



## beyond the headlines



### One-third of LA homes sell above asking price

Source: *Curbed*

In Los Angeles, where a very hot housing market shows no signs of slowing, nearly 40 percent of homes now sell above asking price, according to a report from Zillow.

How much above? Around \$14,100—more than twice the national median, as measured by the real estate website.

Making sense of the story:

- Across the country, nearly one-quarter, or 24 percent, of homes sold above the price that the owners were asking in 2017; in the Los Angeles metro area, the figure was 38 percent. That's the highest share since 2013, when home values were just beginning to recover from the mortgage crisis of 2008.
- LA's share of homes selling above sticker price has also risen in each of the last three years, suggesting that competition among homebuyers is heating up. "You've got to move quickly if you're a homebuyer," says Jordan Levine, senior economist for the California Association of REALTORS®.
- A strong economy and low interest rates on home loans are bringing plenty of buyers to the market. By Zillow's reckoning, the typical LA home now takes 66 days to sell (including an escrow period); that's well under the 91 days that homes last on the market nationwide.
- High demand and low supply is driving up prices to the point that sellers may often undervalue their homes when putting them on the market, explains Zillow senior economist Aaron Terrazas. He says that sellers are often "pleasantly surprised" when homes fetch prices significantly higher than their asking price.
- Levine says that rising home values may actually be causing some homeowners not to sell, out of fear they may not be able to afford something better. It's a seller's market, he says, "unless you want to turn around and buy again."
- This trend further limits the number of homes available for purchase—meaning that high costs and competition among buyers may be here to stay.

Read the full story:

<https://la.curbed.com/2018/1/17/16897762/los-angeles-homes-asking-price-sales>

## **In other news...**

### **To buy or not to buy? New tax law creates uncertainty for some homebuyers**

*Source: The Orange County Register*

Throughout Southern California, potential homebuyers and their real estate agents are trying to assess how tax cuts President Donald Trump signed into law Dec. 20 will impact housing.

Some are pulling out of the market, local agents say. Others are in a holding pattern and some home shoppers said they plan to buy out of state where the tax consequences won't be as great.

There also are forecasts showing California house price increases won't be as big as they would have been before the tax changes.

But interviews with economists, mortgage brokers, accountants and agents show there are just as many who think this is no big deal. The brouhaha will die out, they say, once the industry adjusts to the new reality.

"Every time these new laws are passed, there's panic. Then it ends up being nothing," said Blake Roberts, CEO at Pier to Pier Brokers in Hermosa Beach. "Death, divorce and desire keep happening, and people still have a need to buy real estate."

Full story: <https://www.ocregister.com/2018/01/12/to-buy-or-not-to-buy-new-tax-law-creates-uncertainty-for-some-homebuyers/>

### **Could recreational pot boost your home price?**

*Source: The Mercury News*

As recreational marijuana sales ramp up throughout the Bay Area, could the newly legal drug end up creating an unexpected type of high — in our real estate market?

Researchers looking at the impact of legalized recreational marijuana on Denver's home prices found a surprising trend: dispensaries that began selling recreational marijuana had a "large positive impact on neighboring property values."

After recreational sales became legal, houses close to a participating dispensary saw their value increase more than 8 percent relative to homes located slightly farther away, the study found. It's a small study based on data from only one metro area, but the research — the first of its kind — could provide an important glimpse into the potential impact of legalization.

Full story: <https://www.mercurynews.com/2018/01/17/could-recreational-pot-boost-your-home-price/>

## **Ignore the bad housing starts number. Builder optimism and buyer demand are high**

*Source: CNBC*

Ignore the bad housing starts number.

Some will blame the weather. Others will claim the figures are too volatile month to month. Bottom line, December's steep drop in single-family housing starts is not indicative of what is really going on at construction sites across the nation.

This winter's chill was both brutal and early, and that was a factor, despite seasonal adjustments in the Census Bureau's reading. Starts fell hardest in the Northeast and South, where temperatures were significantly below normal. They were flat in the West, where weather is not a factor.

