

Rising home prices in California concern economists

By Mark Glover, Sacramento Bee

Housing affordability – or more precisely, the increasing lack of it – in California has prompted growing concern among economists and segments of the residential real estate industry.

Sung Won Sohn, a professor of economics at California State University, Channel Islands, said last week that “the average person, especially in the Bay Area and Southern California, is essentially priced out of the market. The only way they can buy a home is with a high-paying job or their parents helping them out.”

Experts say rising home costs in California are the result of a stronger economy, high employment levels, relatively strong buyer demand, and most significant, low inventory of homes for sale.

According to the most recent monthly report by Irvine-based real estate market tracker CoreLogic, the median price of a resale house in Sacramento County in February was \$310,500, up about 11 percent from February 2016. In surrounding counties, prices were significantly higher: \$400,000 in El Dorado County (up 8.4 percent year-over-year) and \$425,000 in Placer (up 3.7 percent). Median sales prices of new homes in February ranged from \$410,750 in Sacramento County to \$493,000 in Placer County to \$540,750 in El Dorado County.

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