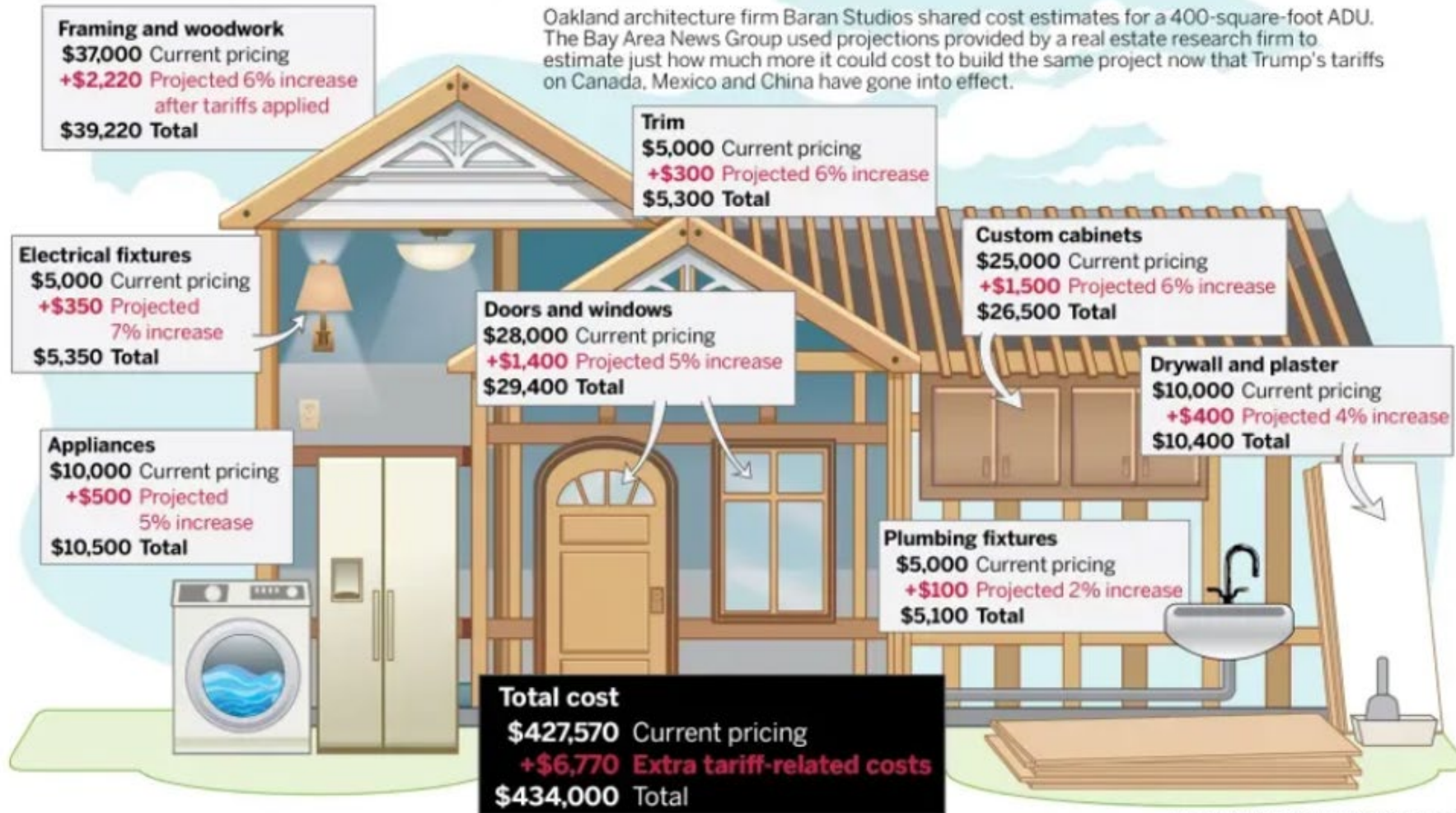


SERIES: California Construction Cost Index

SOURCE: California Department of General Services, Engineering News Record

*Note: The California Construction Cost Index (CCCI) is developed based upon Building Cost Index (BCI) cost indices average for San Francisco and Los Angeles ONLY as produced by Engineering News Record (ENR).

