Central Coast Lending Newsletter | August 2016

Central Coast Real Estate Update: <u>Second Quarter (January-June) 2016</u>

The San Luis Obispo County's real estate report for the second quarter of 2016 showed improvement from last year's first two quarters in all aspects of the sector.

- **1,373 total home sales (2016)** vs. 1,350 total homes sales (2015)
- **$550,000 median home price (2016)** vs. $518,000 median home price (2015)
- **98.13% sales/list price (2016)** vs. 98.03% sales/list price (2015)
- **71 cumulative days on the market (2016)** vs. 75 cumulative days on market (2015)

The San Luis Obispo County total home sales component of the real estate report increased by about 2% from the second quarter of 2015. The foreclosure mix of both REO's and short sales decreased from last year: last year in 2015 there was a foreclosure mix of 4.07% out of the total sales, this year the foreclosure mix dropped to 3.71% foreclosures out of all the total sales.

The median home price increased by about 6% from $518,000 to $550,000 from 2015 to 2016; it has been steadily increasing since 2012. In 2015 homes sold for 98.03% of their listing price in San Luis Obispo County; this year they have sold for 98.13% of their listing price for a 0.1% increase in how much home buyers are willing to pay.

The cumulative days on the market was the only component to decrease; this decrease, however, is a positive for housing. A decrease in cumulative days on the market means there is more demand for homes, as they are selling faster and are not staying on the market for as long. The cumulative days on the market fell this year from last by four days; homes averaged 75 days on the market in 2015 and dropped to 71 total days on the market this year.

Most Expensive vs. Least Expensive Cities on the Central Coast

Most Expensive

-Cayucos $873,750
-Avila Beach $870,500
-Pismo Beach $835,000
-Santa Ynez $819,000
-Solvang $803,250

Least Expensive

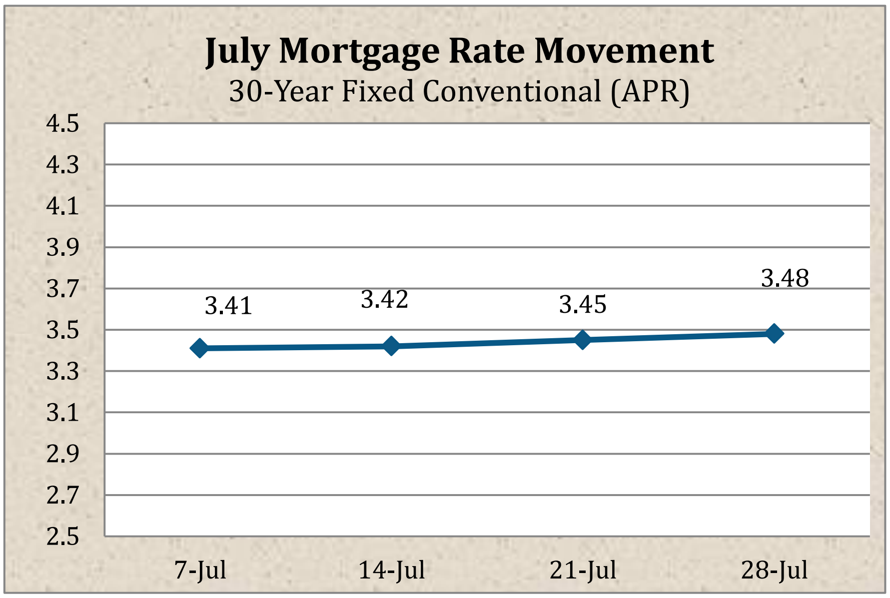
-Atascadero $460,000
-Paso Robles $433,500
-Oceano $407,450
-Santa Maria/Orcutt $369,900
-Santa Margarita $309,500

Above are the most expensive cities on the Central Coast compared to the least expensive. The top most expensive cities did not change from the first quarter, with Cayucos being the most expensive city; the median price however did change. It changed for all cities decreasing in Cayucos and Avila Beach, but increasing in Pismo Beach, Santa Ynez, and Solvang. It decreased in Cayucos by about 40% from $1,310,000 to $873,750, and in Avila by a much lower 6% from $925,000 to $870,500. These numbers are a more accurate depiction of the median home price in these cities compared to the first quarter statistics because they are based off of a larger market with more homes sold.

The least expensive homes do not differ from the first quarter either, though there are some adjustments to the median home price. Santa Margarita came in last again, but increased significantly from the first quarter where there was only one sale in the entire city and the median home price was only $35,000, it increased to a much more accurate $309,500 with 8 total sales.

Mortgage Rates

Mortgage rates for the 30-year fixed conventional loan program reached yet another new low for 2016 in the first week of the month of July. Dropping down to an APR of 3.41%, rates reached the lowest point since November of 2012. At an APR of 3.41%, rates were only 10 basis points above the record low of 3.31%. From the first week of the month, rates increased only marginally, with the APR increasing by 1-3 points each week in July. The APR ranged by only 7 points throughout the entire month, this is an average increase of 1.75 basis points each week. This time last year the 30-year fixed conventional loan program had an APR of 3.98%, showing rates have decreased significantly from a year ago with a 50 basis point difference from the last week of July.



News Briefs

FOMC Meeting

Policy makers voted to keep the Federal Funds target rate between 0.25 and 0.50 percent with a midpoint of 0.375 percent, in the results of the July FOMC meeting. The vote to keep rates where they have been, since the target rate raised at the December meeting, was unanimous at 9 to 1. In their statement released after the meeting, the labor market was described as having "strengthened", a reflection of the 287,000 surge in nonfarm payrolls in the strong June employment report released earlier this month. It also described household spending as "growing strongly." The outlook for rates will remain low for some time stated policy makers. Given the progressive tone of the Fed's statements, chances for a rate hike at the September FOMC are still open. This provided that job growth and consumer spending hold at their current levels.

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