There is optimism among homebuilders and a sharp rise in demand from homebuyers. The December drop in starts is likely an aberration, but builders clearly need to ramp up production more than they already have. Sales of newly built homes in November, which measure only the single-family market, spiked more than 17 percent for the month and were up close to 27 percent over 2016. Demand is expected to rise with the improving economy.

Full story: <https://www.cnbc.com/2018/01/18/ignore-the-bad-housing-starts-number-demand-optimism-are-high.html>

## **Proposal to expand rent control in California fails to advance**

*Source: The Los Angeles Times*

State legislation that would have expanded rent control in California failed Thursday after a lengthy and heated debate that brought landlord and tenant groups from across the state to the Capitol.

At issue was a bill that would have repealed a nearly quarter-century-old law that prohibits cities and counties from implementing most new rent control policies. The measure died after four members of the Assembly Housing and Community Development Committee, including Democrats Ed Chau of Arcadia and Jim Wood of Healdsburg, declined to support it.

Chau and Wood said they were concerned that a large growth in rent control could slow already lagging housing production in the state.

“I’m concerned that the bill does nothing to increase the supply of housing and may in fact have the opposite effect of discouraging new construction during a time when we need it the most,” Wood said.

Full story: <http://www.latimes.com/politics/la-pol-ca-rent-control-expansion-bill-dies-20180111-story.html>

## **Devastated by wildfire, a California city weighs rebuilding amid a housing crunch**

*Source: The Washington Post*

Coffey Park is emblematic of many aging suburban neighborhoods in California. Its cul-de-sacs are populated by students, recent graduates in low-paying jobs and other house-sharing transients living next to busy young families with two incomes and little time. Now California's urgent task of expanding affordable housing for a squeezed working class is shared by this city about 55 miles north of San Francisco.

The barriers to achieving that goal here among the ashes are extraordinarily high as the neighborhood rebuilds from a historic tragedy.

Residents in nearly half of the Coffey Park homes at the time of the wildfire — 43 percent — were renters. The majority are not expected to return, and many underinsured landlords who never imagined that all their properties would burn at once are selling off vacant lots to developers with company profit in mind.

How many homeowners rebuild will determine the character of the Coffey Park that emerges from the taped-off plots — some cleared, some still a jumble of burned-out cars, melted garbage cans and charred trees. An estimated 8,000 residents of Sonoma County, where this city is the government seat, are simply planning to leave.

Much of the expected exodus is the result of housing costs. The flames destroyed 3,000 homes and apartments in Santa Rosa alone, or 5 percent of the city's housing stock. The sudden loss has rippled across a region that already had some of the nation's highest costs of living. Since the October fire, median home prices and rents, driven largely by the thousands of displaced residents, have spiked in counties across the North Bay region, some by as much as 30 percent.

Full story: [https://www.washingtonpost.com/national/devastated-by-wildfire-a-california-city-weighs-rebuilding-amid-a-housing-crunch/2018/01/14/26b914f8-f552-11e7-b34a-b85626af34ef\\_story.html?utm\\_term=.cb24df97fded](https://www.washingtonpost.com/national/devastated-by-wildfire-a-california-city-weighs-rebuilding-amid-a-housing-crunch/2018/01/14/26b914f8-f552-11e7-b34a-b85626af34ef_story.html?utm_term=.cb24df97fded)

## What you should know

- Mortgage rates continued rising in the last week, breaching 4 percent for the first time since last summer, according to Freddie Mac's latest Primary Mortgage Market Survey.
- Freddie Mac's report, which was released Thursday morning, shows that the 30-year fixed-rate mortgage rose to an average of 4.04 percent for the week ending Jan. 18, 2018.
- Last week, the 30-year mortgage checked in at 3.99 percent.
- This week's average of 4.04 percent was the first time that benchmark interest rate broke 4 percent since July 2017. Interest rates are also the highest they've been since May 2017. A year ago at this time, interest rates averaged 4.09 percent.