Tariffs estimated to increase building costs by 5%

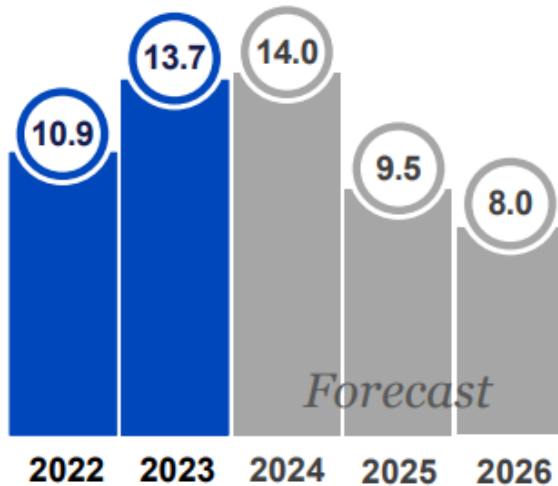


Source: Baran Studios, staff research

JEFF DURHAM/BAY AREA NEWS GROUP
WITH IMAGES FROM GETTY IMAGES

Insurance premiums have been rising and will continue to climb in the next couple years

Homeowners DWP *Year-over-year, percent*



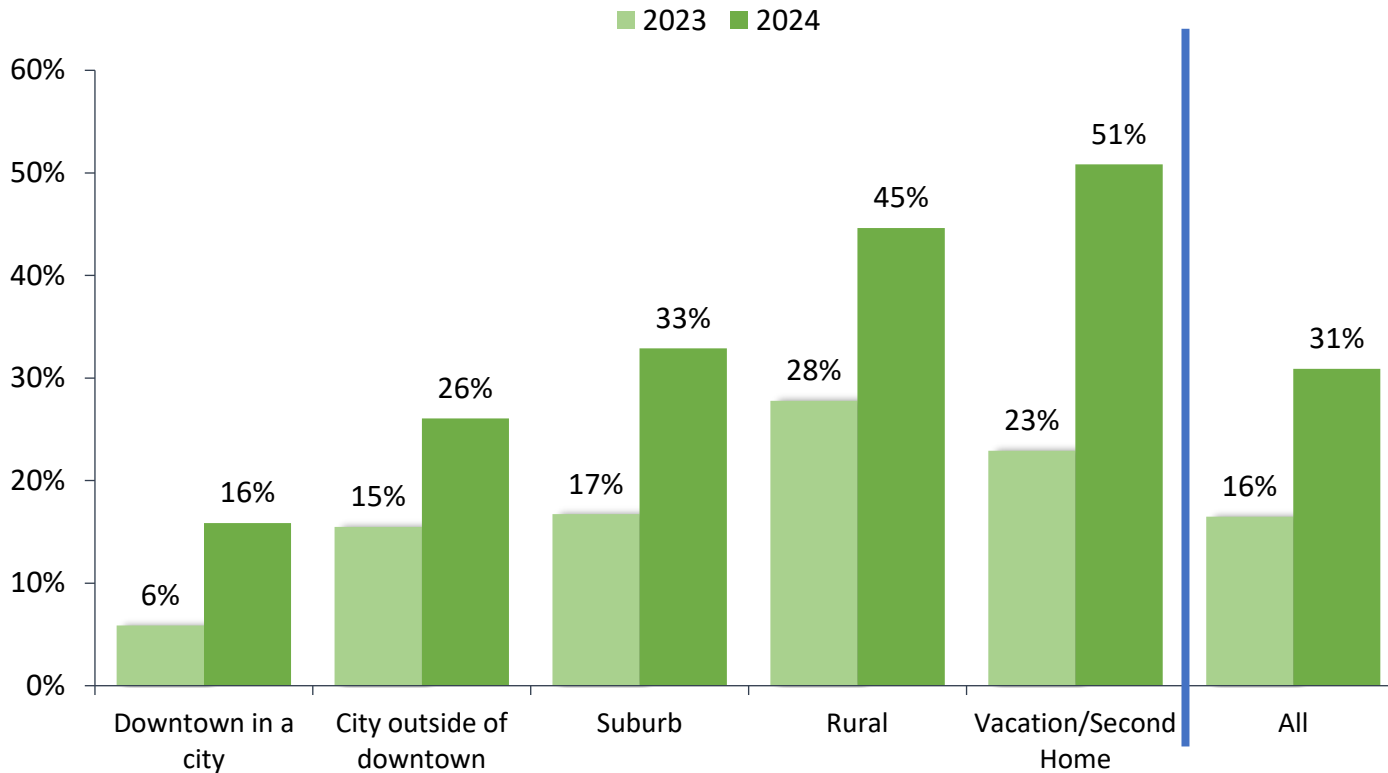
Industry rates remain higher over outlook, lifting DWP growth

