Home sales in California have fallen for 4 months straight

Near record-high home prices are crushing demand in California, according to the latest home sales data from the California Association of Realtors (C.A.R.). The state dropped below the 400,000 sales benchmark in August, the first time in the last two years that existing, single-family detached home sales have reached that low.

“Home sales activity remained on a downward trend for the fourth straight month as uncertainty about the housing market continues to mount,” said C.A.R. president Steve White. “Buyers are being cautious and reluctant to make a commitment as they are concerned that home prices may have peaked and instead are waiting until there’s more clarity in the market.”

Closed escrow sales of existing, single-family detached homes fell to 399,600 units in August, according to the data that C.A.R. collects from more than 90 local Realtor associations and multiple listing services statewide. August’s sales number was down 1.8 percent from July’s 406,920 units and down 6.6 percent, year-over-year.

The steady rise in home prices is a large contributing factor to the decline, according to C.A.R. The statewide median home price hit $596,410 in August, up 0.8 percent from July and up 5.5 percent year-over-year. The price-per-square-foot in California reached $283, which is near the statewide record, according to C.A.R.

“While home prices continued to rise modestly in August, the deceleration in price growth and the surge in housing supply suggest that a market shift is underway,” said Leslie Appleton-Young, C.A.R.’s senior vice president and chief economist. “We are seeing active listings increasing and more price reductions in the market, and as such, the question remains, ‘How long will it take for the market to close the price expectation gap between buyers and sellers?’”

Regionally, Southern California had the largest decline, with sales falling 8 percent, year-over-year. In San Diego specifically, sales fell 10 percent year-over-year. Orange and Los Angeles counties saw year-over-year declines of 10.4 percent and 8.9 percent, respectively.

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With fewer homes being sold, statewide inventory is starting to climb. The unsold inventory index – a ratio of inventory over sales, which measures the number of months it would take to sell the supply of homes on the market – rose from 2.9 months supply to 3.3 months supply, year-over-year.

The median number of days it took to sell those existing homes also ticked up from 18 days to 21 days, year-over-year.

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