

Los Angeles-Long Beach-Glendale Area

Local Market Report, First Quarter 2018

Today's Market...

Median Price (Red Line) and One-year Price Growth



Local Price Trends			
Price Activity	Los Angeles	U.S.	Local Trend
Current Median Home Price (2018 Q1)	\$545,500	\$243,833	Prices continue to grow relative to last year
1-year (4-quarter) Appreciation (2018 Q1)	12.3%	5.7%	
3-year (12-quarter) Appreciation (2018 Q1)	NA	19.9%	Information on the long-term trend is not available
3-year (12-quarter) Housing Equity Gain*	NA	\$40,433	
7-year (28 quarters) Housing Equity Gain*	NA	\$85,900	
9-year (36 quarters) Housing Equity Gain*	NA	\$76,267	

*Note: Equity gain reflects price appreciation only

	Los Angeles	U.S.	
Conforming Loan Limit**	\$636,150	\$636,150	Not all buyers have access to government-backed financing in this market
FHA Loan Limit	\$636,150	\$636,150	
Local Median to Conforming Limit Ratio	86%	not comparable	

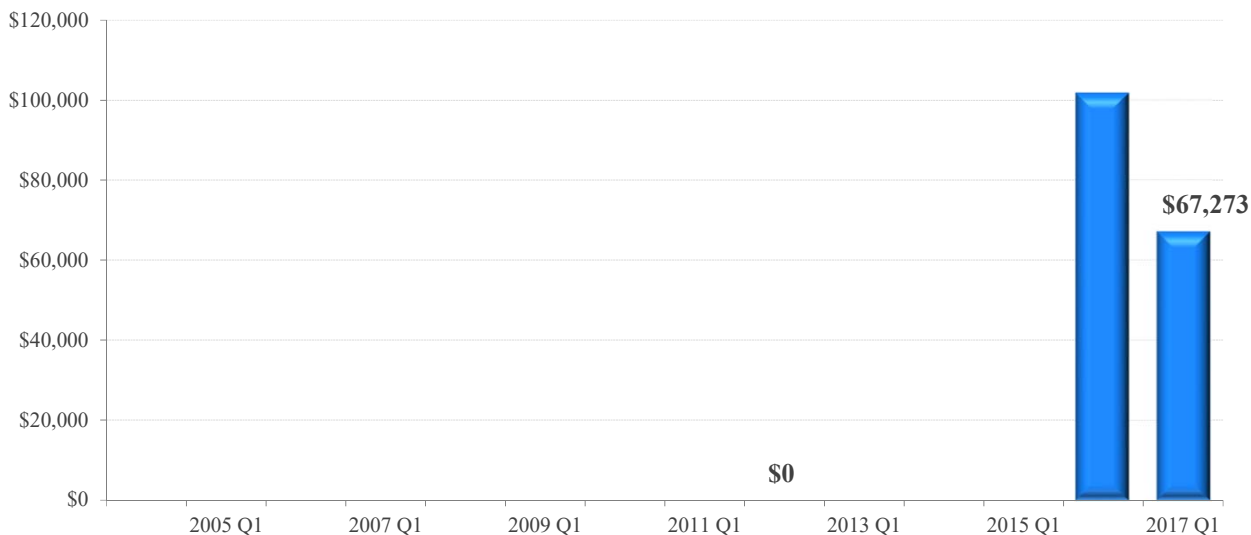
Note: limits are current and include the changes made in December 2016.

Local NAR Leadership

The Los Angeles-Long Beach-Glendale market is part of region 13 in the NAR governance system, which includes all of California, Hawaii, and Guam. The 2018 NAR Regional Vice President representing region 13 is Beth Peerce.