- Allstate increased California home insurance rates by 34% on average for its roughly 350k policy holders late last year
- Some homeowners saw their rates jump as much as 650%
- Last March, Safeco was approved to increase rates by 10.5% on average
- In the same month, State Farm – the state’s largest home insurer – also increased its average rate by 20%
- State Farm has requested another 22% increase earlier this year
- California’s FAIR Plan also has said that it will need a substantial increase in prices in the near future

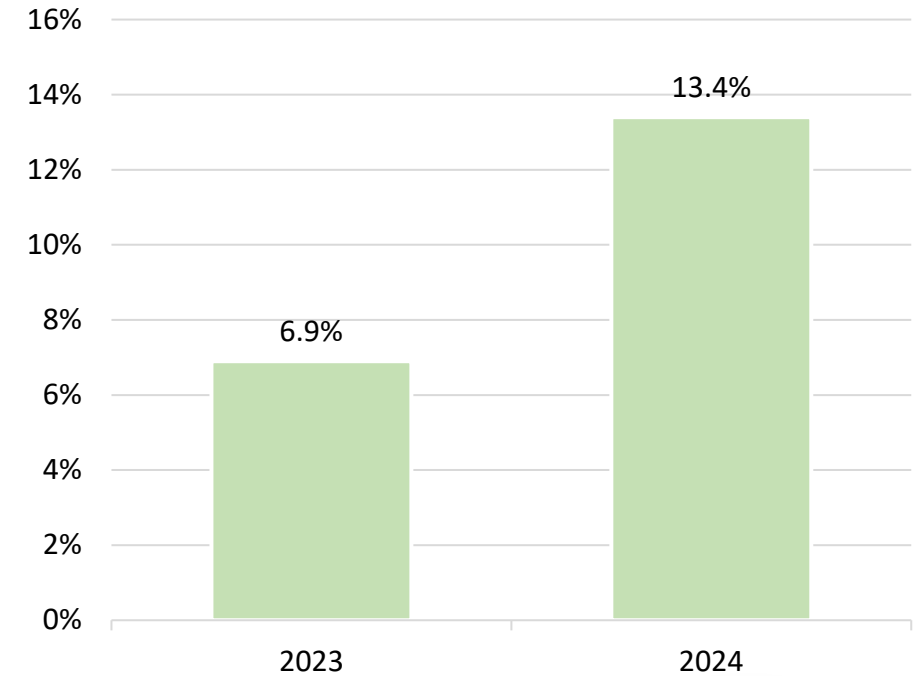
SOURCE Insurance Information Institute, History & Forecast – Conning, Nationwide, San Francisco Chronicle

