



# Los Angeles Real Estate

## Developers and Buyers Still Drawn to Los Angeles

Multi-family avg price per unit: **\$356K**

Land avg price per square foot: **\$402**

## Current Average Mortgage Interest Rates - 6/20/2022

30-Year Fixed: **5.75%**

15-Year Fixed: **4.75%**

Source: Chase Bank

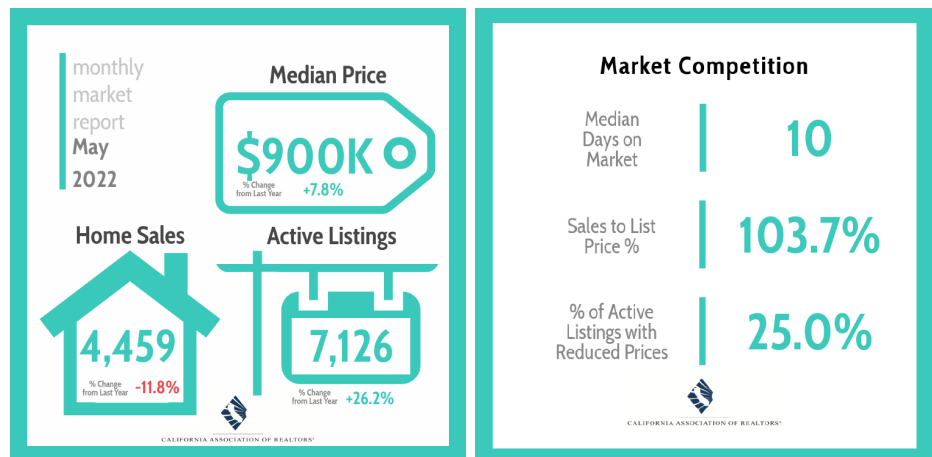
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## What's the Market Doing?

We're expecting to see a slight change in the market with interest rates jumping so high so quickly. Some buyers are being priced out of previously quoted loan amounts, and more sellers are dropping their asking prices than in the past six months. It is still a little too soon to tell how the quickly rising interest rates will affect the market for the rest of the year.

### May 2022 Market



### Housing Market is Getting Less Competitive

The evidence that buyers are struggling to grapple with the twin challenges of rising home prices and mortgage interest rates is beginning to mount. Market competitiveness in last week's MLS data point to tapering buyer demand. As a result, the average weekly inventory of existing single-family homes has grown, and the current batch of active listings has been on the market twice as long as those homes that continue to sell. More sellers are beginning to reduce their asking prices—last week, the share of active listings with price reductions was nearly 30%, up from a trough of 14.9% toward the end of March. In fact, price reductions last week were already higher than

## Affiliated Services

### Property Management:

RST & assoc is Tierra's sister company for property management. RST & assoc manages over 400 buildings, totaling over 4,000 units so far. Properties range from residential homes to multi-family complexes from Hawthorne, to Santa Monica, to West Hollywood, to La Verne. Please contact us for more information.

### Maintenance:

SeaBreeze is Tierra's second sister company for maintenance of multi-family properties.

## Your Local Realtors

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the 2021 peak of 25.8% reached late last winter. There is still a lagged effect on closed sales, which are still benefitting from an initial surge in buyer demand as rates initially started to rise, but the active listing data suggests that close sales will begin to exhibit less competitive behavior in the coming months based on the recent experience of sellers that are currently in the market. Source: CAR.org

### How will the Fed interest rate hike affect you?

The Federal Reserve's move to rein in inflation will affect home mortgages, credit card borrowing, car loans, labor market stability and overall consumption. The goal is to reduce the amount of money in the economy. To control inflation, the Fed has to stop creating so much money. And when it stops creating money, interest rates tend to rise. The Fed's benchmark interest rate hike will affect the minority of households that take out adjustable-rate mortgages or home equity lines of credit, probably increasing their cost to borrow. Mortgage experts said increases in the federal funds rate don't directly affect fixed-rate mortgages, but they can indirectly push fixed mortgage rates higher or lower if Fed actions influence investor thinking about how entrenched inflation is. High inflation has reduced shoppers' purchasing power as price increases ate up any pandemic-related wage boosts. But consumers don't seem to have significantly cut back on spending just yet. That means it might take longer for the Fed's action to translate into a slowdown in consumer demand. Source: Los Angeles Times

### Ten of the best free things to do in L.A.

1. Stroll along the Venice Canal.
2. Three words: Infinity Mirror Rooms. Downtown's persistently popular contemporary art museum has two of Yayoi Kusama's immersive, mirror-laden rooms (reservation require).
3. Hike of picnic at the Hollywood Bowl: As long as the venue isn't holding a performance, you're welcome to park for free and stroll about the grounds as you please.
4. See and be seen hiking at Runyon Canyon in the 160-acre park at the eastern end of the Santa Monica Mountains.
5. Unpack a picnic at the Getty Center (with a marvelous view).
6. Stay into the night and watch the city and sky sparkle from the Griffith Observatory.
7. Step underneath a space shuttle at the California Science Center.
8. Fly a kite by the Korean Bell of Friendship.
9. Find your zen at the 10-acre Lake Shrine.
10. Park free at the beach: Any expanse of sand below the high tide line is open to the public. That's why Westward Beach is our go-to. Source: Timeout.com