



**INLAND**GATEWAY  
— ASSOCIATION OF —  
**REALTORS®**

HOUSING MARKET AND POLICY UPDATE

Since Sept 2018

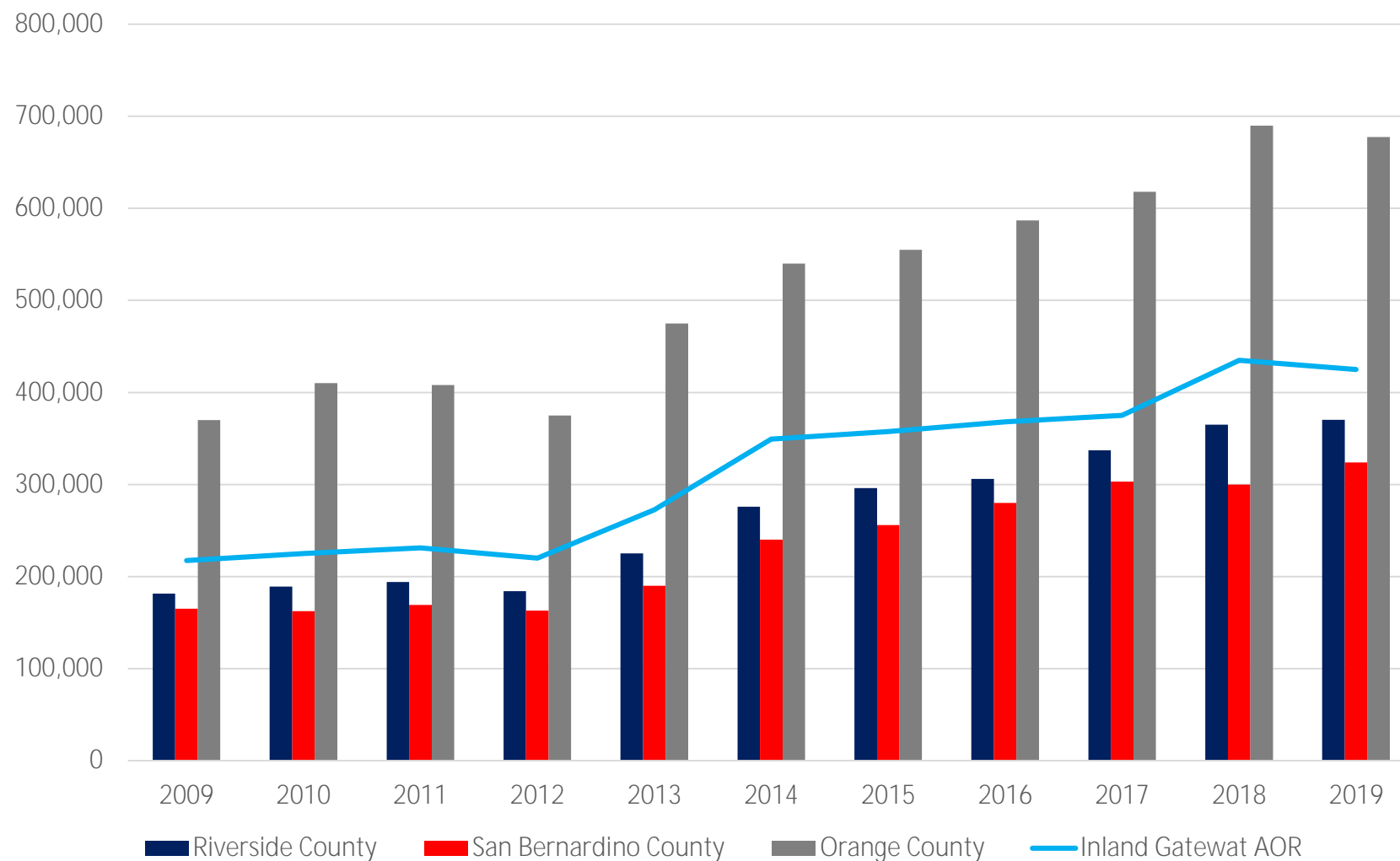
Riverside County= -2.3%

San Bernardino County = -0.3%

Orange County = -6.6%

Inland Gateway = -1.2%

## Median Sales Price



Source: CRMLS

Since Sept 2018

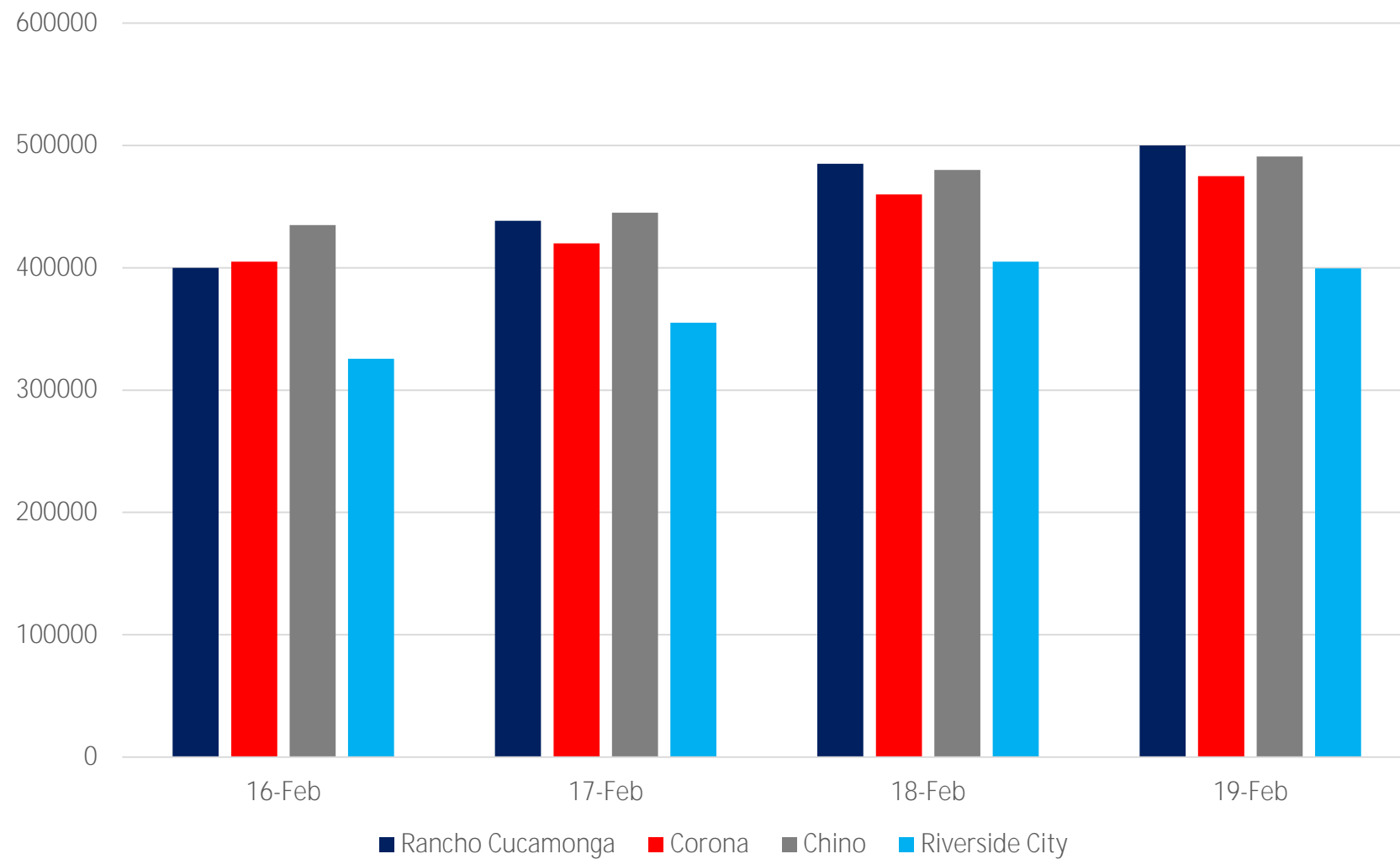
Rancho Cucamonga = -5.5%

Corona = +0.8%

Chino = +3.4%%

Riverside = -2.6%

## Median Sales Price



Beyond the Slow Season

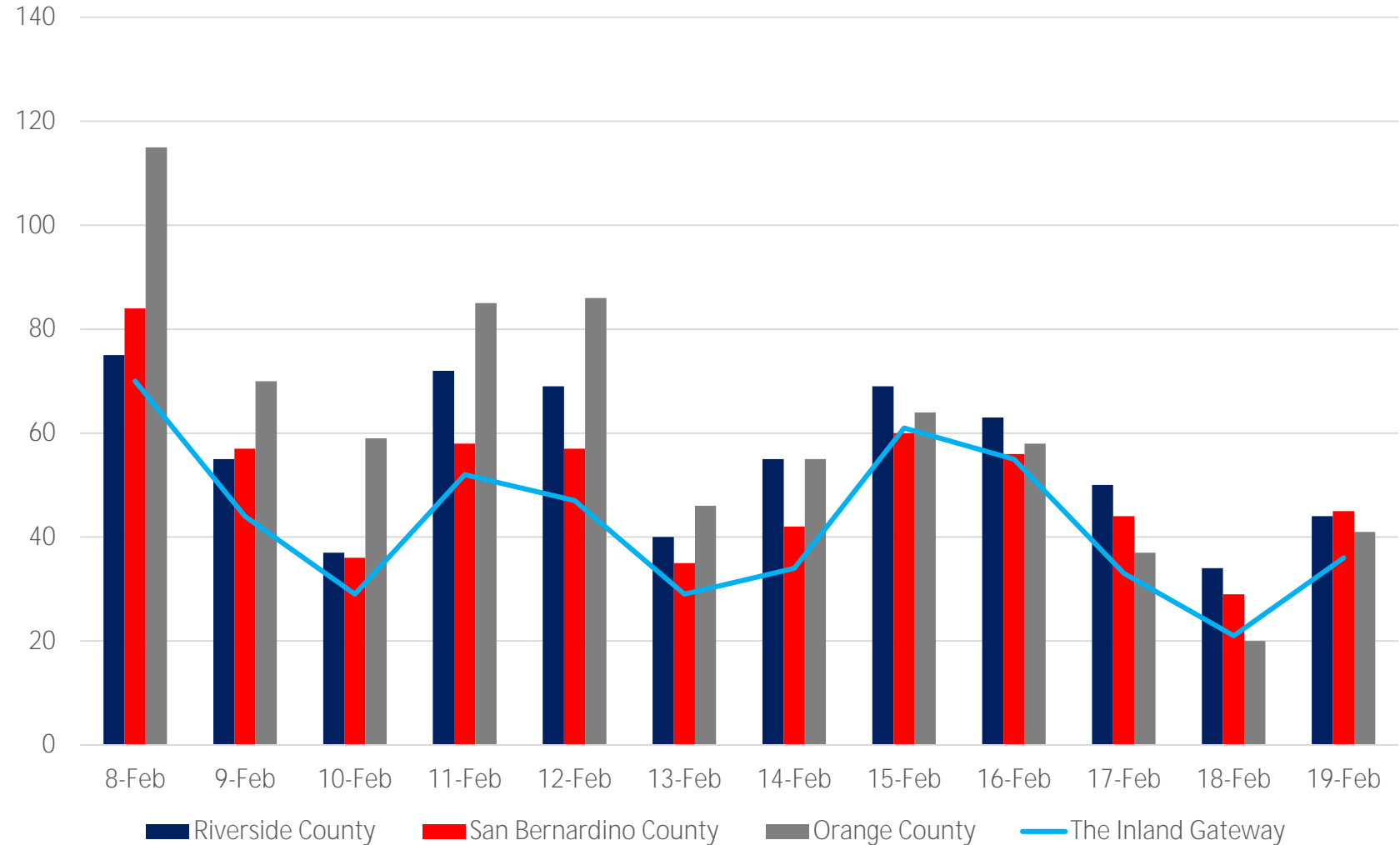
February 2018

- Riverside County = 34
- San Bernardino County = 29
- Orange County = 20
- Inland Gateway = 21