Difficulty in obtaining insurance is impacting the housing market

% of buyers who had difficulties obtaining insurance



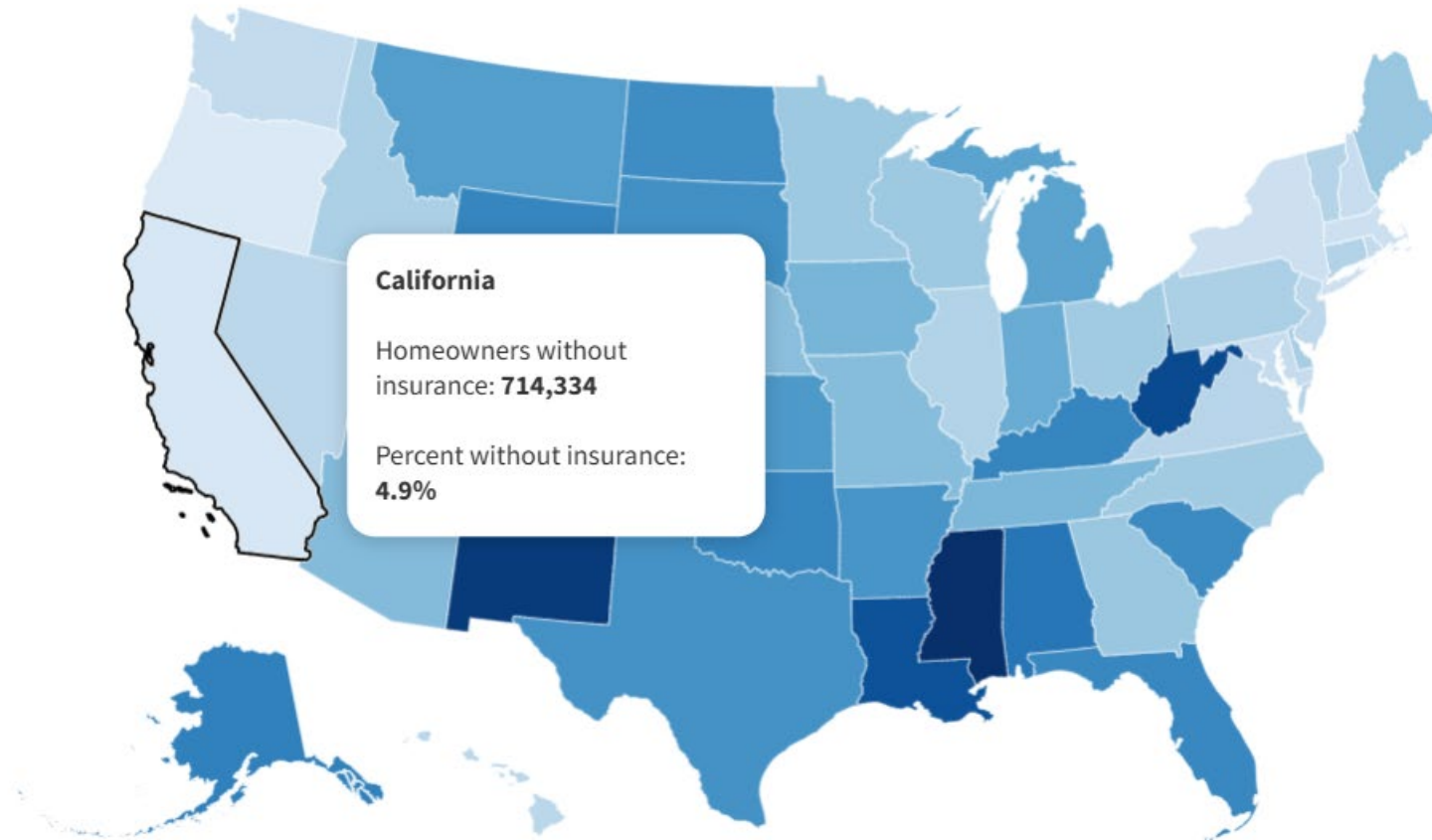
Did you have any transaction fall out of escrow due to failure to secure affordable insurance?



SERIES: 2024 Housing Market Survey
SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®

