

Housing Demand Soared in Oakland This November, While Much of the Country Saw Dips Due to Low Supply

The Redfin Housing Demand Index, based on thousands of Redfin customers requesting home tours and writing offers, declined 7.3 percent from October to a seasonally-adjusted level of 94 in November.

A level of 100 represents the historical average for the three-year period from January 2013 to December 2015. November demand was below recent historical norms, but higher than much of the spring and summer of this year.

In November, 7.6 percent fewer homebuyers went on tours compared to October, and 8 percent fewer homebuyers wrote offers. Both numbers are seasonally-adjusted.

Compared to the previous November, there were 10.2 percent fewer homes on the market last month, giving homebuyers precious few homes to tour and write offers on. This marks the eighteenth consecutive month of year-over-year declines in homes for sale, leading to a shrinking pool of possibilities for homebuyers on the search.

Competition for homes held steady, however. In November, 49.4 percent of offers written by Redfin agents in the 15 metros tracked by Demand Index faced bidding wars, down from 50.7 percent in October and 50.6 percent a year earlier. These levels tell us that for the few homes available, there was strong interest among buyers. The [Redfin Real-Time Housing Market Tracker](#) found that prices rose nearly 8 percent last month, compared to a year earlier.

“Buyers and sellers had a lot to digest in November, including an election, higher home prices and an increase in 30-year mortgage rates that rose from 3.5 percent at the beginning of the month to 4 percent at the end,” said Redfin chief economist Nela Richardson. “Nationally, new listings were at a standstill, as sellers paused to assess market timing. It took about a month longer for a typical buyer to search for a home and make a successful offer in November than it did for a newly listed home to go under contract. This is the widest margin between time to buy and time to sell that we’ve seen.”

Metro-Level Demand Highlights:

Los Angeles Buyers Cautious As Price Reach 2007 Levels

The Los Angeles area saw its Demand Index drop 18 percent from October to a level of 83 in November. Demand has been tepid throughout the year, with levels regularly in the 70s during the spring and summer. In November, the number of Redfin customers touring homes in L.A. was down 12.8 percent compared to October, and customers making offers was down 25.5 percent.

“Rising rates are putting off some buyers in [Los Angeles](#), as is the uncertainty of a new presidential administration,” said Redfin real estate agent Alec Traub. “But the real kicker is the fact that prices here are at or, in some instances, above 2007 peak levels, so you have a lot of buyers concerned about a potential bubble. These folks are taking more a wait-and-see approach, rather than jumping in.”

Local and National Factors Had Been Suppressing Homebuying Activity in Chicago

The [Chicago](#) market saw demand increase to 98 in November, after a relatively slow October (91). Customers requesting tours were up 28.7 percent and the number making offers increased 22.5 percent in November.

Redfin real estate agent Greg Whelan said that the Chicago Cubs’ World Series run in October combined with the uncertainty of the election distracted many homebuyers, but they re-entered the market in force in early November. Lest the Chicago Cubs run seem insignificant, an estimated [5 million](#) Cubs fans showed up at the team’s victory parade ... and the population of Illinois is only 12.9 million.

Going forward, the Chicago market could see more gains. Redfin real estate agent Michael Linden said, “Since Thanksgiving, I’ve seen activity comparable to what I normally see in July and August. I already have quite a few closings scheduled for January and February, and several more of my customers are touring aggressively and are serious about making offers. In terms of pricing, sellers are being a bit more flexible in negotiations, which helps. Right now, we’re seeing a really strong, active market.”

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Oakland Sees Pickup As Mortgage Rates Rise and Buyers Know San Francisco is Out of Reach

Demand in [Oakland](#), California, was at a level of 125 in November, up from 99 in October. Oakland saw a 12.5 percent increase in customers requesting tours and a 62.7 percent jump in those writing offers compared to October.

“When mortgage rates were under 4 percent, buyers thought they could wait out the seasons until the market changed in their favor,” said Redfin real estate agent Dylan Masella. “Now that rates are finally rising, some buyers feel that if they do not buy now, they will not be able to afford a home in the East Bay as prices continue to rise. What was supposed to be a slow autumn has turned into a market full of unprecedented activity.”

While the median sale price in nearby [San Francisco](#) is \$1.1 million, in Oakland it's a far lower \$635,000, according the latest [Redfin Real-Time Housing Market Tracker](#).

“Over the past few years, a large percentage of our buyers in Oakland and Berkeley have been professionals and couples who rent in San Francisco and started their home searches there,” said Redfin real estate agent Noah Manning. “These buyers found significant competition and very high prices in San Francisco , so they switched their focus to the East Bay, causing Oakland's market demand to continue to increase.”

Homebuyer demand in San Francisco fell 10.8 percent to 90 in November.

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