

Is a Sellers' Market Emerging in California?

By: Jann Swanson | Thu, Nov 1 2012, 3:55 PM

A **sellers' market** appears to be emerging in some areas in California. The California Association of Realtors® (C.A.R.) said Thursday that favorable home prices and [record-low interest rates](#) are making the market competitive to the point that nearly six of ten houses are receiving multiple offers. C.A.R. made the comments as it released results of its 2012 Annual Housing Market Survey.

Fifty-seven percent of home sales featured **multiple offers** in 2012, the highest in at least the past 12 years. Each home that received a multiple offer received an average of 4.2 compared to 3.5 offers in 2011. Lower priced homes and distressed properties - bank-owned real estate (REO) and short sales - had more multiple offers than market sales, seven out of ten compared to one-half.

Competition has led to higher prices and 41 percent of homes sold at the asking price, the highest portion since 2005 and up from a long-run average of 32 percent. Homes also sold faster with market sales taking 32 days on average compared to 67 days in 2011 and REOs in 30 days compared with 50 days last year. Short sales still take longer than other sales because of the complexity of the process but the number has been cut to 90 days from 141.

Nearly a third of all homebuyers paid with all cash in 2012 and 16 percent of buyers bought for investment purposes. International buyers made up 5.8 percent of the buyers with the largest numbers coming from China, Canada, India, and Mexico.

Seventy-seven percent of buyers were purchasing a **primary residence** and 40 percent of those who were first-time buyers bought either an **REO property or a short sale**, down from 44.3 percent last year primarily because of a shortage of inventory in those categories.

Very few home buyers have a **second mortgage**, probably reflecting tighter lending standards. The share of home sales with second mortgages has dropped from 43.4 percent in 2006 to 1.8 percent in 2012.

"Well-qualified buyers are recognizing the once-in-a-generation opportunity to purchase a home in California and are jumping into the market," said C.A.R. President LeFrancis Arnold. "However, the fierce market conditions have **forced many buyers to compete** with all-cash offers and investors, setting off multiple offers and bidding wars, making it even more difficult for first-time buyers to become homeowners."

C.A.R. has conducted its market survey since 1981, mailing it to a random sample of 15,000 Realtors throughout the state. This survey seeks information about the Realtor's most recent sales transaction that closed in the second quarter of 2012.

View this Article: <https://www.mortgagenewsdaily.com/news/11012012-house-prices>