Homeowners without insurance is still a small percentage in California

States with the Most Uninsured Homeowners



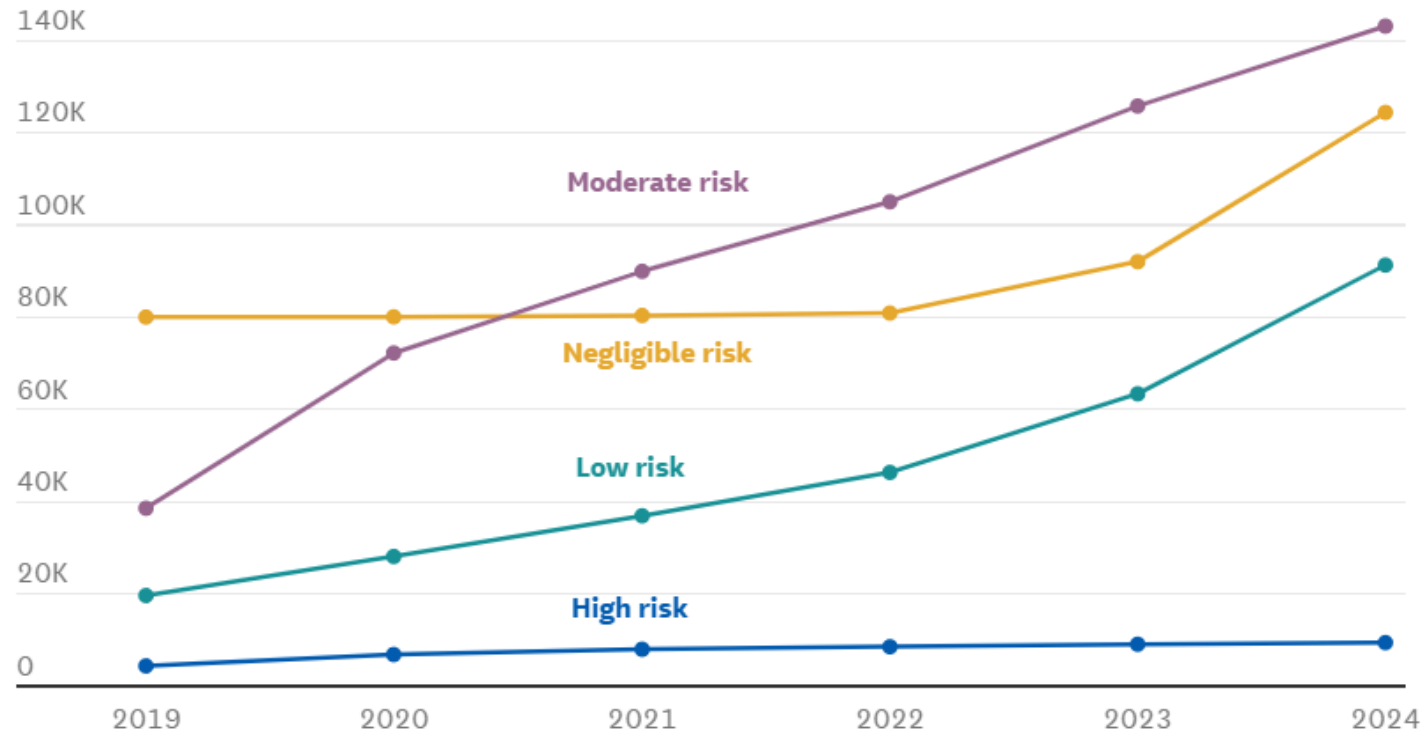
- More than 10.6 million homeowners live without home insurance
- Mississippi is the state with the highest share of homeowners without insurance at 13.3%
- New Mexico (12.9%), West Virginia (12.3%), and Louisiana (12.0%) came in second, third, and fourth
- Coastal states, in general, are least willing to take the risk, with Washington D.C. (3.3%) claiming the lowest share of uninsured homeowners, followed by Oregon (4.7%) and California (4.9%)

SOURCE: claimguide.org

FAIR Plan policies surged in the past five years

Number of FAIR Plan policies per wildfire risk category in California

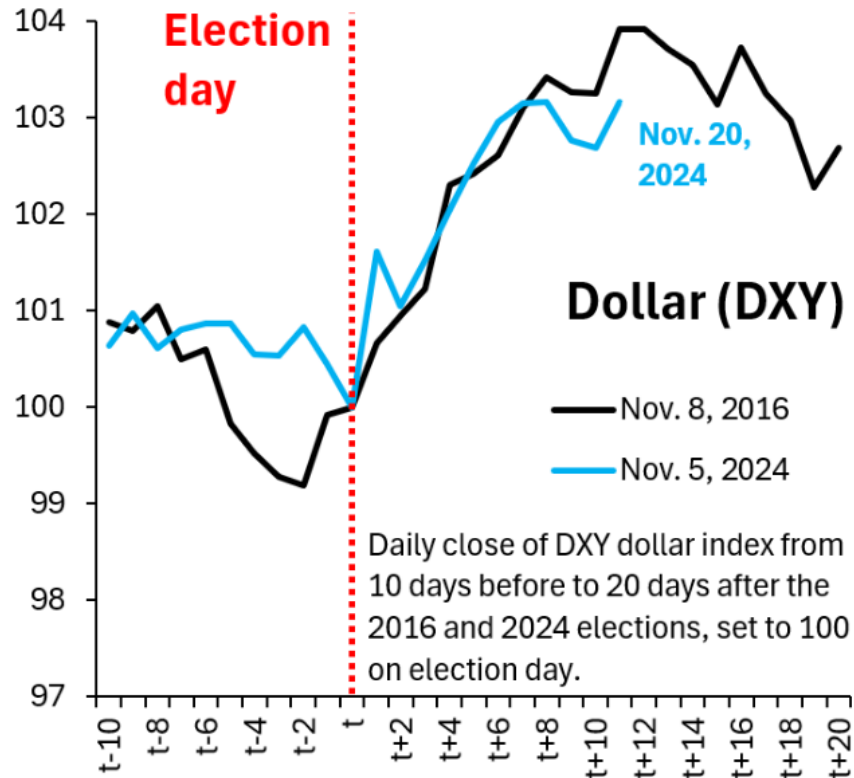
Data excludes 10% of all ZIP codes with no wildfire risk category



