LONDON PROPERTIES

FALL 2018 HOUSING REPORT

MARKET FACTS

With the cooling of our Fall Season, so too might be our real estate market. Both nationally and locally, what was a heated market with strong appreciation has finally eased.

1. Inventory is up - Buyers have more inventory to choose from than any other point in **the last three years.**

2. Third quarter market results showed that "We've seen the first major indication that price appreciation has slowed, but the underlying fundamental housing market conditions support a natural moderation of house prices rather than a sharp decline." *- Mark Fleming Chief Economist at First American*

3. Nationally, listing inventory in the 50 largest markets is now up 6% on average over last year. "The signs are pointing to a market that's shifting toward buyers. But in most places, we're still some distance from a full reversal." *- Danielle Hale, Economist, Realtor.com*

30 YR. FRM HIT 5%, 1ST TIME SINCE EARLY 2011

SERIES: Average 30 Yr. Fixed Mortgage Rates
SOURCE: Mortgage News Daily

LOCALLY AS OF OCTOBER

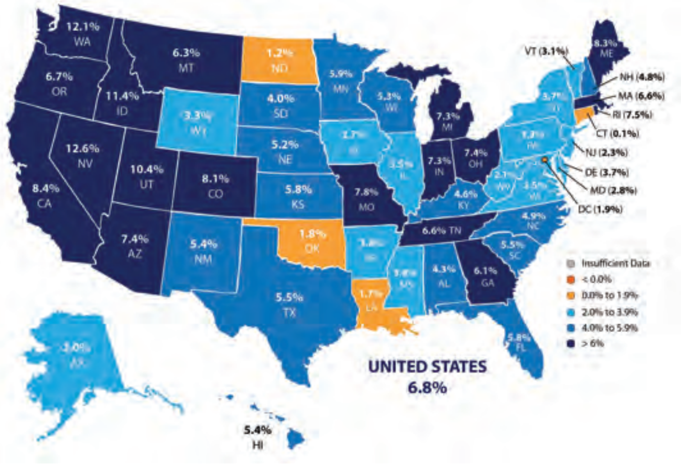
- Inventory is up 18% from last year
- 3Q Sales are down 7.8% from 3Q, 2017
- 3Q 2018 Median sales price is up only 4.3% compared to 3Q 2017
- Median sales price is $265,000
- Cumulative days on market is 44
- Interest rates continue to climb
- In October, rates hits 5% for the first time since early 2011.

THE GOOD NEWS FOR SELLERS

- We have healed from the Great Recession; equity sales in California are at 98.4% of all sales.
- Homeowners who bought only three years ago have gained enough equity to encourage moving up.
- California's forcasted next 12 - month appreciation, is 9.1% (*Corelogic*).

  The Central Valley is approximately 4%.
- On average, California homeowners have remained in their homes for a record 11.5 years, significantly more than the historic 7-8 years. Increasing inventory and equity are now encouraging households to move.

ACTUAL YEAR-OVER-YEAR % CHANGE IN PRICE



GOOD NEWS FOR BUYERS

• "Households must consume housing whether they own or rent. Homeowners, however, pay debt service to pay down their principal while households that rent pay down the principal of a landlord plus a rate of return. Owning often does end up making more financial sense than renting."

– Joint Center for Housing Studies, Harvard University

• The Central Valley is incredibly affordable. While only 26% of Californians can afford the states median priced home, affordability in the Central Valley by county is as follows:

Madera	52%	Fresno	47%
Kings	50%	Merced	42%
Tulare	48%		

• Home prices in the above counties are still between 10.7 to 16.3 % below the market height of 2006.

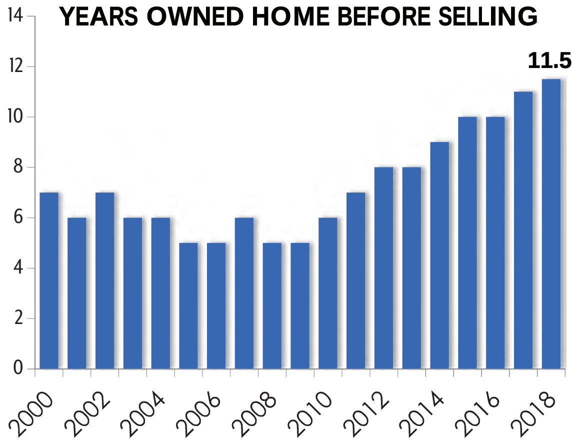
• Fresno/Clovis prices peaked in 2006 at nearly $330,000. As of October 1, 2018 the average sales price is $288,000 (14.5% lower).

• Keep rising rates in perspective: The average since 1971 is over 8.1 %

• More selection, new listing inventory is out-pacing sales by nearly 44%.

• Always remember that you "live in the payment and not the price." With Interest rates still in the low 5's, today's buyer can afford more home than they likely can 1 year from now. With every 1% increase in rate, buyers loose approximately 10% of purchasing power.

SELLERS ARE NOT MOVING



SERIES: 2018 Housing Market Survey
SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®

Look at the actual reasons you are contemplating buying or selling to begin with. Are the reasons related to proximity to work or school, the right sized home, a better interest rate and payment, investment, scaling down, or moving up? Consider all the factors and remember just like our seasons, these factors can change. This Fall just might be the perfect time for you to make a move.

YOU LIVE IN THE PAYMENT, NOT THE PRICE

BUYER'S PURCHASING POWER

RATE					
6.00	$ 2,098	$ 2,046	$ 1,994	$ 1,941	$ 1,889
5.75	$ 2,043	$ 1,991	$ 1,940	$ 1,889	$ 1,838
5.50	$ 1,987	$ 1,938	$ 1,888	$ 1,838	**$ 1,789**
5.25	$ 1,933	$ 1,884	$ 1,836	**$ 1,788**	$ 1,739
5.00	$ 1,879	$ 1,832	**$ 1,785**	$ 1,738	$ 1,691
4.75	$ 1,826	**$ 1,780**	$ 1,734	$ 1,689	$ 1,643
4.50	**$ 1,773**	$ 1,729	$ 1,685	$ 1,640	$ 1,596
	$ 350,000	**$ 341,250**	**$ 332,500**	**$ 323,750**	**$ 315,000**
		-2.5%	**-5%**	**-7.5%**	**-10%**

Principal and Interest Payments
rounded to the nearest dollar amount.

MORE GOOD NEWS

• "Homebuyers must be breathing a collective sigh of relief that home price growth finally has slowed... slowing appreciation is a sign that fierce competition is dying down."

-Skyler Olsen, Economist at Zillow

• We are moving towards a balanced market. "The seller's market appears to be coming to an end. As more inventory enters the market, buyers have more options, bidding wars are less likely and sellers are starting to reduce listing prices."

- First American Sentiment Index

• "House prices are in part a reflection of supply and demand." The slacking in demand is reflected in the slowing in appreciation. National appreciation in the third quarter was the slowest in nearly two years, and we expect appreciation to slow further in the coming year."

- Frank Nothaft, Corelogic

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