February 2019

- Riverside County = 44
- San Bernardino County = 45
- Orange County = 41
- Inland Gateway = 36

Median Days on Market



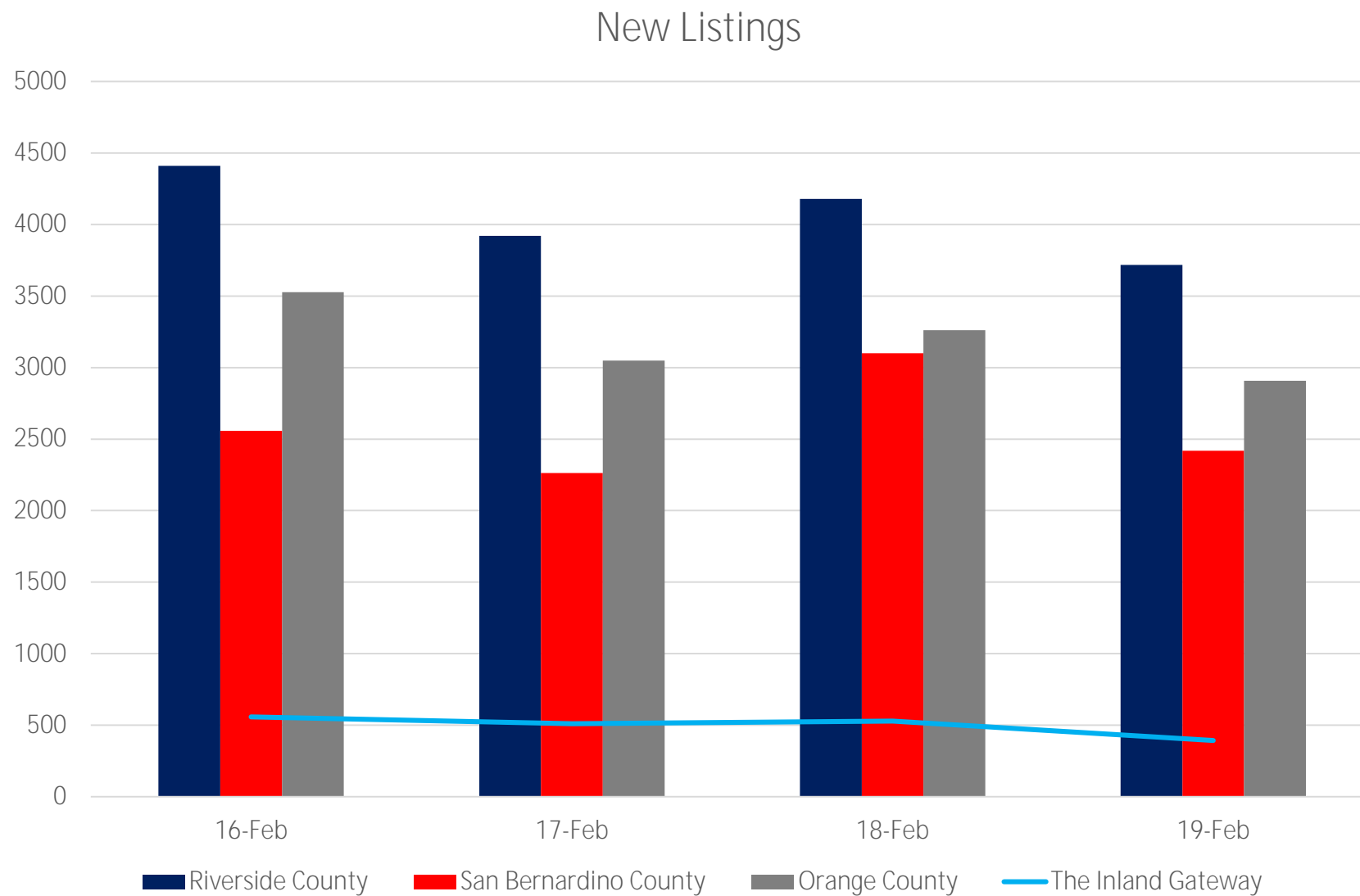
### New Listings Year Over Year

Riverside County= -11%

San Bernardino County = -22%

Orange County = -10.9%

Inland Gateway = -25.7%



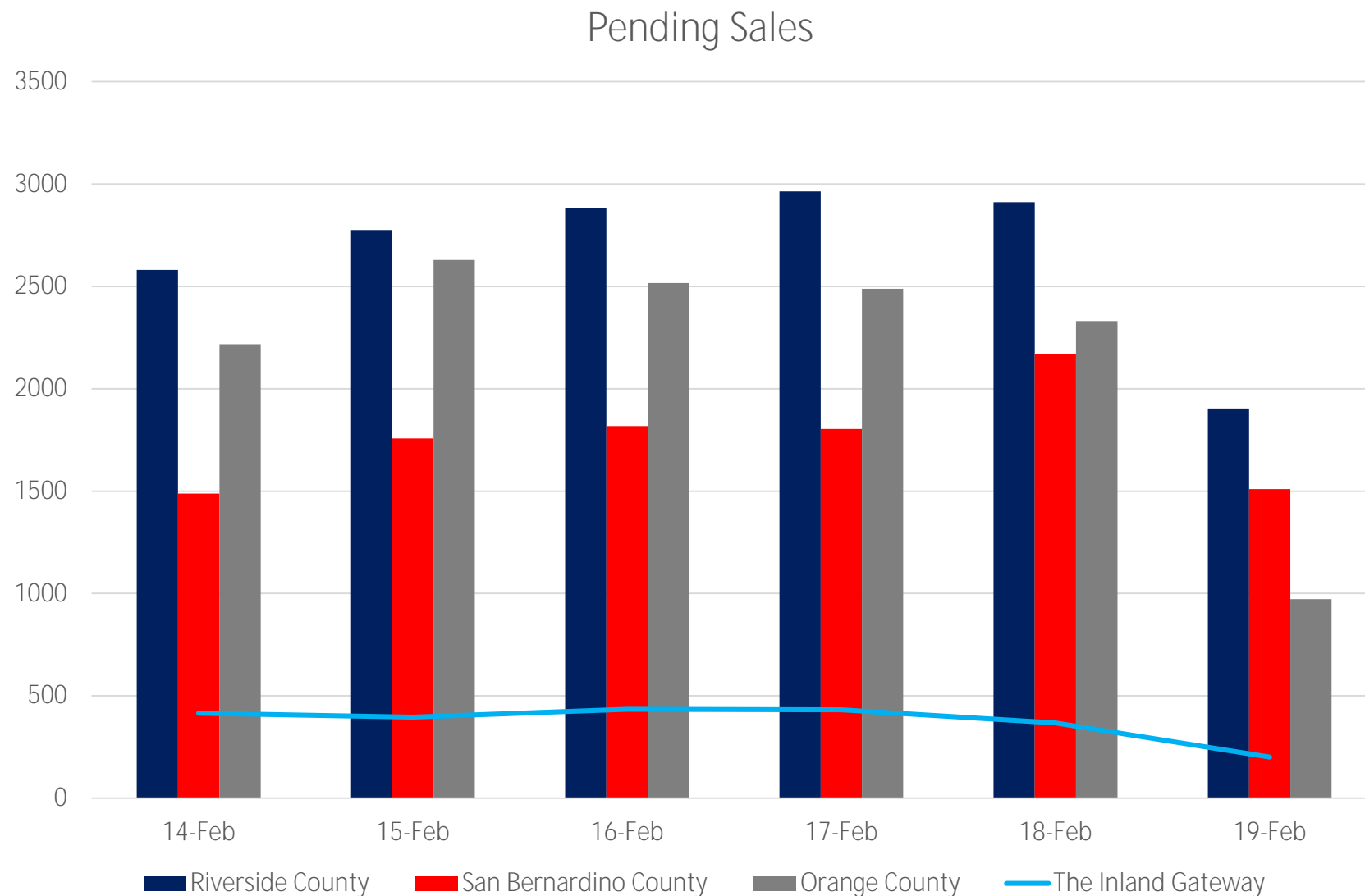
### Pending Sales Year over Year

Riverside County= -34.6%

San Bernardino County = -30.4%

Orange County = -58.3%

Inland Gateway = -45.4%



In 10 Years

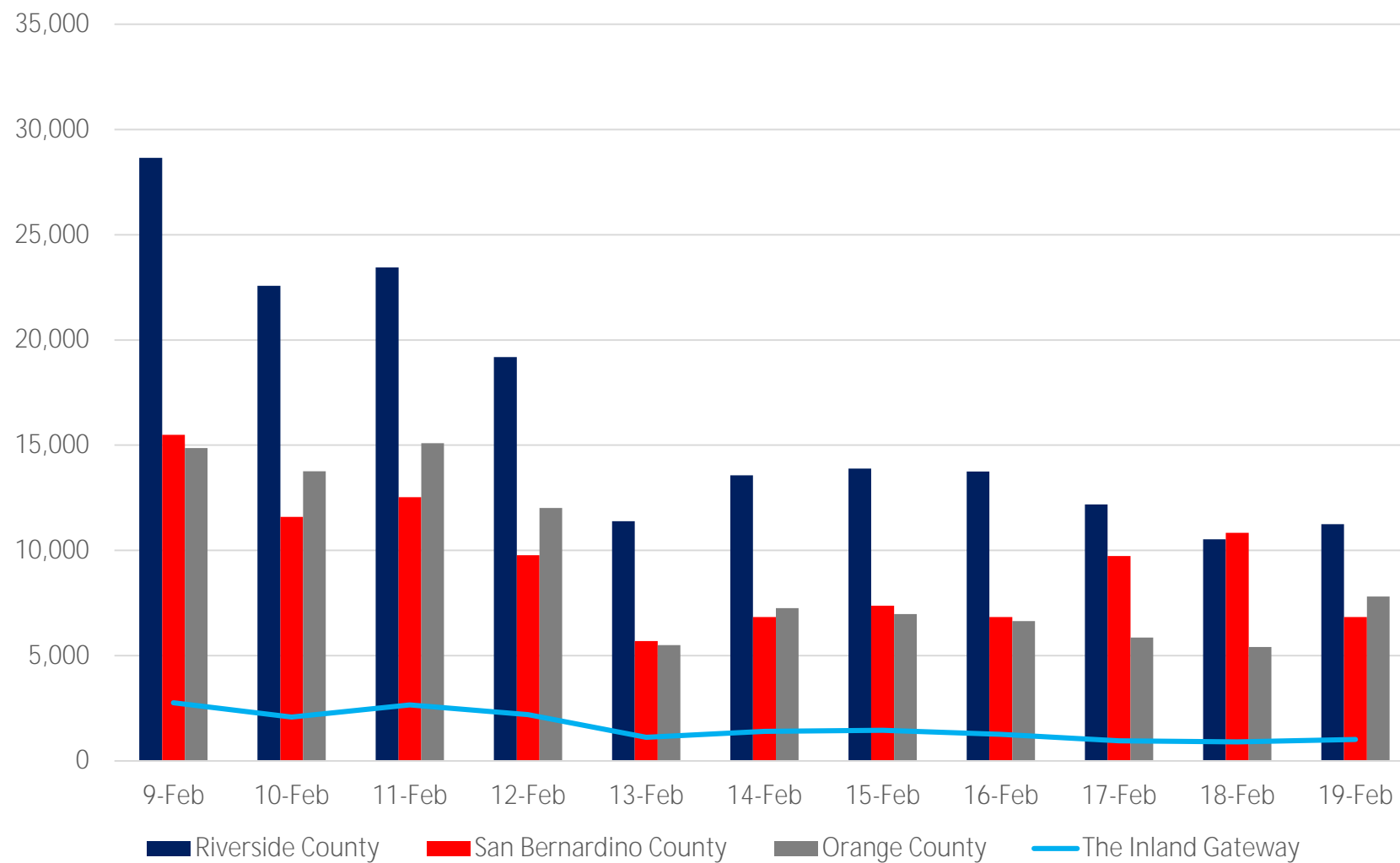
Riverside County= -61%

San Bernardino County = -56%