SOURCE: San Francisco Chronicle

U.S. dollar is expected to strengthen against most foreign currencies

Exchange rate movement before and after the elections



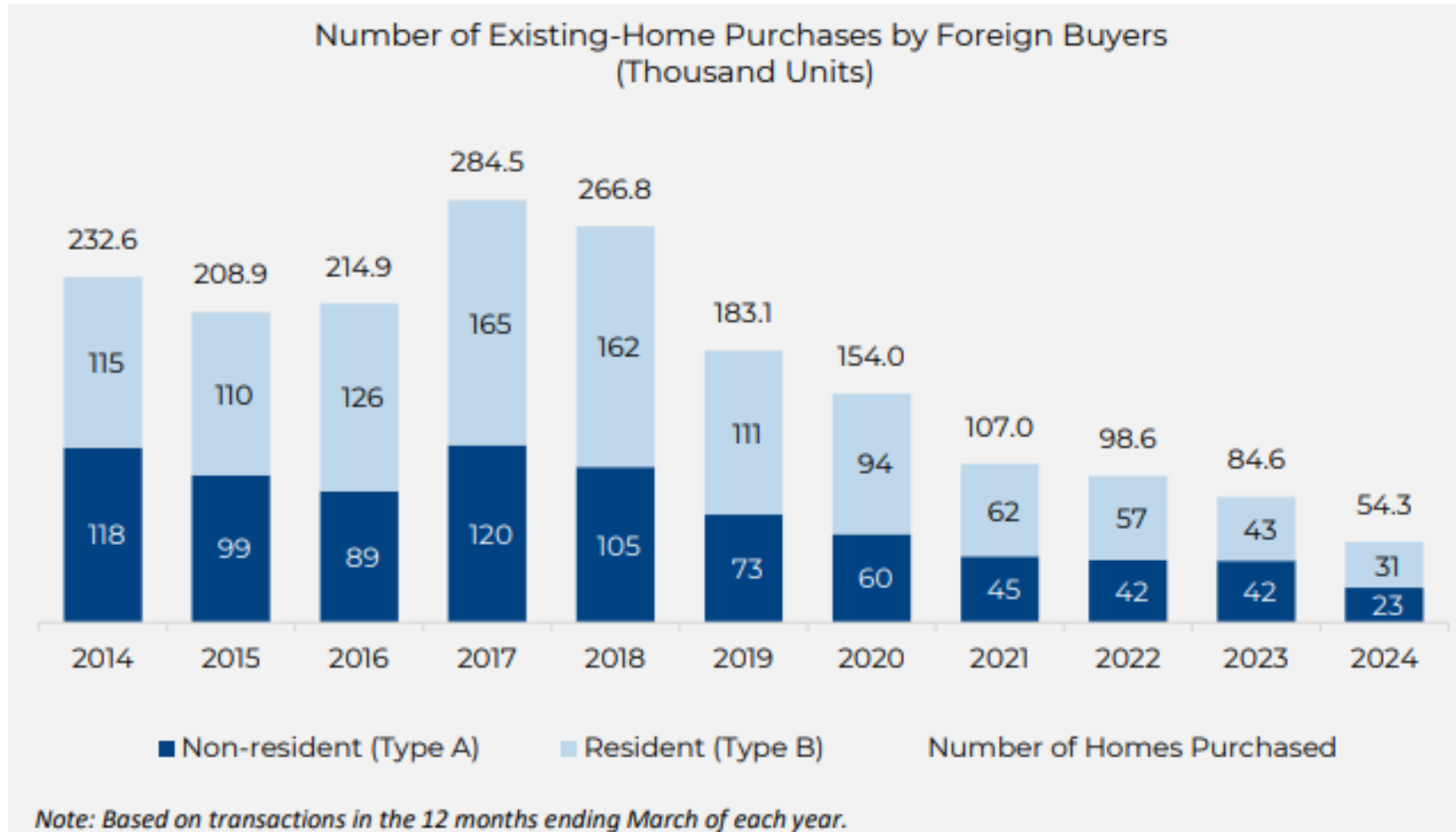
Advanced Foreign Economies U.S. Dollar Index

Index, January 2006 = 100



SOURCE: Bloomberg Finance, Brookings Institute, Haver Analytics, Wells Fargo Economics

Foreign buyers' sales dip again, partly due to a stronger dollar



SERIES: 2024 Profile of International Transactions in U.S. Residential Real Estate
SOURCE: National Association of REALTORS®