Benefits of Ownership: Total Equity Appreciation

Total Equity Accrued to Owner by Year and Quarter of Purchase



Total Equity Gained through 2018 Q1 from quarter in which home was of purchased**

Price Activity	Los Angeles	U.S.	Local Trend
1-year (4-quarter)	\$67,273	\$16,729	Information on the long-term trend is not available
3-year (12-quarter)*	NA	\$51,062	
5-year (20-quarter)*	NA	\$79,252	
7-year (28 quarters)*	NA	\$96,091	
9-year (36 quarters)*	NA	\$87,079	
If purchase in 2005, the national price peak	NA	\$57,237	

*Note: Equity gain reflects price and principle payments since purchase, prevailing 30-year fixed rate mortgage at time of purchase and a 10% downpayment. Downpayment is not included in total equity

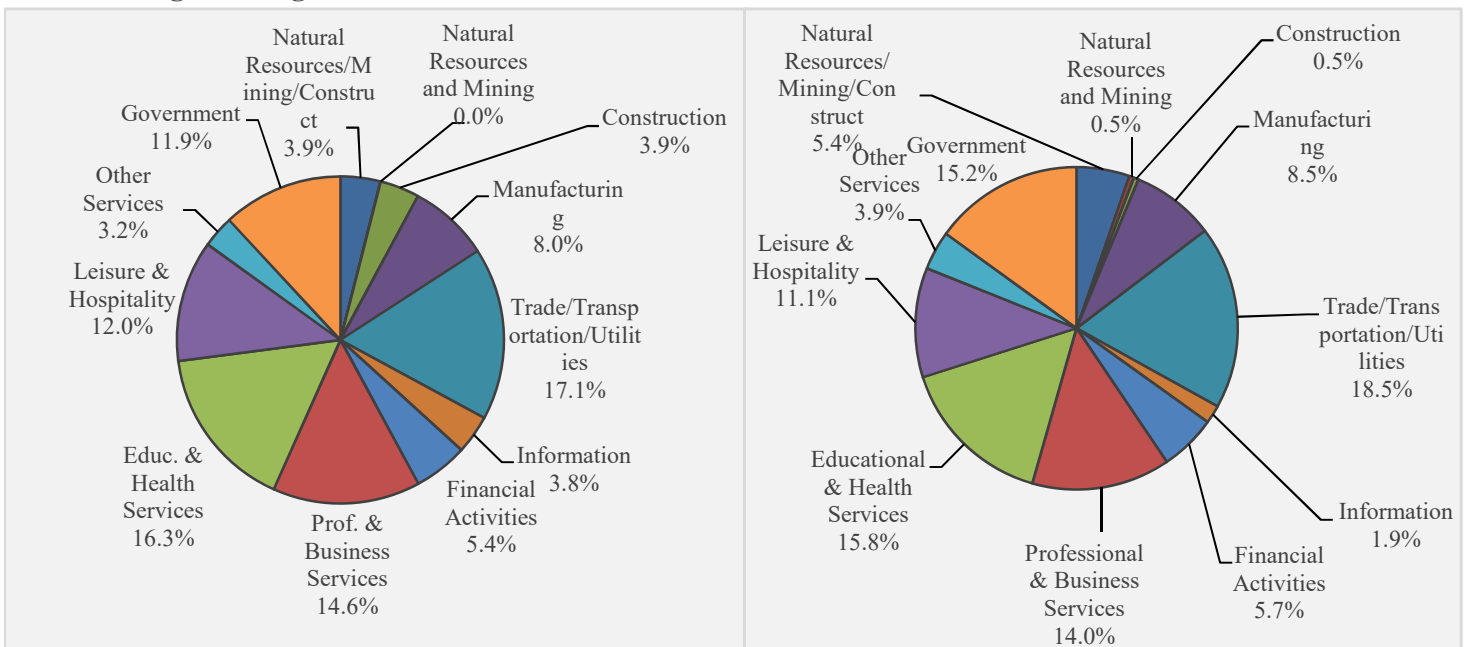
Drivers of Local Supply and Demand...