Orange County = -47%

Inland Gateway = -63%

## Active Listings



Source: CRMLS

In 10 Years

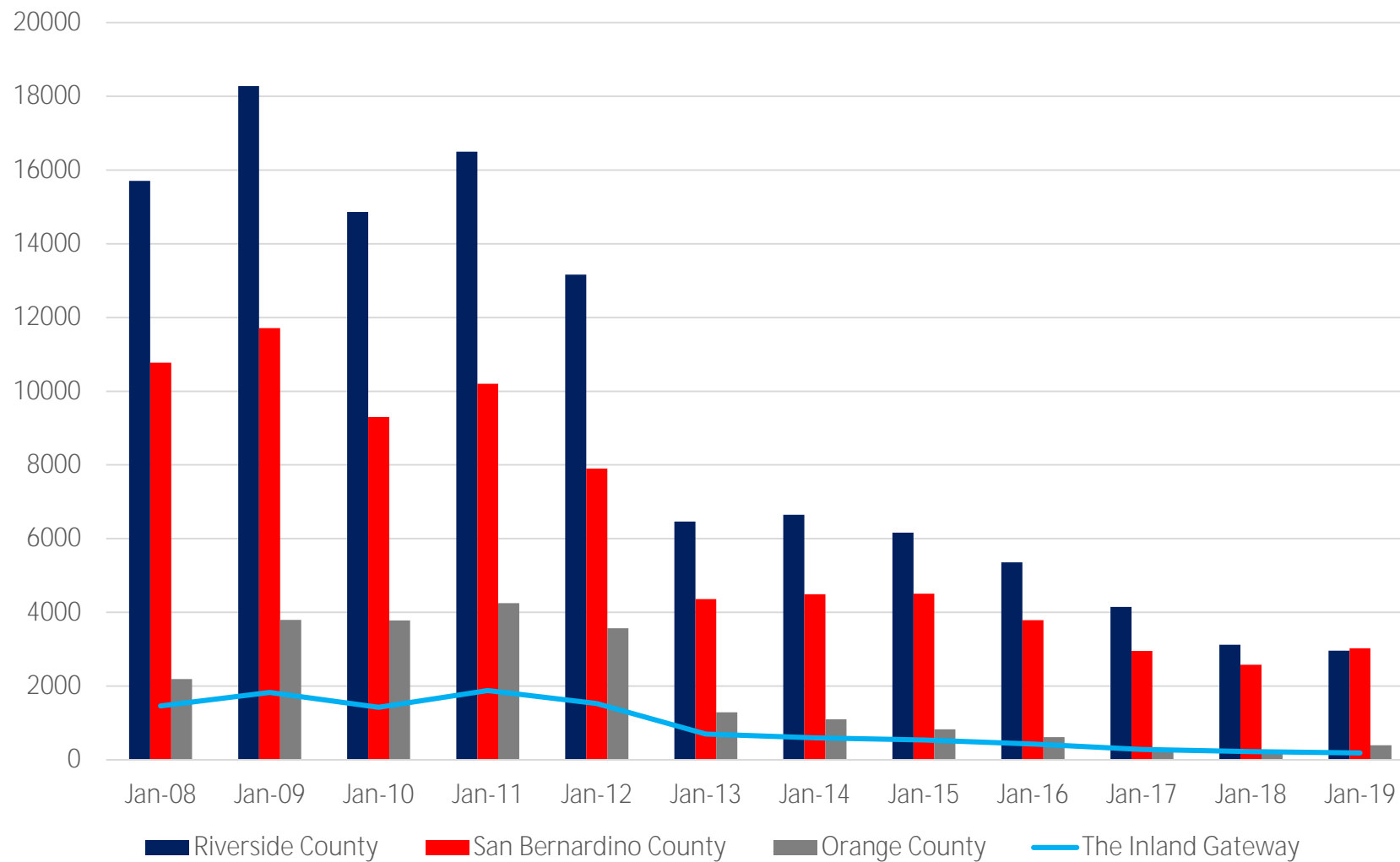
Riverside County = -81%

San Bernardino County = -72%

Orange County = -82%

Inland Gateway = -87%

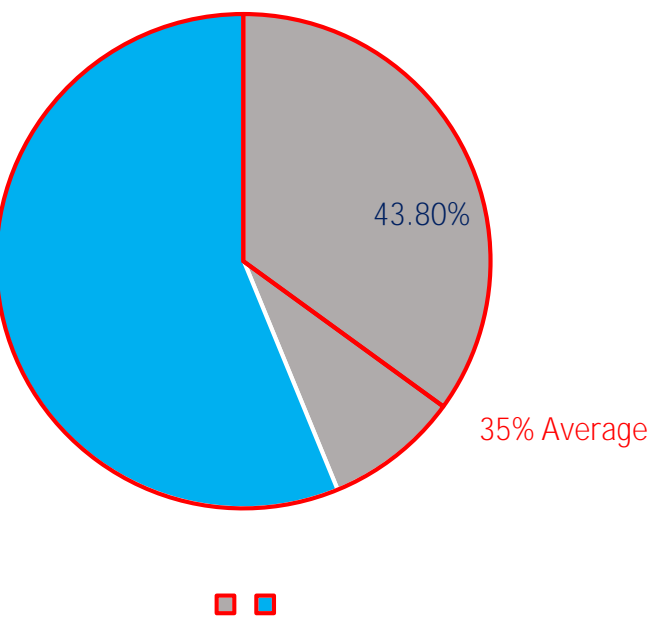
## Active Listings Under \$330,000





# Riverside County

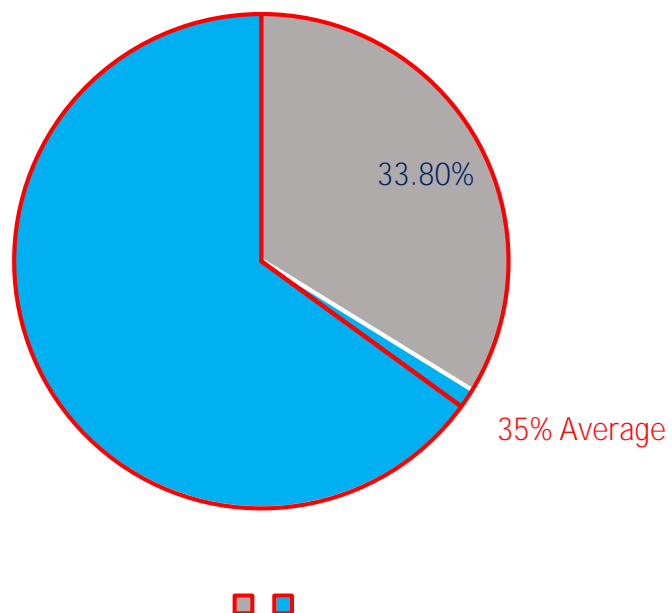
Share of Income  
Consumed by Mortgage



	2013	2018
Median Price	\$304K	\$399K
Median Income	\$56K	\$69K
Down Payment	\$61K	\$80K
Price/Income Ratio	5.48	5.81
Affordability	39.4%	43.8%
Annual Payments	\$22K	\$30K