China remains as the top country of origin in terms of dollar volume but drops significantly from 2023

Dollar Volume of Existing-Homes Purchased by Top 5 Foreign Buyers in Billion Dollars

	Canada	China*	Mexico	India	Colombia	All Foreign Buyers	Share of Top 5
2010	\$17.1	\$11.2	\$6.5	\$5.0	\$0.5	\$66.0	61%
2011	\$13.1	\$7.0	\$4.2	\$5.1	\$0.6	\$66.4	45%
2012	\$15.9	\$12.0	\$6.5	\$5.2	\$0.6	\$82.5	49%
2013	\$11.8	\$12.8	\$3.6	\$3.9	\$0.5	\$68.2	48%
2014	\$13.8	\$22.7	\$4.5	\$5.8	\$0.5	\$92.2	51%
2015	\$11.2	\$28.5	\$4.9	\$8.0	\$0.9	\$103.9	52%
2016	\$8.9	\$27.3	\$4.8	\$6.1	\$1.2	\$102.6	47%
2017	\$19.0	\$31.7	\$9.3	\$7.8	\$1.0	\$153.0	45%
2018	\$10.5	\$30.4	\$4.2	\$7.2	\$1.2	\$121.0	44%
2019	\$8.0	\$13.4	\$3.7	\$4.2	\$0.8	\$77.9	39%
2020	\$9.5	\$11.5	\$5.8	\$5.4	\$1.3	\$74.0	45%
2021	\$4.2	\$4.8	\$2.9	\$3.1	\$1.1	\$54.4	29%
2022	\$5.5	\$6.1	\$2.9	\$3.6	\$1.0	\$59.0	32%
2023	\$6.6	\$13.6	\$4.2	\$3.4	\$0.9	\$53.3	54%
2024	\$5.9	\$7.5	\$2.8	\$4.1	\$0.7	\$42.0	50%

Number of Existing-Homes Purchased by Top 5 Foreign Buyers

	Canada	China*	Mexico	India	Colombia	All Foreign Buyers	Share of Top 5
2010	69,100	27,100	30,100	15,000	3,000	300,600	48%
2011	48,500	19,000	14,800	14,800	2,100	210,800	47%
2012	49,500	24,700	16,500	12,400	2,100	206,200	51%
2013	43,900	23,100	15,800	10,400	1,600	192,500	49%
2014	43,700	38,400	20,000	12,600	2,100	232,600	50%
2015	29,400	34,300	17,900	17,300	3,000	208,900	49%
2016	26,900	29,200	17,900	14,500	3,500	214,900	43%
2017	33,800	40,600	28,500	14,900	3,300	284,500	43%
2018	27,400	40,400	20,200	13,100	4,400	266,800	40%
2019	19,900	19,900	15,900	9,700	2,300	183,100	37%
2020	18,300	18,400	14,400	9,600	5,500	154,000	43%
2021	8,800	6,700	7,100	4,700	1,600	107,000	27%
2022	11,300	6,100	7,800	5,100	3,000	98,600	34%
2023	8,500	11,000	9,300	5,900	2,500	84,600	44%
2024	7,100	6,000	6,000	5,400	2,200	54,300	49%