Local Economic Outlook	Los Angeles	U.S.	
12-month Job Change (Mar)	90,800	Not Comparable	Employment has held up and is on an upward trend
12-month Job Change (Feb)	90,100	Not Comparable	
36-month Job Change (Mar)	337,400	Not Comparable	Unemployment in Los Angeles is better than the national average and improving
Current Unemployment Rate (Mar)	3.9%	4.1%	
Year-ago Unemployment Rate	4.4%	4.5%	Local employment growth is poor and needs to improve
1-year (12 month) Job Growth Rate	1.5%	1.5%	

Share of Total Employment by Industry

Los Angeles-Long Beach-Glendale Area

U.S.



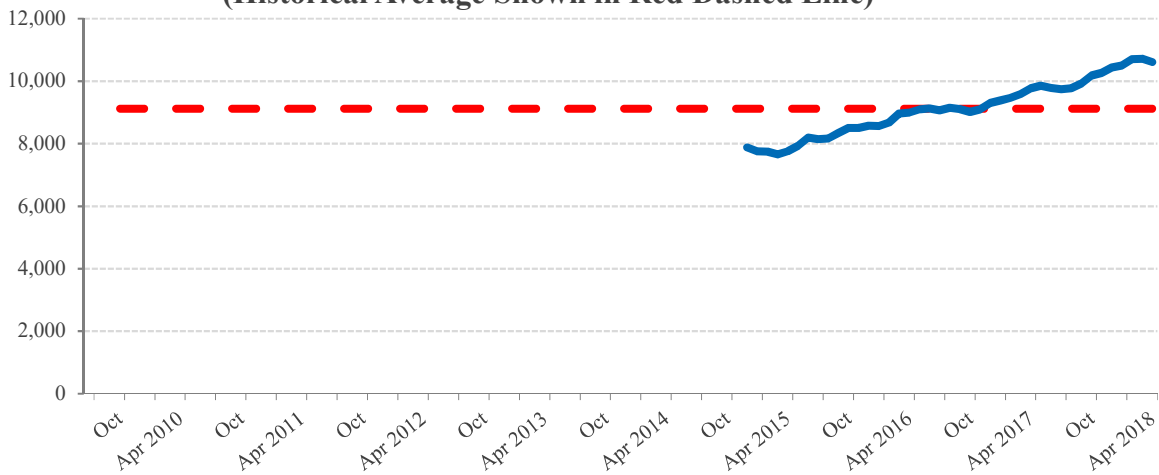
12-month Employment Change by Industry in the Los Angeles-Long Beach-Glendale Area (Mar - 2018)

Goods Producing	NA	Information	-18,200
Natural Resources/Mining/Construction	15,400	Financial Activities	2,100
Natural Resources and Mining	0	Prof. & Business Services	22,000
Construction	15,400	Educ. & Health Services	29,200
Manufacturing	-3,600	Leisure & Hospitality	30,900
Service Providing Excluding Government	NA	Other Services	-2,700
Trade/Transportation/Utilities	11,200	Government	3,800

State Economic Activity Index	California	U.S.	
12-month change (2018 - Mar)	4.4%	2.7%	The economy of California has outpaced the rest of the nation and improved modestly from last month's 4.43% change
36-month change (2018 - Mar)	NA	9.0%	