# San Bernardino County

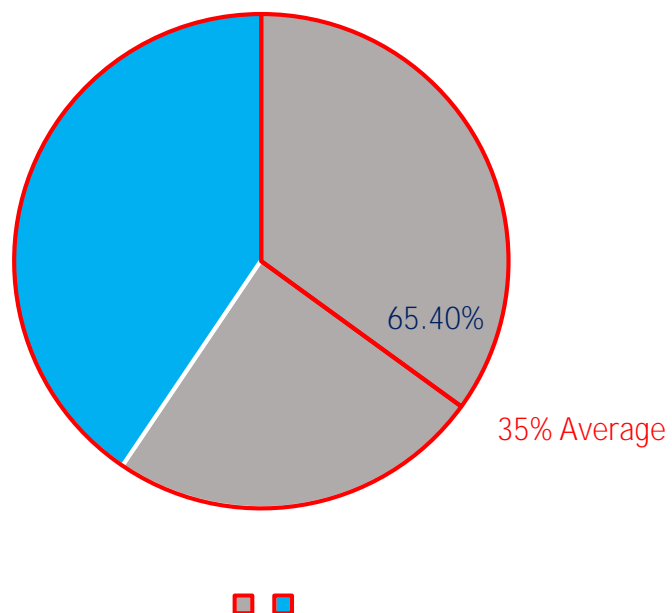
Share of Income  
Consumed by Mortgage



	2013	2018
Median Price	\$194K	\$294K
Median Income	\$53K	\$66K
Down Payment	\$39K	\$59K
Price/Income Ratio	3.69	4.49
Affordability	26.5%	33.8%
Annual Payments	\$14K	\$22K

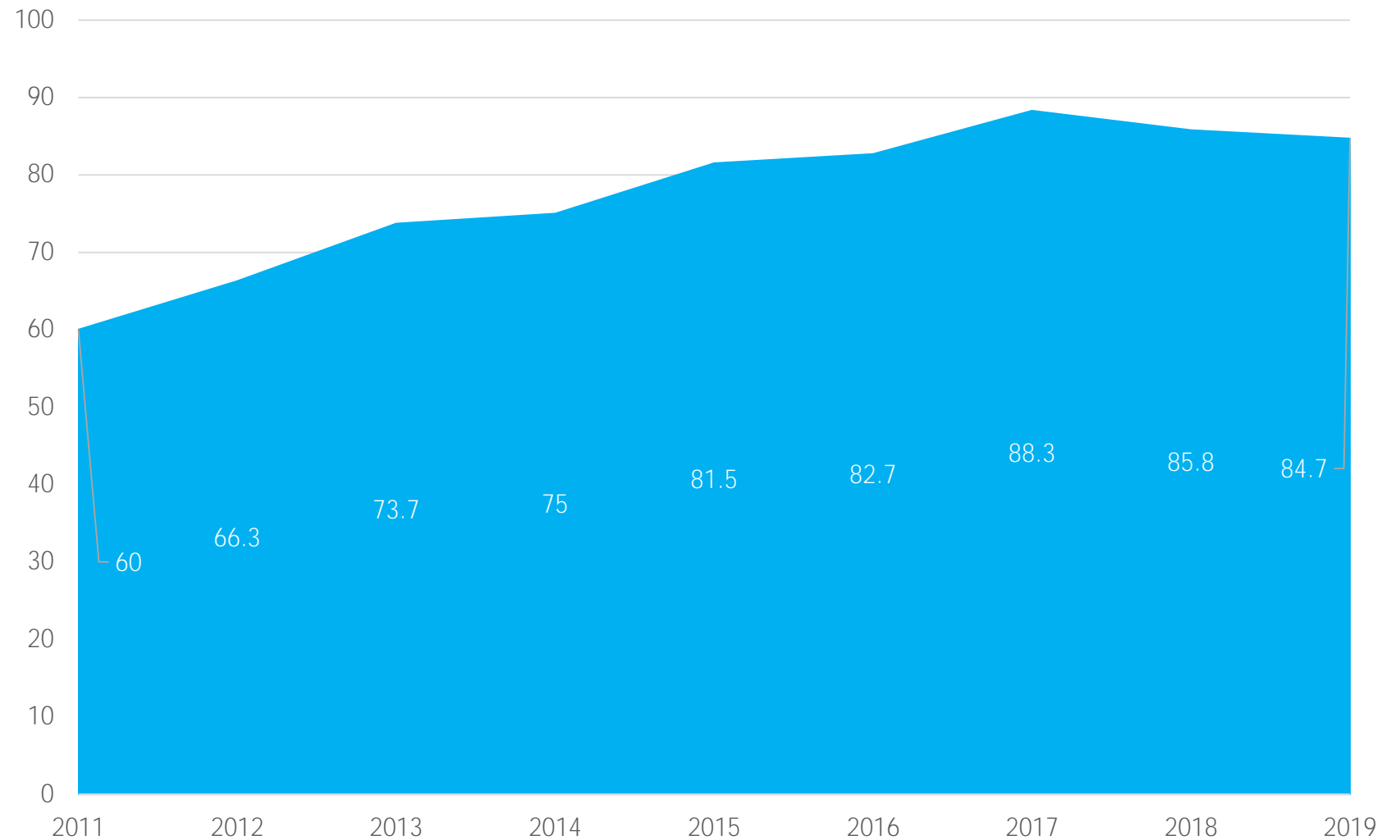
# Orange County

Share of Income  
Consumed by Mortgage



	2013	2018
Median Price	\$666K	\$797K
Median Income	\$76K	\$92K
Down Payment	\$133K	\$159K
Price/Income Ratio	8.75	8.68
Affordability	62.8%	65.4%
Annual Payments	\$48K	\$60K

