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## August 2014 pending and distressed sales report

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For release:  
September 23, 2014

### **California pending home sales retreat again in August; distressed market continues improvement**

LOS ANGELES (Sept. 23) – Diminished housing affordability continued to hold back pending home sales for the fifth straight month in August as rising home prices contributed to a further reduction in the share of distressed home sales, the CALIFORNIA ASSOCIATION OF REALTORS® (C.A.R.) said today.

#### **Pending home sales data:**

- California pending home sales fell in August, with the Pending Home Sales Index (PHSI)\* dropping 4.5 percent from 104.5 in July to 99.8 in August, based on signed contracts. The month-to-month drop was inconsistent with the seasonal trend, which typically shows a slight increase from July to August.
- Pending sales were down 8.7 percent from the 109.3 index recorded in August 2013. The year-over-year decrease was in line with the six-month average of -8.9 percent recorded between February 2014 and July 2014. Pending home sales are forward-looking indicators of future home sales activity, providing information on the future direction of the market.

#### **Distressed housing market data:**

- The share of equity sales – or non-distressed property sales – improved further in August, increasing from 90.3 percent in July to 91 percent in August. Equity sales have been rising steadily since the beginning of this year. Equity sales have made up more than 80 percent of total sales for more than a year and have risen above 90 percent for two straight months. Equity sales made up 84.6 percent of sales in August 2013.
- The combined share of all distressed property sales continued its decline in August, dropping from 9.7 percent in July to 9 percent in August. Distressed sales continued to be down nearly 50 percent from a year ago, when the share was 15.4 percent.
- Twenty-two of the 41 reporting counties showed a month-to-month decrease in the share of distressed sales, with 19 of the counties recording in the single-digits, including Alameda, Contra Costa, Marin, Napa, Orange, San Mateo, Santa Clara, and Sonoma counties — all of which registered a share of five percent or less.

- Of the distressed properties, the share of short sales fell to its lowest level since February 2008, falling to 4.6 percent in August, down from 5.3 percent in July. August's figure was less than half the 10.2 percent recorded in August 2013.
- The share of REO sales fell in August to 4 percent, down from 4.1 percent in July and from 4.8 percent in August 2013.
- August saw an increase in active listings across all property types, especially in short sale properties, which helped to improve housing supply conditions. The Unsold Inventory Index of equity sales edged up from 3.9 months in July to 4.1 months in August, and from 2.5 months in July to 2.8 months in August for REO sales. The supply of short sales rose from 5 months in July to 6 months in August.

**Charts** (click links to open):

- [Pending sales compared with closed sales.](#)
- [Historical trend in the share of equity sales compared with distressed sales.](#)
- [Closed housing sales in August by sales type \(equity, distressed\).](#)
- [Housing supply of REOs, short sales, and equity sales in August.](#)
- [A historical trend of REO, short sale, and equity sales housing supply.](#)
- [Year-to-year change in sales by property type.](#)

### Share of Distressed Sales to Total Sales

(Single-family)

Type of Sale	Aug-14	Jul-14	Aug-13
Equity Sales	91.0%	90.3%	84.6%
Total Distressed Sales	9.0%	9.7%	15.4%
REOs	4.0%	4.1%	4.8%
Short Sales	4.6%	5.3%	10.2%
Other Distressed Sales (Not Specified)	0.3%	0.4%	0.4%
<b>All Sales</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

### Single-family Distressed Home Sales by Select Counties

(Percent of total sales)

County	Aug-14	Jul-14	Aug-13
Alameda	3%	4%	7%
Amador	10%	15%	25%
Butte	7%	8%	13%
Calaveras	8%	10%	NA
Contra Costa	3%	5%	6%
El Dorado	9%	9%	14%
Fresno	15%	17%	29%
Glenn	19%	25%	28%
Humboldt	10%	9%	14%
Kern	10%	12%	21%
Kings	15%	19%	30%
Lake	29%	20%	34%
Los Angeles	8%	9%	15%
Madera	19%	9%	30%
Marin	2%	2%	8%

Mendocino	11%	14%	20%
Merced	14%	9%	24%
Monterey	10%	9%	25%
Napa	5%	9%	16%
Orange	5%	5%	9%
Placer	7%	6%	15%
Plumas	6%	5%	NA
Riverside	11%	13%	20%
Sacramento	12%	12%	20%
San Benito	7%	15%	24%
San Bernardino	15%	15%	24%
San Diego	6%	6%	5%
San Joaquin	14%	14%	25%
San Luis Obispo	8%	5%	11%
San Mateo	1%	2%	3%
Santa Clara	2%	3%	4%
Santa Cruz	7%	7%	13%
Shasta	14%	18%	20%
Siskiyou	18%	11%	37%
Solano	13%	10%	22%
Sonoma	4%	5%	13%
Stanislaus	12%	14%	22%
Sutter	8%	14%	28%
Tulare	19%	18%	28%
Yolo	6%	14%	11%
Yuba	13%	25%	18%
<b>California</b>	<b>9%</b>	<b>10%</b>	<b>15%</b>

NA = not available

\*Note: C.A.R.'s pending sales information is generated from a survey of more than 70 associations of REALTORS® and MLSs throughout the state. Pending home sales are forward-looking indicators of future home sales activity, offering solid information on future changes in the direction of the market. A sale is listed as pending after a seller has accepted a sales contract on a property. The majority of pending home sales usually becomes closed sales transactions one to two months later. The year 2008 was used as the benchmark for the Pending Homes Sales Index. An index of 100 is equal to the average level of contract activity during 2008.

Leading the way...® in California real estate for more than 100 years, the CALIFORNIA ASSOCIATION OF REALTORS® (www.car.org) is one of the largest state trade organizations in the United States with 165,000 members dedicated to the advancement of professionalism in real estate. C.A.R. is headquartered in Los Angeles.

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