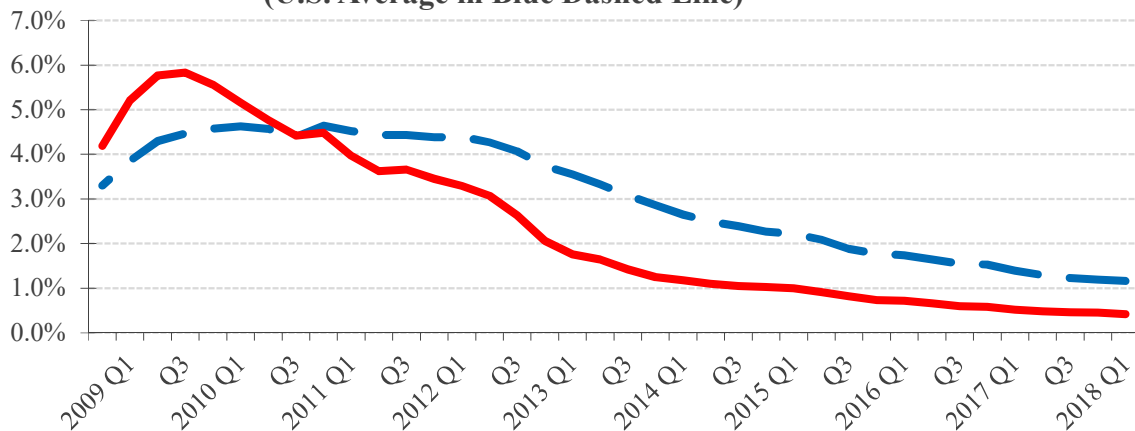
New Housing Construction			
Local Fundamentals	Los Angeles	U.S.	
12-month Sum of 1-unit Building Permits through Mar	10,722	not comparable	The current level of construction is 17.5% above the long-term average
8-year average for 12-month Sum of 1-Unit Building Permits	9,124	not comparable	Production above trend for an extended period of time could cause prices to moderate as inventory is built up.
Single-Family Housing Permits (Mar) 12-month sum vs. a year ago	11.8%	7.9%	Construction is on the rise relative to last year, suggesting that the local inventory has stabilized

Construction: 12-month Sum of Local Housing Permits (Historical Average Shown in Red Dashed Line)



While new construction is the traditional driver of supply in real estate, foreclosures and short-sales now have a strong impact on inventories, particularly at the local level. Rising inventories, through construction or distressed sales, place downward pressure on the median home prices.

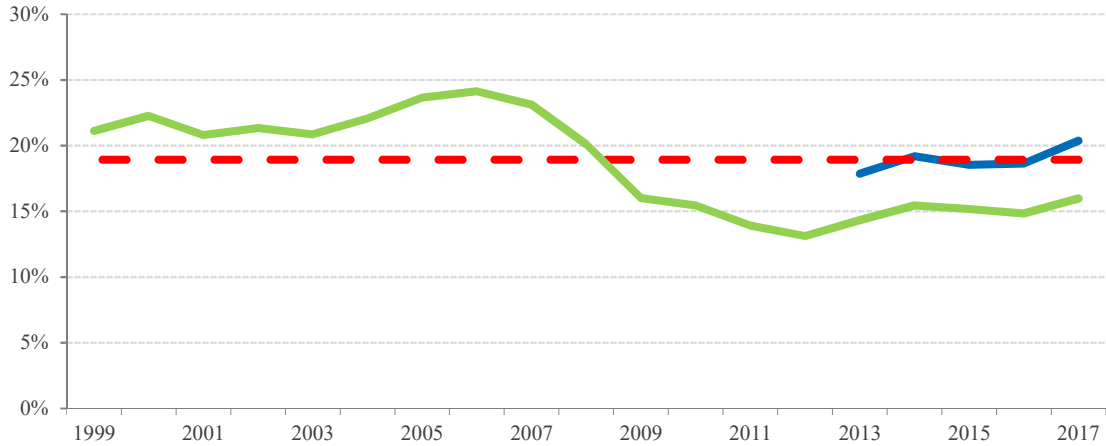
State Total Foreclosure Rate vs. U.S. Average (U.S. Average in Blue Dashed Line)