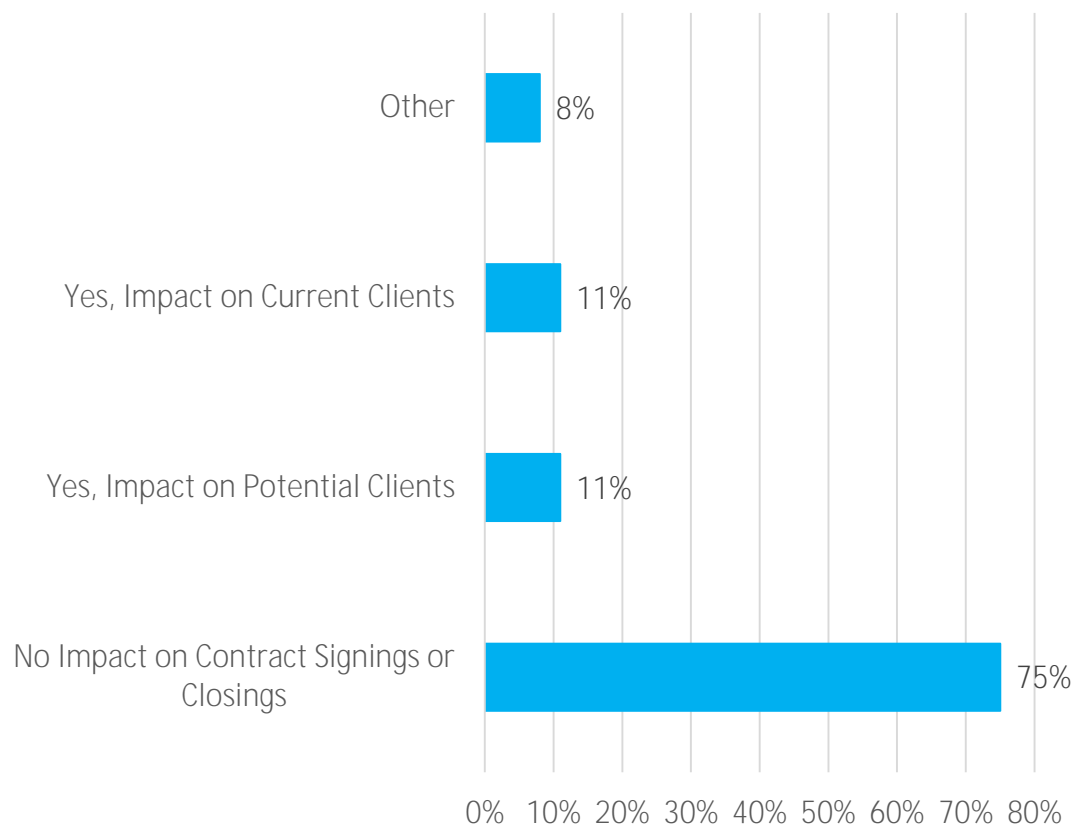
## Home Purchase Sentiment Index



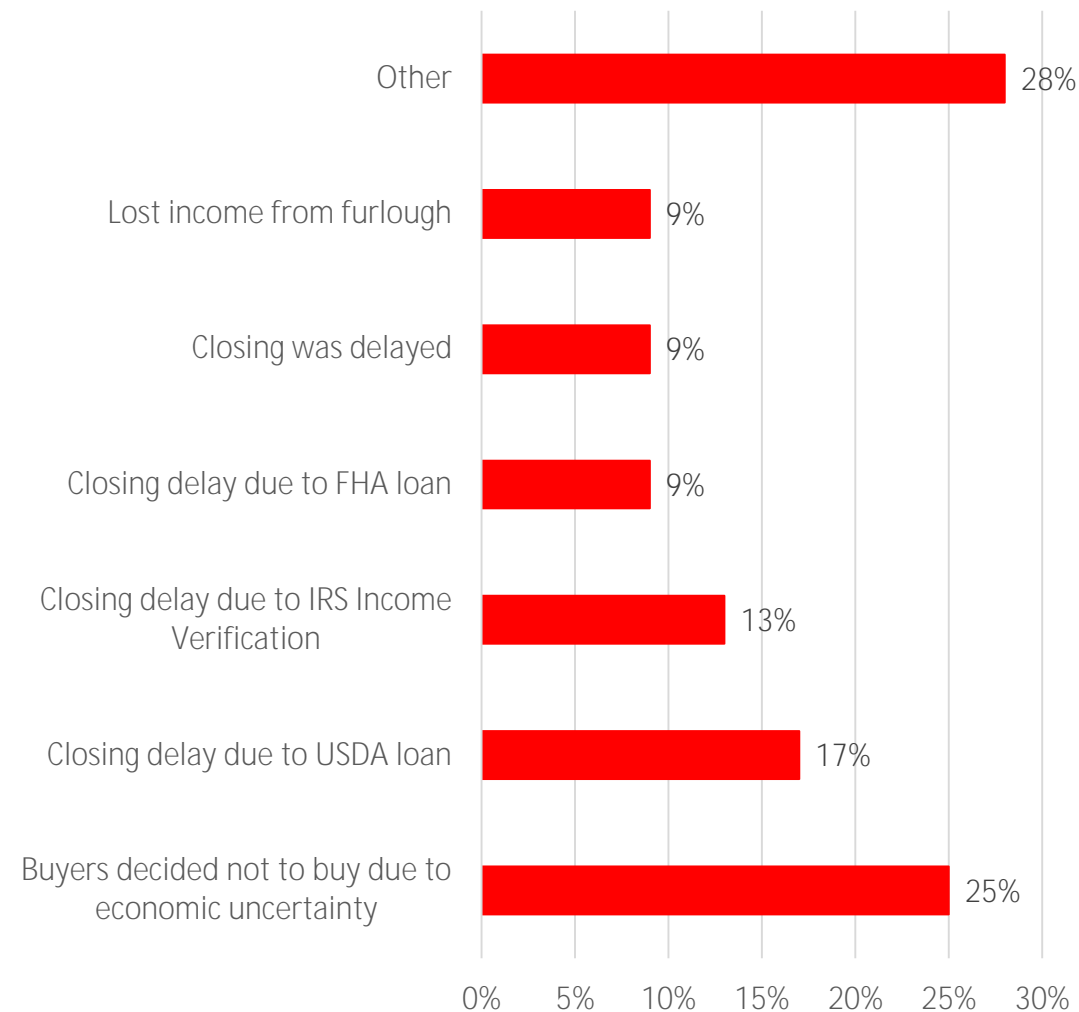
Source: Fannie Mae

## Government Shutdown

### Impact on Transactions



### Why Transactions Were Impacted



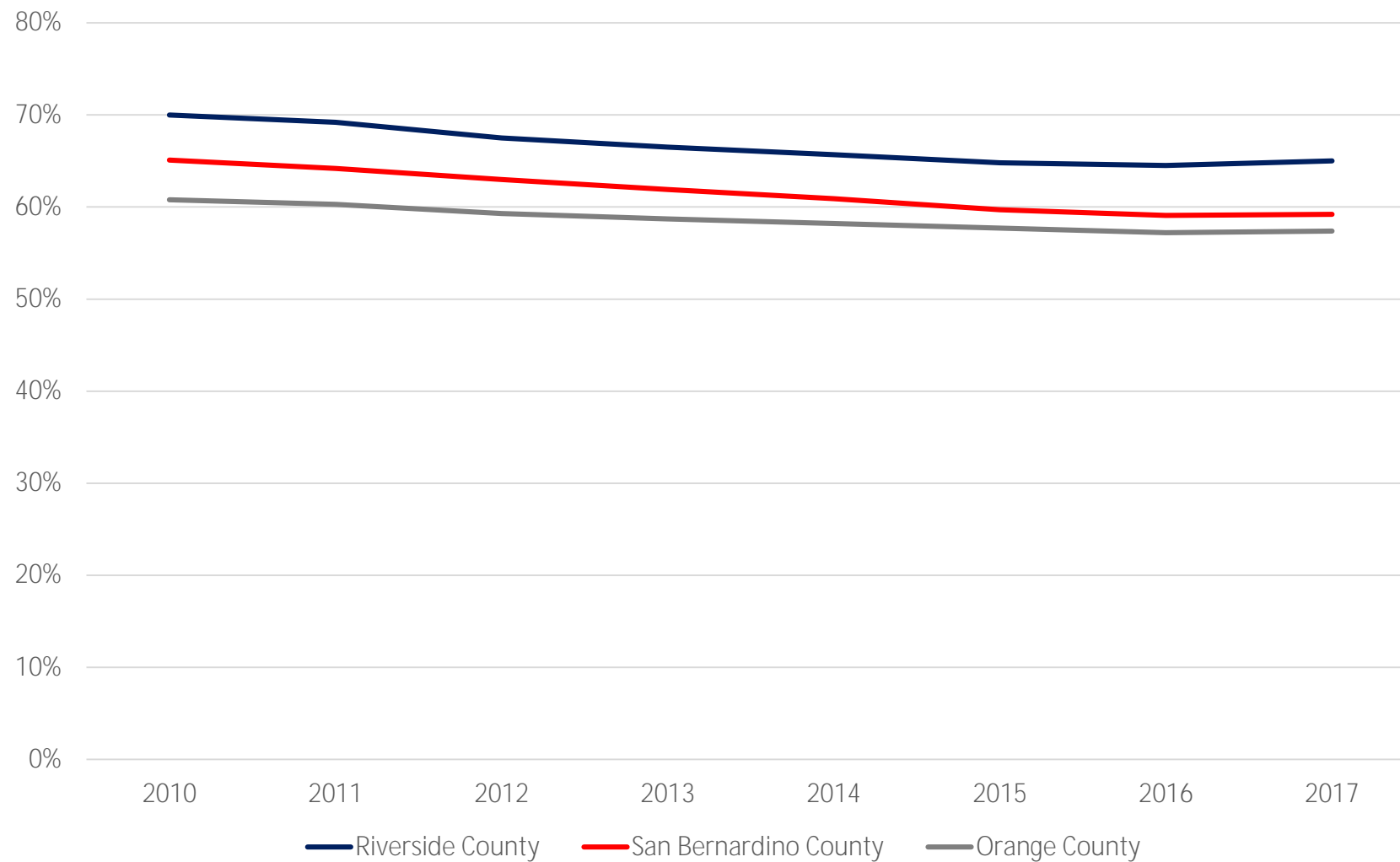
### California

2010	2017
57.4%	54.5%

### US

2010	2017
66.6%	63.8%

### Owner Occupied Rate



Source: U.S. Census

According to the California Legislative Analyst's Office, because of labor costs, construction costs, environmental regulations, and local development fees, it is \$50,000 to \$70,000 more expensive to build a home in California than it is to build elsewhere in the country

## Contributions To Falling Homeownership

Not Enough Building

California is 65,000 units annually behind pace

Government Regulation

Aging Population

All Cash Sales

Historically Low Interest Rates

Low Inventory

Have made up as much as 30% of purchases

Disproportionally High Prices

90% will now take the Standard Deduction

Diminishing Tax Incentives

Falling Homeownership

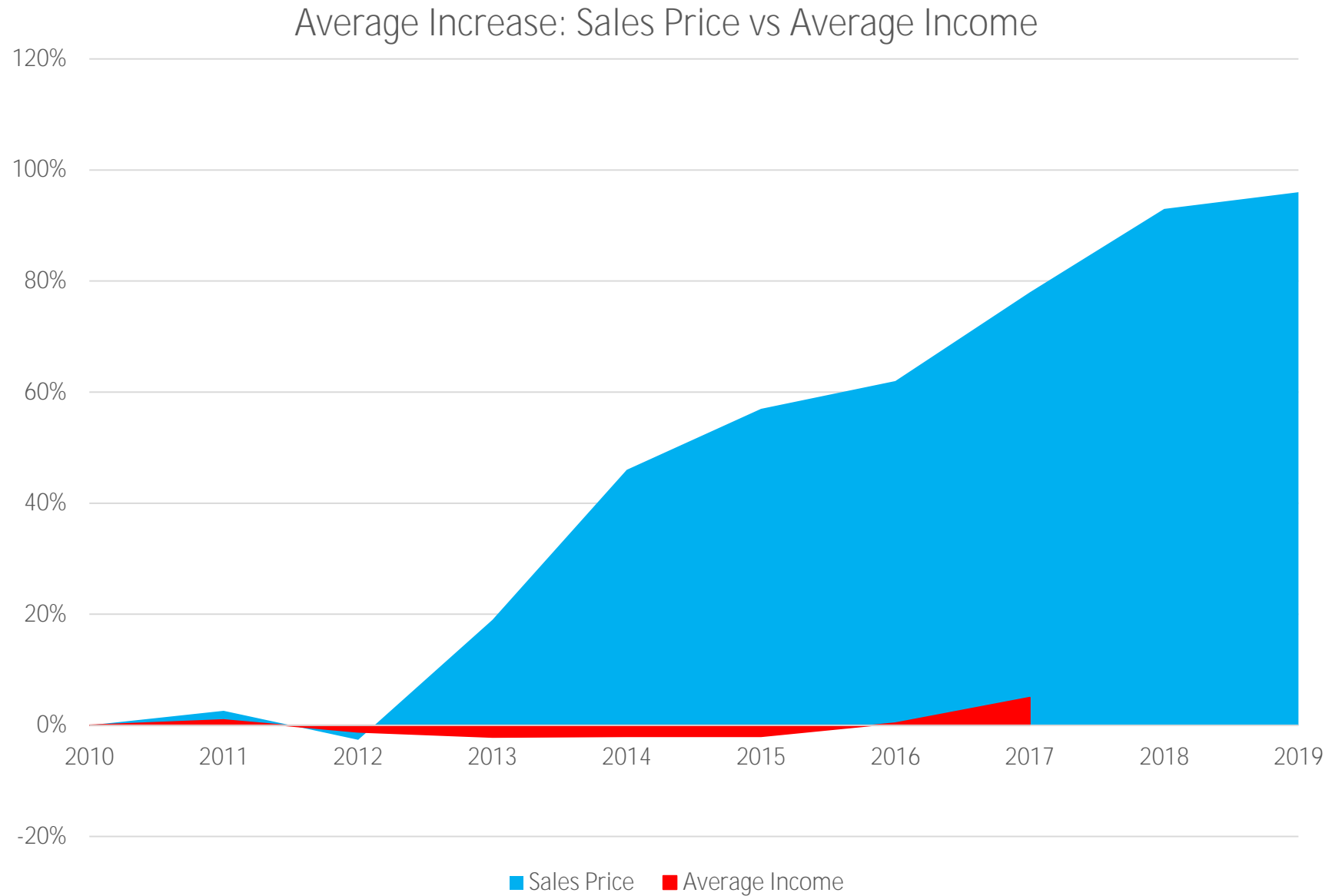
Other Factors:



