The economy and the housing market continue to see signs of improvement—particularly in terms of buyer demand. The labor market impacts continue to shrink while mortgage applications and showing appointments continue to improve. More REALTORS® are closing deals and helping their clients to purchase homes. And all of this is happening against a backdrop of the lowest mortgage interest rates ever. However, we are also still in the midst of a global pandemic While at the same time grappling with the tragedy of loss and the ensuing social unrest. Thus, even as things move in the right direction, the process will be slow and we all have a lot of work to do individually and collectively before we can fully recover.

More REALTORS® in escrow and closing: Our weekly survey showed a second consecutive weekly gain in the percentage of California REALTORS® that both entered escrow last week (25%) and had a transaction close last week (19%) suggesting that pending and closed sales should increase in the coming week. In addition, there was a modest uptick in the percentage of respondents wo had listing appointments last week (29%) and the number of REALTORS® who listed a property last week (23%), which is a hopeful sign that supply may begin to follow suit.

Continued signs of buyer demand coming back: After declining by nearly 75% from where we started the year, the number of showings booked through Showingtime.com increased to just 0.3% below the same point last year. That puts the number of showings up by more than 50% on a weekly basis from where we started 2020 and 13.2% higher than the pre-crisis levels of late February. In addition, mortgage applications remained above 2019 levels despite a slight decline last week due to the Memorial Day holiday. California mortgage applications finally exceeded 2019 levels for the first time last week as well. Both represent strong and consistent signs that buyer demand is returning.

Fewer buyers and sellers getting cold feet: After peaking at nearly 50% of respondents who had a buyer withdraw an offer at some point during the crisis, less than 10% of respondents over the weekend had a buyer who withdrew an offer on a home last week. Similarly, since the crisis began, we saw as many as 57% of REALTORS® with at least one seller that had removed their home from the market. However, 24.2% of respondents had experienced a seller removing their home from the market last week. These figures remain elevated but show continued progress from mid-April.

Mortgage interest rates hit an all-time low: At just 3.15% for a 30-year fixed rate mortgage, it has never been more affordable to borrow money to invest in homeownership—ever. This is undoubtedly, at least partially, behind the uptick in demand seen in mortgage applications as well. Given the high cost of housing in California as well as the challenges many would-be homeowners face with affordability, low rates provide a tremendous boost to the purchasing power of the typical household.

More discounting, but median price holding as top end starts to come back: Although median list and closed prices have remained fairly stable up to this point, the percentage of active listings and closed sales that have been reduced from their original listing price has been rising in recent weeks in the Bay Area, Central Valley, and Southern California. However, the magnitude of the discounts has been shrinking of late and was between 3.5% and 4% over the past two weeks compared with 4% to 4.5% back in early May. Still, nearly 2/3 of REALTORS® surveyed over the weekend said the buyers they spoke with last week were expecting lower prices, and the MLS data suggests they are finding success of late in getting more sellers to make concessions—albeit modest ones.

Home sales take a step back during short holiday week: After two weeks of consecutive growth, home sales took a step back for the Memorial Day holiday with just 427 homes closing per day (on average) last week. That's down from an average of 524 homes sold per day the previous week. Despite this setback, it appears that closed sales are indeed nearing their bottom roughly 35 days or so after pending sales began to improve in mid-April. However, the pace of growth has been very modest thus far, and although home sales are expected to resume their uptrend next week, the growth is expected to remain modest.

Supply response not matching uptick in demand: One reason the forecast calls for a slow trajectory for closed sales is that new supply is not rebounding to the same degree we see with buyer demand in California. Indeed, pending sales were only down slightly last week despite the holiday weekend and yet the pace of new listings coming onto the market has been essentially flat or down for the past 5 weeks. Thus, even as the economy starts to open and buyer demand starts to return, new supply is desperately needed in order to maintain an uptrend in pending sales so that closed transactions can actually rise.

Unemployment claims cross 40 million: Despite the ongoing progress in the economy generally, our progress against the virus here in California specifically, or the recent signs that the housing market reached bottom roughly a month and a half ago, the U.S. economy crossed another critical milestone last week as more than 40 million workers have now filed for unemployment insurance since the initial shelter in place orders were issued. The new claims have been trending downward for 8 weeks in a row, but the toll on our labor market and thus on consumer spending and economic growth overall has been significant and will take time to heal.

The economic and market data has improved significantly over the last month, but as that short-term shock has faded, we have begun to simultaneously grapple with deeper structural issues in this country. This is a good reminder that those of us in real estate have the amazing opportunity to help people to realize the American Dream of homeownership, which alleviates inequality, boosts educational attainment, improves health, and helps to drive equal opportunity and treatment. However, it is also important to remind ourselves that, especially as the economy begins to heal and return to some version of normal, that "normal" all too often meant that huge segments of Americans did not have access to homeownership historically and that many still face barriers to the American Dream today. As REALTORS®, we are uniquely situated to help ensure that more of our fellow Americans overcome those obstacles as the economic tide slowly begins to turn toward the better.