Affordability

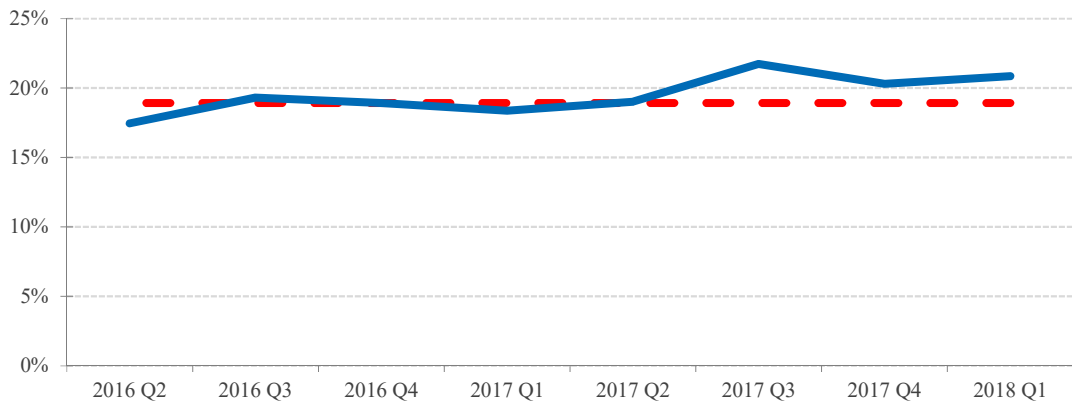


Long-Term Trend: Ratio of Local Mortgage Servicing Cost to Income
(Local Historical Average Shown in Red, U.S. Average in Green)

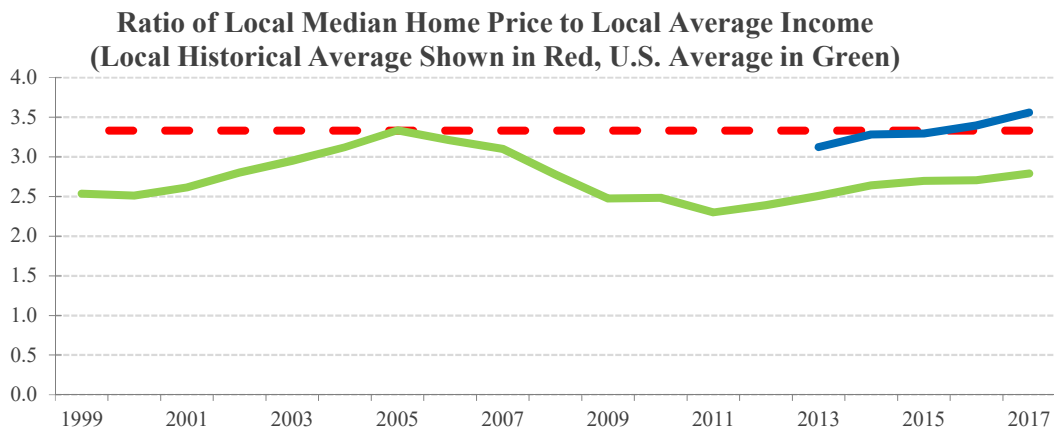


Monthly Mortgage Payment to Income	Los Angeles	U.S.	
Ratio for 2017	20.4%	16.0%	Weak by local standards and could weigh on demand
Ratio for 2018 Q1	20.9%	15.8%	
Historical Average	18.9%	18.9%	Weaker affordability than most markets

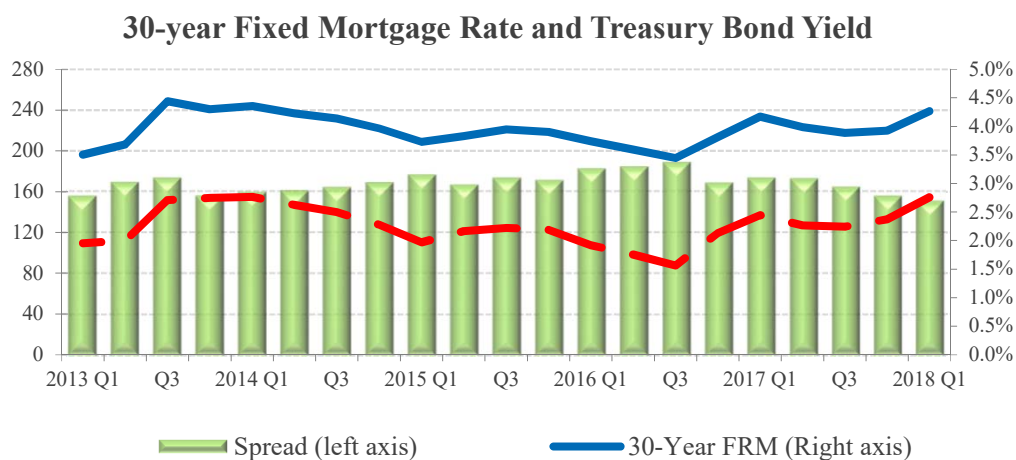
Recent Trend - Local Mortgage Servicing Cost to Income
(Historical Average Shown in Red Dashed Line)