Student Loan Debt  
\$393 Average Payment



National Debt  
Pressure on Inflation  
\$21 Trillion





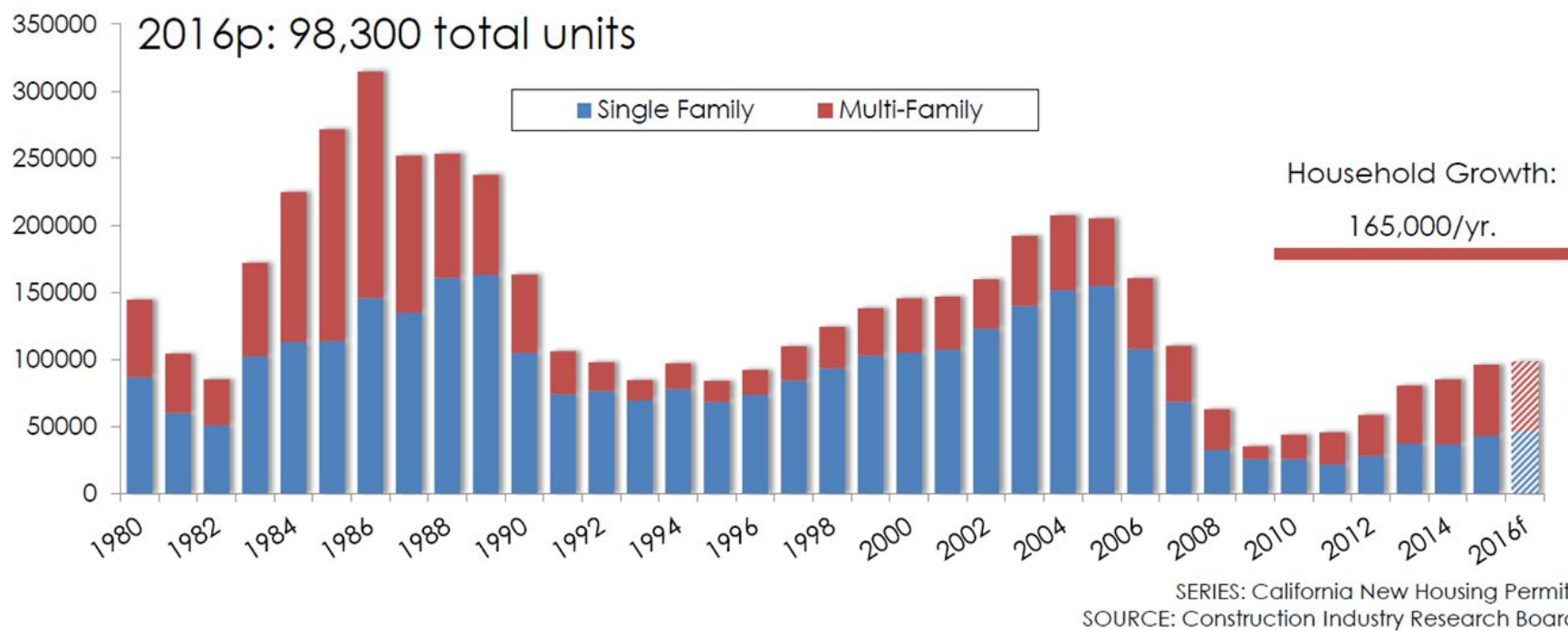
Riverside-San Bernardino-Ontario Region	Income Needed - 2018
5% Down	\$89,979
10% Down	\$83,348
20% Down	\$74,089

Average Region Income: \$67,500

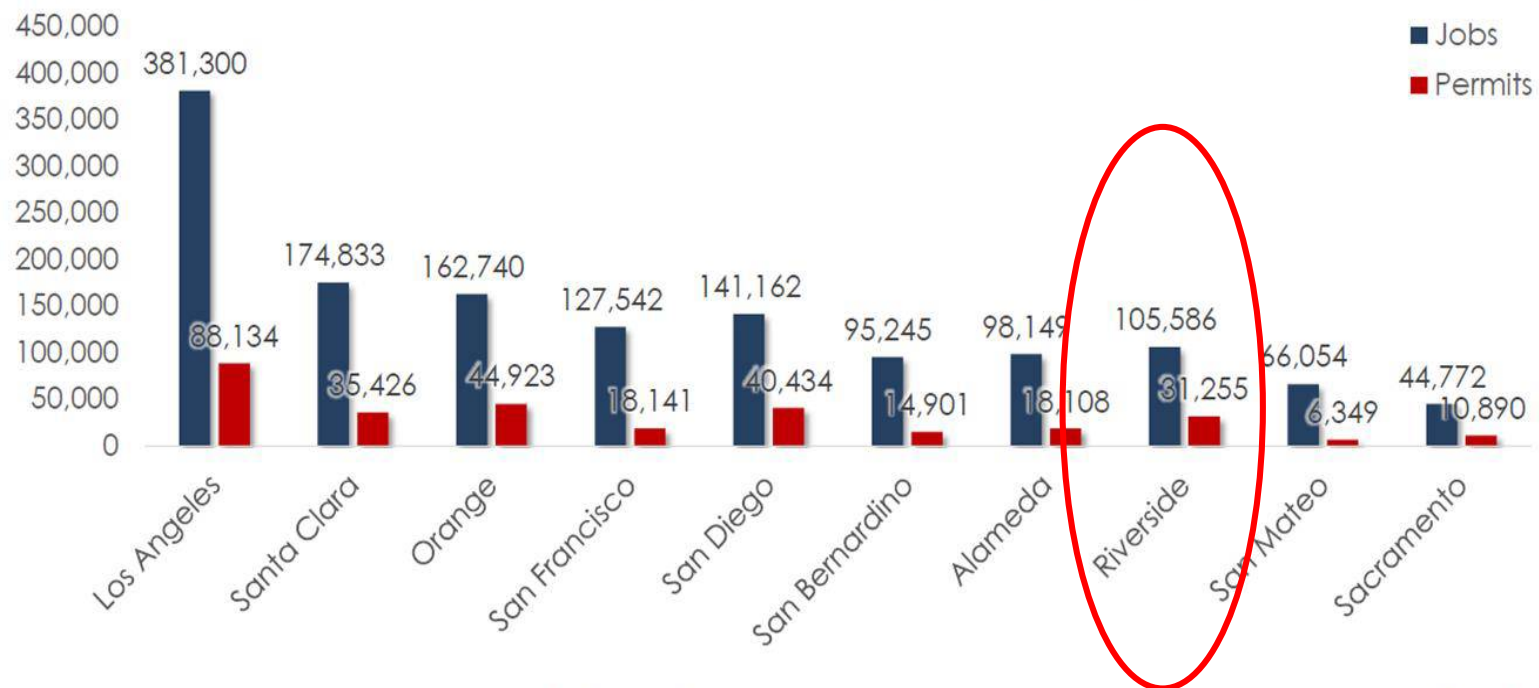
## Not Enough Building

2015: 95,822 (42,959 sf, 52,863 mf)

2016p: 98,300 total units



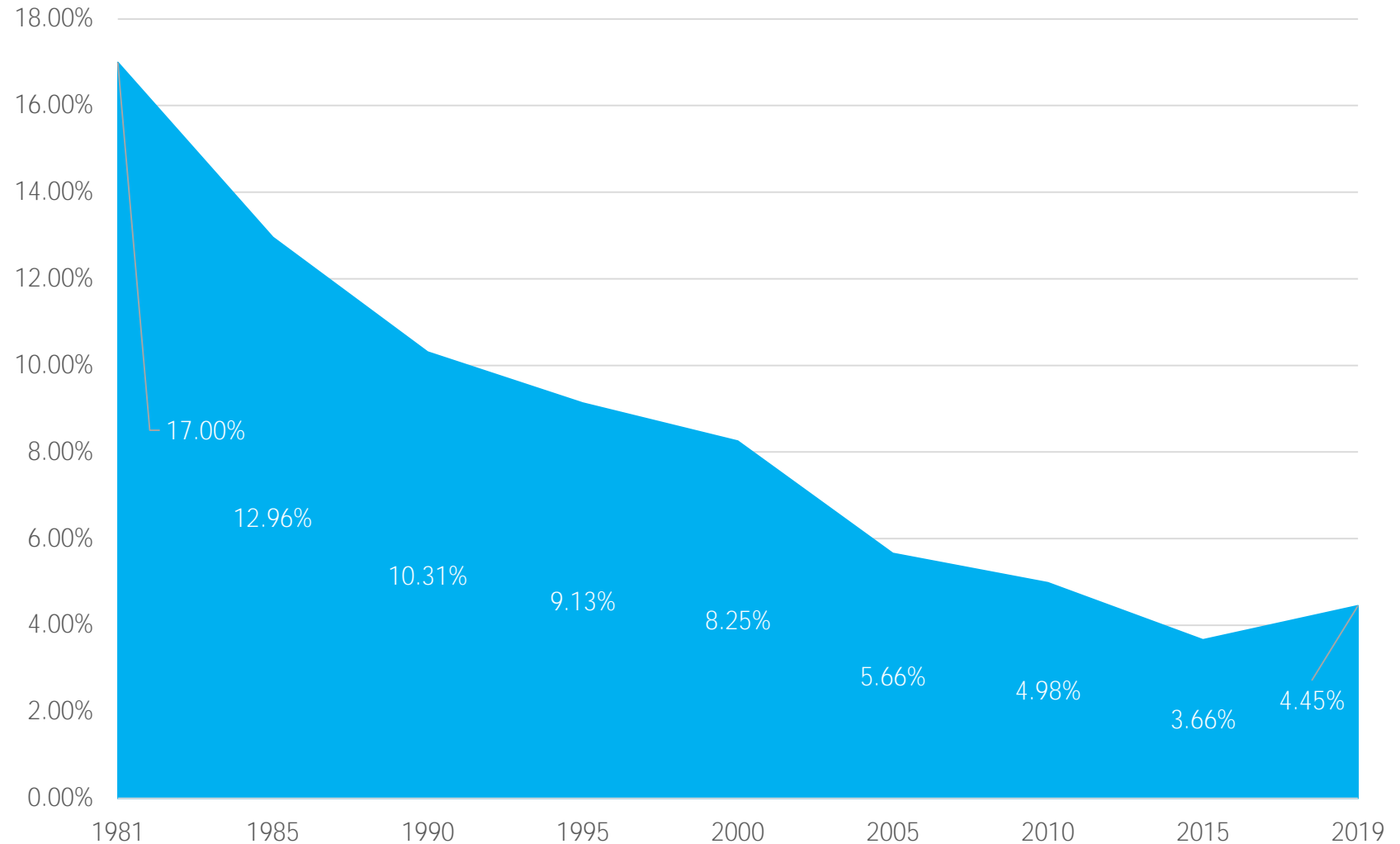
### New Jobs vs. New Permits (2010-2015)

