



Central Coast Real Estate Update: First Quarter (January-March) 2016

The San Luis Obispo County's real estate report for the first quarter of 2016 shows strength and growth in some segments while others decreased and showed weakness.

- **535 home sales (2016)** vs. 546 home sales (2015)
- **86 average cumulative days on market (2016)** vs. 77 cumulative days on market (2015)
- **\$549,000 median home price (2016)** vs. \$500,000 median home price (2015)
- **97.97% sales/list price (2016)** vs. 97.68% sales/list price (2015)

The SLO County home sales decreased by 11 homes in the first quarter of 2016, compared to 2015. The average cumulative days on market also showed deterioration from the previous first quarter of 2015, increasing by 9 days from 77 average cumulative days on the market to 86 average cumulative days on the market.

On a positive note median home price showed improvement increasing by about 9% from \$500,000 in 2015 to \$549,000 in 2016. The percent of the sales price when compared to the list price also showed improvement in the first quarter of the year. In 2015 homes in SLO County sold for 97.68% of their list price compared to 2016 where homes sold for an average of 97.97% of their list price.

Most Expensive Markets

- * Cayucos \$1,310,000
- * Avila Beach \$925,000
- * Pismo Beach \$833,960
- * Santa Ynez \$801,500
- * Solvang \$755,000

Least Expensive Markets

- * Santa Margarita \$35,000
- * Santa Maria/Orcutt \$370,000
- * Oceano \$404,950
- * Paso Robles \$449,000
- * Atascadero \$460,000

The most expensive vs. the least expensive cities on the

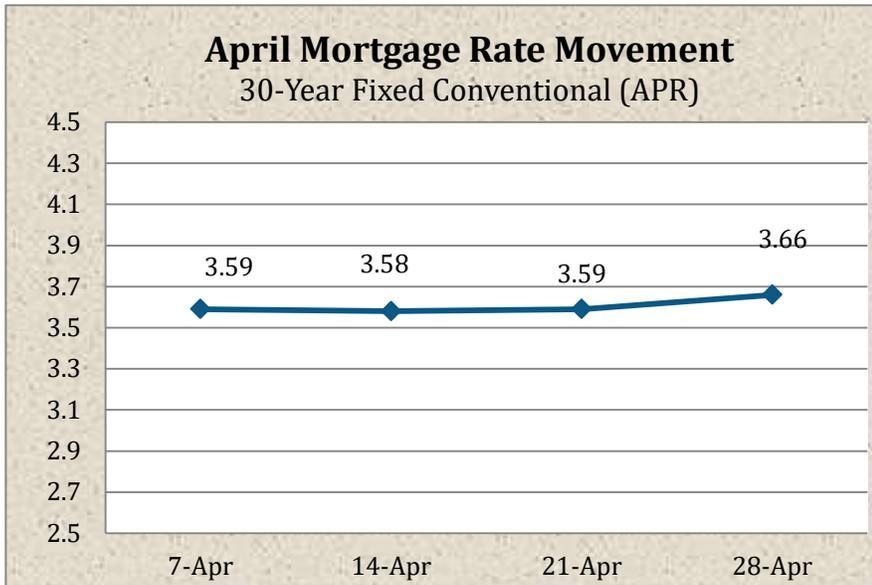
Central Coast are listed above as you can see Santa Margarita comes in as the least expensive city with an average median home price of \$35,000, while Cayucos is the most expensive city with an average median home price of \$1,310,000.



The sales mix of San Luis Obispo County is graphed above. Sales were down this year by 39 homes when compared to 2015's first quarter. However, the amount of distressed sales (REOs and Short Sales) was also down, showing the housing market improving. Foreclosures in the first quarter of 2016 only made up 4% of total sales. Last year in the first quarter foreclosures made up 5% of the total number of sales. Compare this to the year of 2009, when sales were down and foreclosures made up about half of total sales in the first quarter. These sale numbers in 2009 reflected the suffering economy and poor housing market. It wasn't until 2014 that the market began to improve with only 41 foreclosures making up about only 8 % of total sales.

Mortgage Rates

Mortgage rates remained steady in the month of April, varying by only 8 basis points throughout the whole month. They were held beneath the 3.75% mark for the 13th week in a row. Rates reached their lowest point since May of 2013 during the week of April 14th at 3.58% APR. During the last two weeks of the month mortgage rates rose for two straight weeks. Increasing by 1 then 7 basis points, though they increased they still remain ultra-low making mortgages accessible for both buyers and refinancing households. This year's mortgage rates continue to defy predictions. Rates are more than 40 basis points below levels from January. This is the opposite of what Wall Street forecasted for 2016 mortgage rates. Falling rates make homes more affordable; however, these falling rates have been offset by a rise in home valuations. Homes are more expensive to buy raising the amount of cash required to make a down payment.



News Briefs

GDP

The first quarter real GDP came in at an annualized rate of plus 0.5 percent, just below economists' predictions of 0.7 percent. Consumer spending rose at a 1.9 percent rate, down 5 tenths from the fourth quarter of last year. Spending on services rose 2.7 percent to offset a 1.6 percent decline in durable goods. Residential investments, up 14.8 percent were the highlight of the report. It helped to offset a sharp 5.9 percent decline in nonresidential investments. Exports reflected weak global demand, a negative for a second quarter in a row.

FOMC Meeting

The FOMC kept rates unchanged at the April policy meeting. They stated that inflation has yet to improve as it continues to run below the 2 percent target. This compared to the March meeting when the committee described inflation as picking up. The Fed pronounced the labor market and housing sector as both continuing to improve. There were no specific hints on whether policy makers are leaning toward a June rate hike.

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