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**CA home sales rebound in June, reversing 3 months of declines**

**Source: *Palm Springs Tribune***

**Amid stabilizing home prices and a greater availability of homes for sale, California's housing market rebounded in June, but remained below year-ago levels, the CALIFORNIA ASSOCIATION OF REALTORS® (C.A.R.) said last week. Closed escrow sales of existing, single-family detached homes in California totaled a seasonally adjusted annualized rate of 264,260 in June, according to information collected by C.A.R. from more than 90 local REALTORS® associations and MLSs statewide.**

**June home sales activity rose 4.0 percent from the 254,190 homes sold in May and was down 0.3 percent from a year ago, when 264,960 homes were sold on an annualized basis. June's rebound reversed three consecutive months of sales declines and was only one of two months of sales increases for the first half of 2025. With mortgage rates rising steadily in the last couple of weeks, housing demand will likely remain soft for the month of July. But with more properties on the market and price growth flattening, conditions have become more favorable for prospective buyers who have been waiting on the sidelines to re-enter the market and take advantage of increased negotiating power," said C.A.R. President Heather Ozur. "While the California housing market has not yet fully transitioned to a buyer's market, it is exhibiting increasing signs of being more balanced," said C.A.R. Senior Vice President and Chief Economist Jordan Levine.**

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## CA residents may save big under updated SALT deduction rules

*Source: SF Gate*

Californians have long carried some of the nation's heaviest tax burdens, with many homeowners squeezed by the \$10,000 cap on state and local tax (SALT) deductions. But with Congress approving a \$40,000 cap, a significant portion of the state's homeowners stand to gain meaningful financial relief.

Under the previous cap, 20.2 percent of California homeowners were unable to deduct their full property tax burden. That share will now drop to just 1.8 percent with the expanded limit in place. Cities like San Jose and San Francisco – where over 40 percent of households pay more than \$10,000 in property taxes – will feel the biggest impact.

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## Consumer confidence hits 5-month high despite rising inflation

*Source: Forbes*

Consumer sentiment improved above expectations last month to a five-month high as Americans appear to be less worried about inflation – even as it spiked this month – according to the University of Michigan's monthly survey released Friday, though those polled still see a “substantial risk” inflation could rise in the future. A preliminary reading of the survey was 61.8, above June's reading of 60.7 and slightly above the Dow Jones estimate of 61.4, the strongest sentiment level since February (64.7).

The year-ahead inflation expectations concerns fell for the second-straight month, dropping from 5 percent in June to 4.4 percent in July, while long-term concerns decreased for the third consecutive month from 4 percent in June to 3.6 percent in July, suggesting consumers have become less worried about inflation in recent months. Meanwhile, inflation rose year-over-year to 2.7 percent in June, above average economist estimates of 2.6 percent, while core consumer prices had a 3 percent annual increase. Both the year-ahead and long-term predictions for inflation in the Michigan survey are the lowest since February, but still higher than from December, surveyors noted, indicating consumers “still perceive substantial risk that inflation will increase in the future.”

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**"Lock-in" effect makes it harder to buy homes even if rates fall**

***Source: CNBC***

Most homeowners say they won't buy or sell a home this year, no matter where mortgage rates go. That's according to a new Bankrate survey, which shows 54 percent of U.S. homeowners wouldn't feel comfortable selling at any mortgage rate in 2025, up 12 percentage points from last year. A similar share of homeowners, 51 percent, say they wouldn't feel comfortable buying a new home, either.

The reluctance helps explain why home sales remain historically low, with spring volume tracking at levels last seen in 2009, according to seasonally adjusted data from the National Association of REALTORS. The survey results point to a well-entrenched “lock-in effect,” where homeowners are

unwilling to give up the historically low mortgage rates they secured during the pandemic and take on significantly higher ones today, says Jeff Ostrowsky, real estate analyst at Bankrate.

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### Single-family home construction dips

*Source: Realtor.com*

The construction of new homes scaled back for the month of June as single-family housing starts were at a rate of 883,000, according to the latest data released Friday by the U.S. Census Bureau and the Department of Housing and Urban Development. This is 4.6 percent below the revised May figure of 926,000. The June rate for units in buildings with five units or more was 414,000.

In June, 1,397,000 building permits were issued; housing starts (which represent the beginning of new construction) totaled 1,321,000, and the number of new homes completed stood at 1,314,000. The latest Housing Market Index (HMI) survey from the National Association of Homebuilders (NAHB) revealed that 38 percent of builders reported cutting prices in July – that’s the highest percentage since NAHB began tracking this figure monthly in 2022.

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## Mortgage demand flatlines at low levels, as rates hit 4-week high

**Source: CNBC**

Mortgage rates rose last week to the highest level in four weeks, but mortgage demand didn't really move. Total mortgage application volume increased 0.8 percent last week from the previous week, according to the Mortgage Bankers Association's seasonally adjusted index.

The average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances (of \$806,500 or less) increased to 6.84 percent from 6.82 percent, with points remaining unchanged at 0.62, including the origination fee, for loans with a 20 percent down payment. Applications to refinance a home loan, which are most sensitive to weekly rate moves, fell 3 percent for the week and were 22 percent higher than the same week one year ago, when interest rates were just 2 basis points lower. While the annual jump may seem large, that's only because the volume is so very small. Applications for a mortgage to purchase a home rose 3 percent for the week and were also 22 percent higher than the same week one year ago.

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