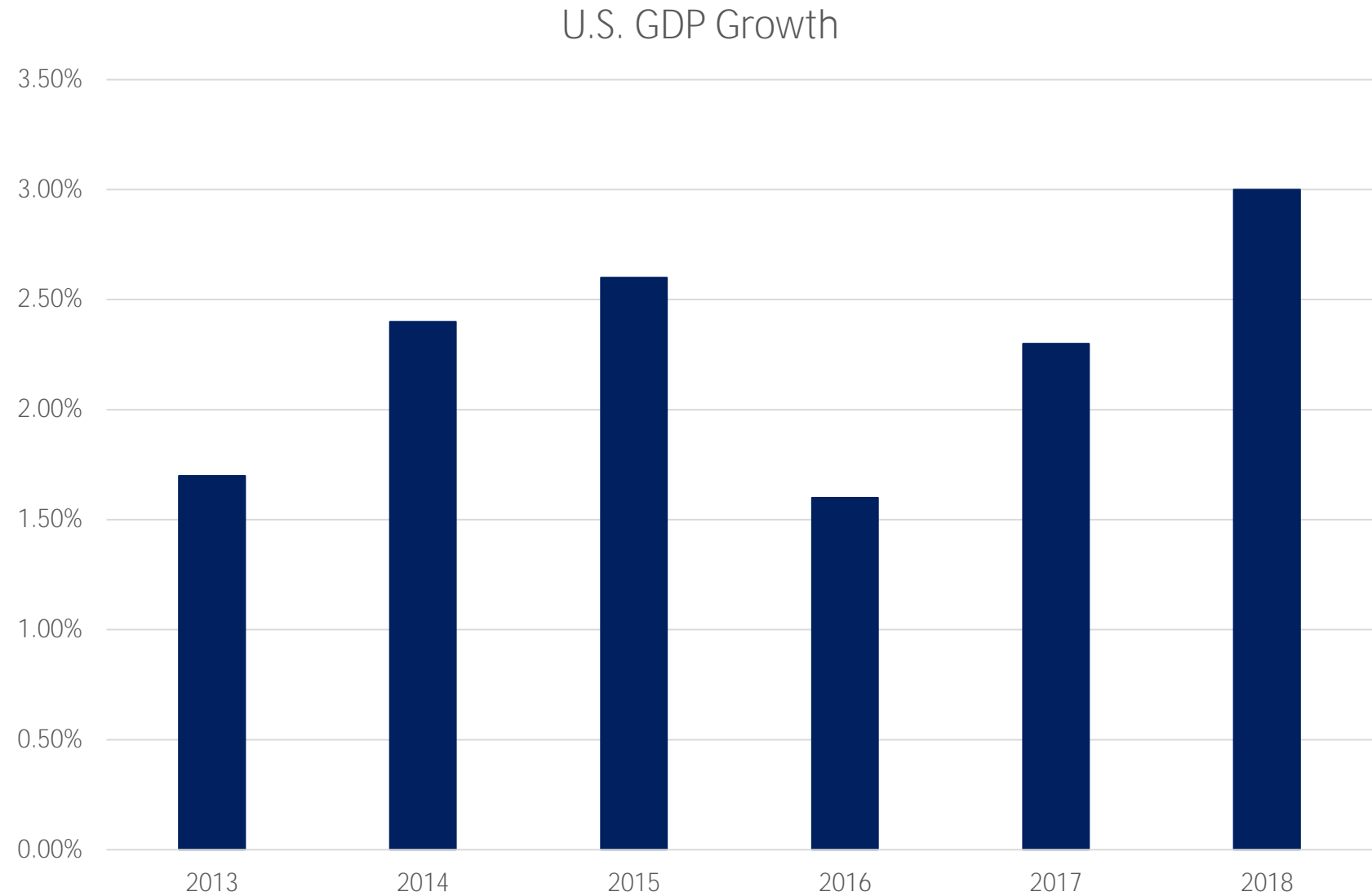


SOURCE: California Employment Development Department, Construction Industry Research Board

Fed has raised  
rates **9X** since  
2015

## National Historical Interest Rates

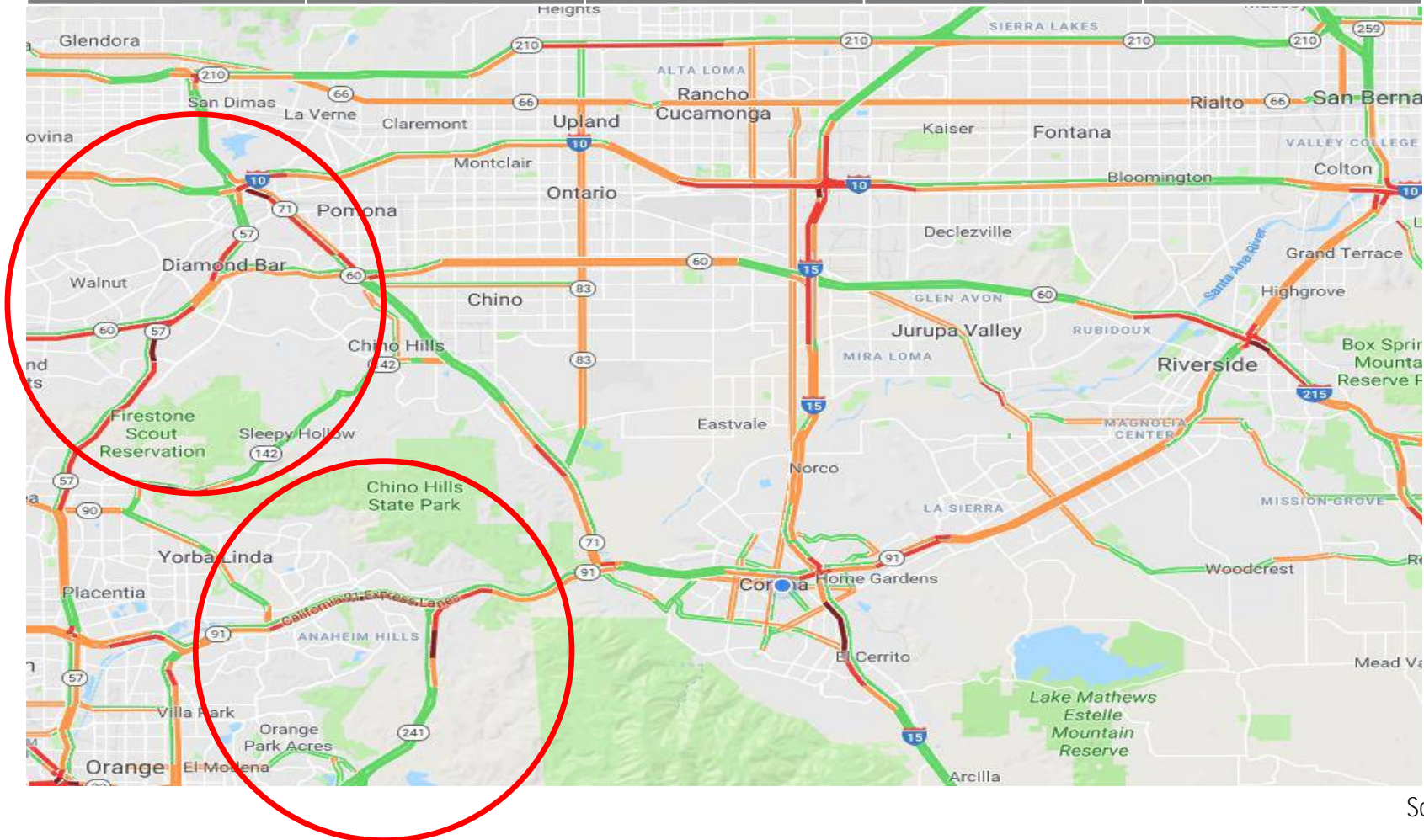




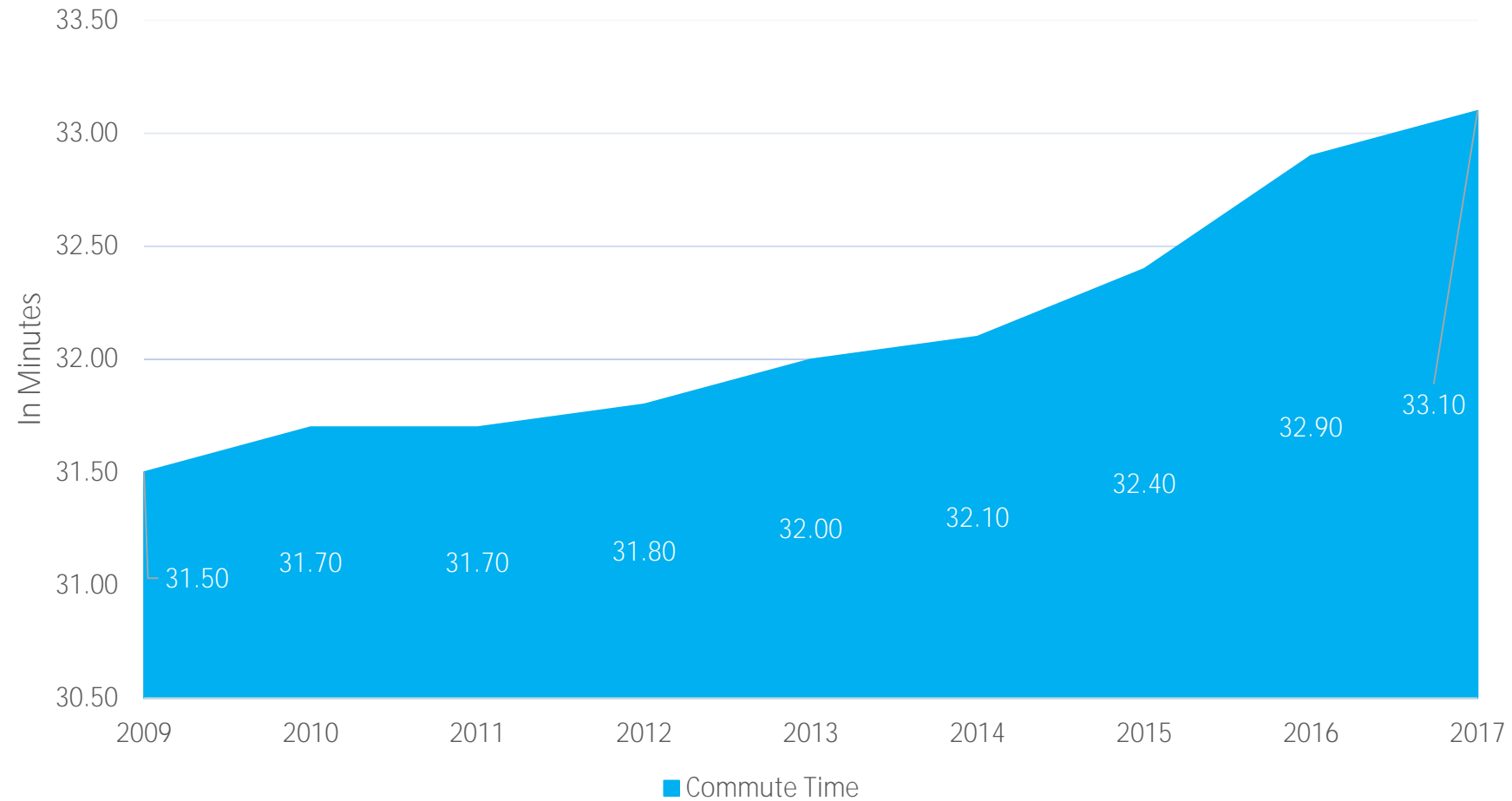
Solution: Build More Housing, but...

