

Housing Market Cools Off

Inflation, possible recession, and world events such as war and pandemics, all influence our overall economy and certainly the real estate market. However, it is largely the actions of the Federal Reserve raising interest rates this year that has cast the biggest chill in real estate across the country.

“**Real Estate is shifting with Economy & World Events**”

Interest Rate Run Up

The market has shifted as the Feds have aggressively raised interest rates four times this year to battle growing inflation, resulting in higher mortgage rates climbing now toward 6% from a little over 3% in January. 2022 is the first time in 40 years that the Feds have issued such a rapid increase in interest rates and caught the real estate market off guard. Mortgage rates could continue to rise but it depends on the economy.

Since demand for properties tends to soften as mortgage rates climb, this can lead to a decline in home prices. Home prices did start cooling in June. The large-scale price increases seen in past years are easing, but with inventories of existing homes still lean, it's hard to see prices free falling but rather the annual rate of appreciation leveling off.

Supply & Demand of Home Inventory

Market dynamics are changing. After a two-year housing boom spurred in a large part by record low borrowing costs, the Southern California housing market is now cooling down.

Slowing buyer demand based on costlier mortgages and shifting seller sentiment means that the supply of homes for sale is inching upward. Sellers who didn't want people in their homes during the pandemic are now feeling safer and others are choosing to put their homes on the market before mortgage rates go higher. Also, the combination of housing market downturn risk, rising interest rates and inflation are making more California homeowners consider selling their home.

As more homeowners list their homes for sale in 2022, these homes may

remain on the market for longer periods of time. Still buyers will need to act quickly since the housing market is still a seller's market due to the demand which will continue to outpace supply.

Home Pricing in Southern California

Some economists forecast that home prices could tumble in 2023, but few foresee declines comparable to the financial crisis in years prior. What we are seeing is a home price appreciation slow down. The pandemic helped to create one of the most competitive housing markets in recent U.S. history. What we are seeing now is more normal real estate market with fewer bidding wars and buyers re-evaluating what they can afford. Though many aspects of the housing market will experience a slowdown, home price appreciation will still occur.



Leanne Reynolds,
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ROYAL, GREENBRIAR AND GLEN KNOLL CANYONS RECENT AREA HOME SALES

As of August 3, 2022

CURRENT HOMES FOR SALE

Address	Bedrooms	Baths	Sq. Ft. House	Sq. Ft. Lot	Listing Price	Days on Market	Status
905 Bonnybrook Terrace	3	3	2,044	10,744	\$ 1,895,000	1	Active
1423 Del Monte Dr.	3	2	1,980	11,560	\$ 1,995,000	92	Active

HOMES IN ESCROW OR SOLD SINCE APRIL 15, 2022

Address	Bedrooms	Baths	Sq. Ft. House	Sq. Ft. Lot	Sold Price	Days on Market	Status
1110 Kildonan Dr	4	3	3,677	21,836	\$ 2,888,500	14	Under Contract
1513 Majestic Way	2	2	1,739	5,619	\$ 1,550,000	14	SOLD
815 Moorside Dr.	4	3	3,093	31,972	\$ 2,650,000	9	SOLD
837 Moorside Dr.	4	4	3,420	10,581	\$ 2,430,000	15	SOLD
1633 Oakengate Dr.	4	2	2,923	18,863	\$ 2,150,000	2	SOLD
1502 Royal Blvd	2	3	2,530	11,595	\$ 1,800,000	13	SOLD

Prepared by Leanne Reynolds, Realtor, exp Realty. An area expert for over two decades.

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Information taken from MLS (Multiple Listing Service)

Definitions:

Cancelled = Seller removed home listing

Hold = Sellers have put sale on hold

Pending = Contingencies removed from purchase offer

Days on Market (DOM) = Number of days home has been for sale

Under Contract = Contingencies are not yet removed

Expired = Sale listing contract period ended

All information taken from Multiple Listing Service