Median Home Price to Income	Los Angeles	U.S.	
Ratio for 2017	3.6	2.8	The price-to-income ratio eased, but could be better
Ratio for 2018 Q1	3.5	2.7	
Historical Average	3.3	2.7	Less affordable than most markets



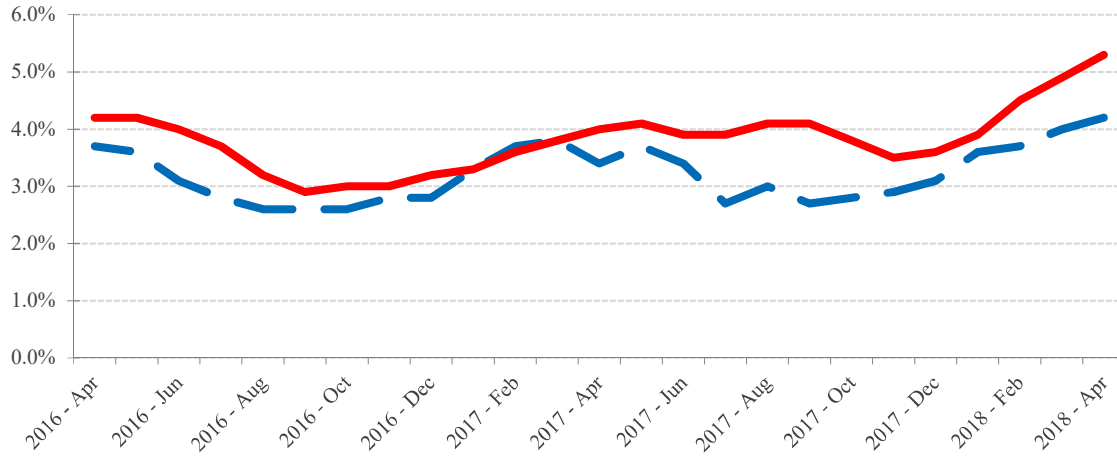
The Mortgage Market



In the first quarter of 2018 the economic momentum in the U.S. continued with positive GDP growth, low unemployment rates and expanding private consumption. In an environment of improving economic conditions, the government’s 10-year Treasury note rose to 2.76 percent in Q1 2018 from 2.44 in Q1 2017. As a result, Freddie Mac published that the average interest rate on a 30-year conventional home loan was 4.27 percent in Q1 2018 from 3.99 percent in Q4 2017. While mortgage rates still hover in the historically low range, homebuyers have excellent purchasing power at current mortgage rates. Looking ahead, NAR is forecasting the 30-year fixed rate mortgage to average 4.6 percent for 2018 and 5.1 percent for 2019, respectively.

REALTOR® Price Expectations

REALTOR® Price Expectations for the Next 12 Months
(U.S. Average in Blue Dashed Line)



Source: NAR

REALTOR® Price Expectations	California	U.S.	
2018 - Mar	4.9%	4.0%	REALTORS® expect higher price growth in California than in the U.S. in the next 12 months. Their price expectations are also higher than a year ago.
Prior 12 months	3.8%	3.8%	



Geographic Coverage for this Report

The Los Angeles area referred to in this report covers the geographic area of the Los Angeles-Long Beach-Glendale metro area as officially defined by the Office of Management and Budget of the U.S. Government. The official coverage area includes the following counties:

Los Angeles County

More information on the OMB's geographic definitions can be found at https://obamawhitehouse.archives.gov/omb/bulletins_default/