	Annual Hours of Delay Per Commuter	Annual Cost of Congestion Per Commuter	Total Annual Hours of Delay (in thousands)	Total Annual Cost of Congestion (in millions)
Riverside-San Bernardino Metro Area	59	\$1,316	99,058	\$2,201

Monday at 6pm



## Riverside County Commute Time





## Top 10 Commutes

### Riverside County

### San Bernardino County

### Orange County

Local Jurisdiction	Percent of Commuters	Local Jurisdiction	Percent of Commuters	Local Jurisdiction	Percent of Commuters
Riverside County	46.9%	San Bernardino County	46.1%	Orange County	64.3%
Los Angeles County	13.7%	Los Angeles County	25.3%	Los Angeles County	22.7%
San Bernardino County	13.2%	Riverside County	10.4%	San Diego County	2.8%
Orange County	13%	Orange County	9.7%	Riverside County	2.7%
San Diego County	7.2%	San Diego County	2.9%	San Bernardino County	2.6%
Ventura County	0.6%	Ventura County	0.7%	Ventura County	0.6%
Imperial County	0.6%	Kern County	0.6%	Santa Clara County	0.6%
Kern County	0.4%	Sacramento County	0.3%	San Francisco County	0.6%
San Francisco County	0.4%	Santa Clara County	0.3%	Alameda County	0.4%
Santa Clara County	0.3%	Fresno County	0.3%	Kern County	0.3%
All Other	3.7%	All Other	3.5%	All Other	2.5%



## Inland Empire Job Growth and Decline 2011 - 2018

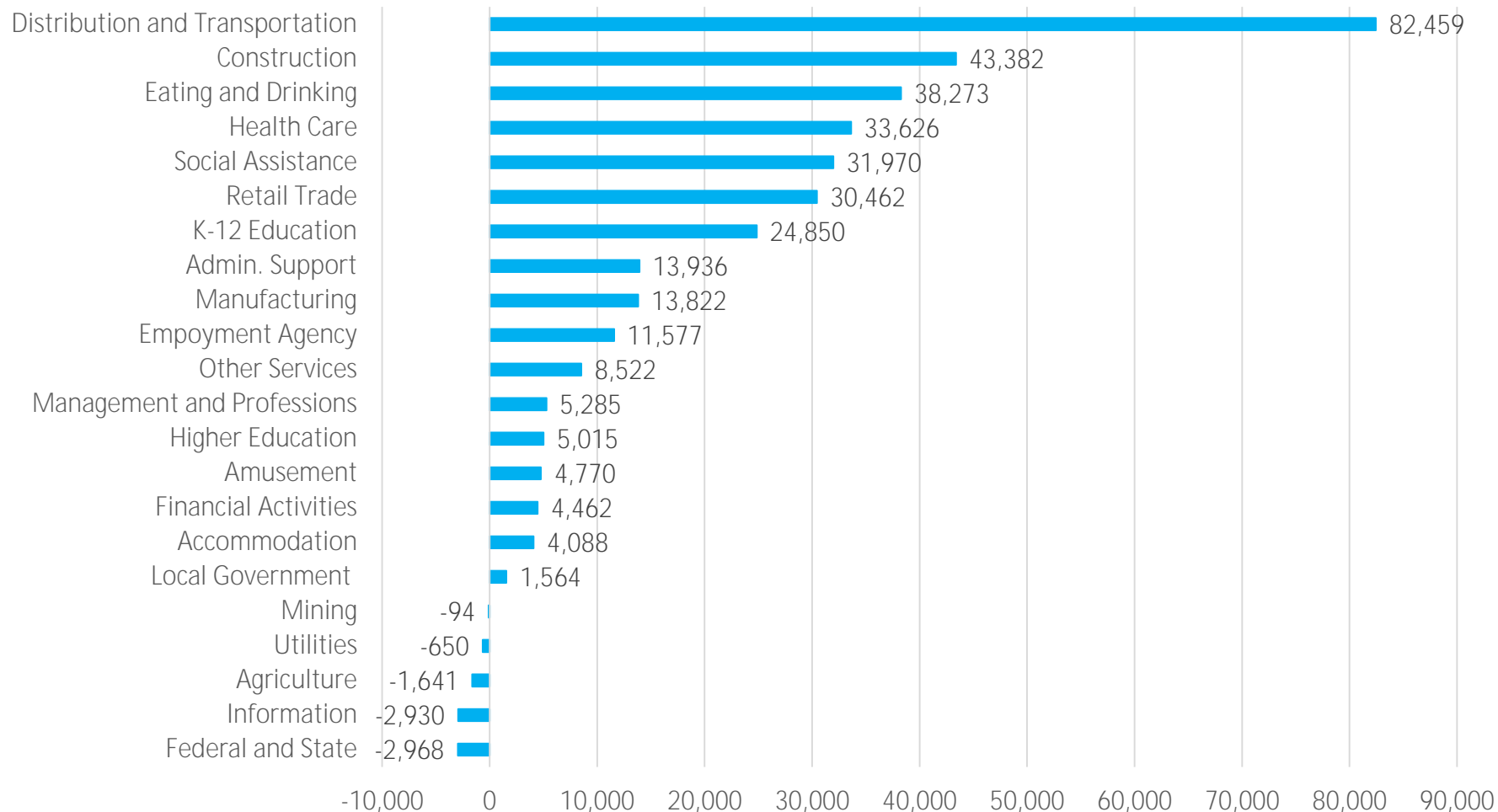
### Distribution and Transportation

“Logistics has been the Inland Empire’s fastest growing sector and has strong basics.

However, local activists want to stop its growth and the South Coast Air Quality Management District (AQMD) and CA Air Resources Board (CARB) believe it cannot meet its air quality requirements unless the truck traffic associated with the sector is dramatically reduced. **A major fight is underway that could conceivably halt the sector’s strong continual expansion...**”

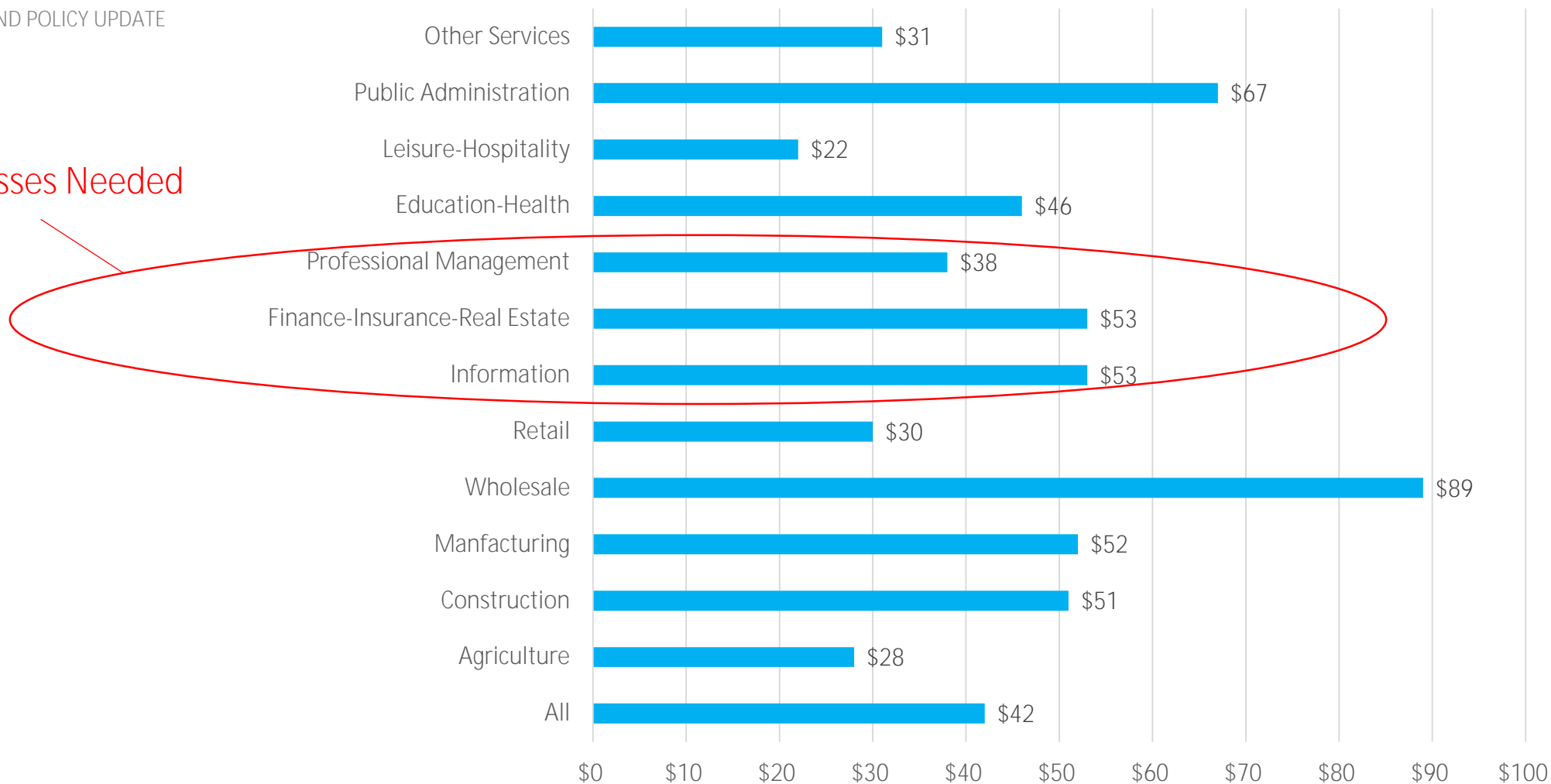
### Construction

“The major problem for the construction sector has been the very slow recovery in residential activity. The number of single family permits fell from 45,299 in 2005 to 3,734 in 2011. Subsequently, the market has grown to an estimated 10,056 single family detached permits based upon activity in the first six months of 2018. That would be **somewhat under the 10,512, in 2017...**”



## Riverside County Average Annual Salary by Sector (in thousands)

Businesses Needed



## Solutions

1. Recruit information, finance, and tech jobs to the IE.
2. Continue to improve corridor infrastructure, and add alternatives forms of transit.
3. Build more housing, especially at entry level.

## Prohibitors (Circular)

1. Workforce: Companies go to workforce, workforce goes to companies.
2. Air quality: Riverside and San Bernardino Counties have worst air quality in the state. **San Bernardino County had 126 “Red Days” last year. Riverside County had 84.**
3. **“Red Tape” and “Nimby’s”**

## Takeaways

- Keep your listing price reasonable
- Get involved in local economic development – directly affects your business
- Know this stuff – adds value and professionalism