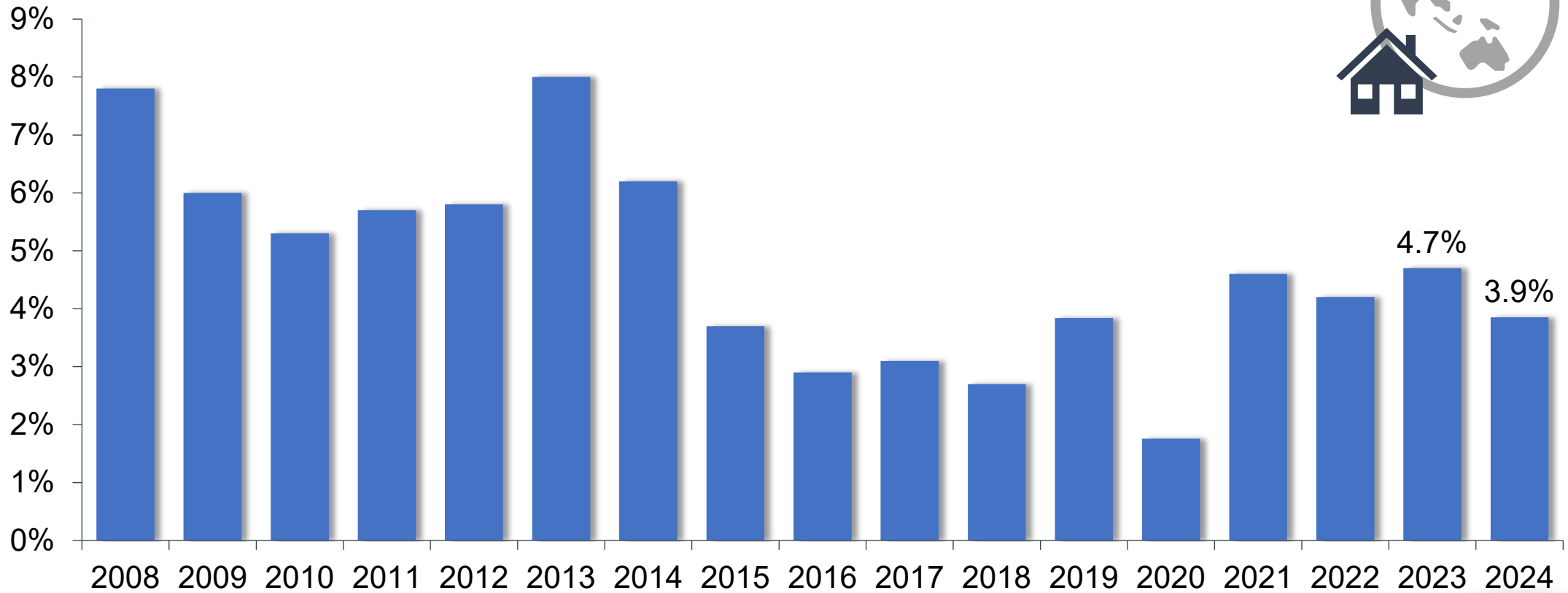
Note: China includes buyers from the People's Republic of China, Hong Kong, and Taiwan. Estimates from 2010 thru 2015 include some commercial transactions. From 2016, the estimates include only residential transactions.

SERIES: 2024 Profile of International Transactions in U.S. Residential Real Estate

SOURCE: National Association of REALTORS®

CALIFORNIA ASSOCIATION OF REALTORS®

Share of international buyers dipped to lowest since 2020 in California



SERIES: 2024 Housing Market Survey
SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®

New administration and the market

More money in pockets!

- Tax cuts are high priority
- Might get some of what was lost back
- SALT and MID are the big ones for CA

Inflation likely to be stickier...

- Tax cuts + tariffs likely inflationary
- Extending 2016 tax cuts costs ~\$3T +++
- Both suggest slower decline in rates

Might even get some new stuff!!

- Doubling the capital gains exemption
- First-time homebuyer credits IN ESCROW
- Pro-supply stuff: Fed lands, conversions, etc

Net effect is hard to say ˘(ツ)˘

- Rates have been the major focus to now
- Nominal income likely to improve, will real?
- If stock market rallies on optimism, net positive?

California housing market outlook

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025f
SFH Resales (000s)	417.7	424.9	402.6	398.0	411.9	444.5	343.0	257.9	269.0	283.9
% Change	2.0%	1.7%	-5.2%	-1.2%	3.5%	7.9%	-22.8%	-24.8%	4.3%	5.5%
Median Price (\$000s)	\$502.3	\$537.9	\$569.5	\$592.4	\$659.4	\$784.8	\$819.4	\$814.3	\$865.4	\$905.7
% Change	5.4%	7.1%	5.9%	4.0%	11.3%	19.0%	4.4%	-0.6%	6.3%	4.6%
Housing Affordability Index	31%	29%	28%	31%	32%	26%	19%	17%	16%	16%
30-Yr FRM	3.6%	4.0%	4.5%	3.9%	3.1%	3.0%	5.3%	6.8%	6.7%	6.6%

Key Takeaways



- The economy should continue to grow but there is a lot of uncertainty.
- Inflation has been easing but will likely heat up again.
- Rates will continue to fluctuate but should moderate by year-end.
- Home sales should see some improvement in the spring homebuying season.
- Supply is projected to go up by 10% - 20% in 2025.
- Home prices are expected to rise moderately year-over-year.
- Policy uncertainty, geopolitical tensions, ongoing insurance crisis and financial market risks will present challenges in the next 12 months.



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