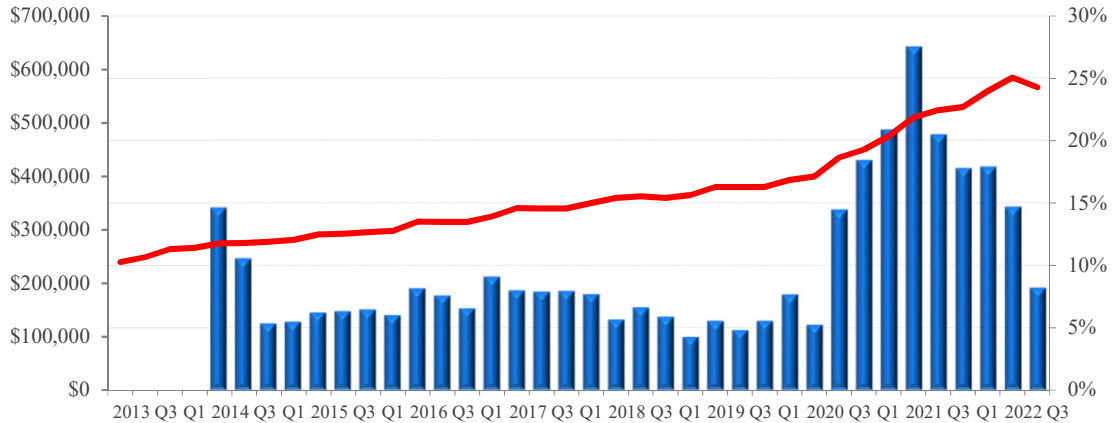


# Riverside-San Bernardino-Ontario Area

## Local Market Report, Third Quarter 2022

### Today's Market...

**Median Price (Red Line) and One-year Price Growth**



Local Price Trends			
Price Activity	Riverside	U.S.	Local Trend
Current Median Home Price (2022 Q3)	\$567,000	\$391,467	Prices are up from a year ago, but price growth is slowing
1-year (4-quarter) Appreciation (2022 Q3)	8.2%	8.6%	
3-year (12-quarter) Appreciation (2022 Q3)	49.2%	41.4%	
3-year (12-quarter) Housing Equity Gain*	\$187,000	\$114,567	Gains in the last 3 years have extended the trend of positive price growth after the recession
7-year (28 quarters) Housing Equity Gain*	\$274,200	\$164,133	
9-year (36 quarters) Housing Equity Gain*	\$317,900	\$184,600	

\*Note: Equity gain reflects price appreciation only

	Riverside	U.S.	
<b>Conforming Loan Limit**</b>	\$726,200	\$1,089,300	Not all buyers have access to government-backed financing in this market
<b>FHA Loan Limit</b>	\$644,000	\$1,089,300	
<b>Local Median to Conforming Limit Ratio</b>	78%	not comparable	

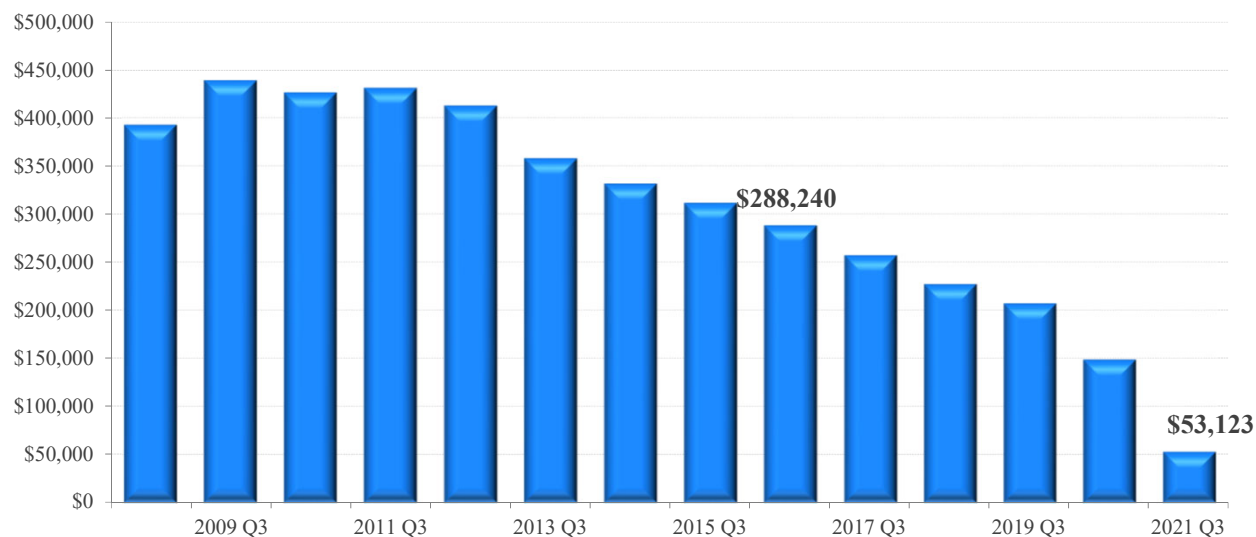
Note: limits are current and include the changes made on January 1st 2023.

#### Local NAR Leadership

The Riverside-San Bernardino-Ontario market is part of region 13 in the NAR governance system, which includes all of California, Hawaii, and Guam. The 2022 NAR Regional Vice President representing region 13 is Shannon King.

## Benefits of Ownership: Total Equity Appreciation

### Total Equity Accrued to Owner by Year and Quarter of Purchase



#### Total Equity Gained\*\* through 2022 Q3 from quarter in which home was of purchased

Price Activity	Riverside	U.S.	Local Trend
1-year (4-quarter)	\$53,123	\$38,029	Price appreciation and principle payments in the last 3 years have boosted total equity growth since the recession
3-year (12-quarter)*	\$207,054	\$129,179	
5-year (20-quarter)*	\$257,138	\$160,886	
7-year (28 quarters)*	\$311,565	\$193,144	
9-year (36 quarters)*	\$357,902	\$217,820	

\*Note: Equity gain reflects price and principle payments since purchase, prevailing 30-year fixed rate mortgage at time of purchase and a 10% downpayment. Downpayment is not included in total equity

# Drivers of Local Supply and Demand...

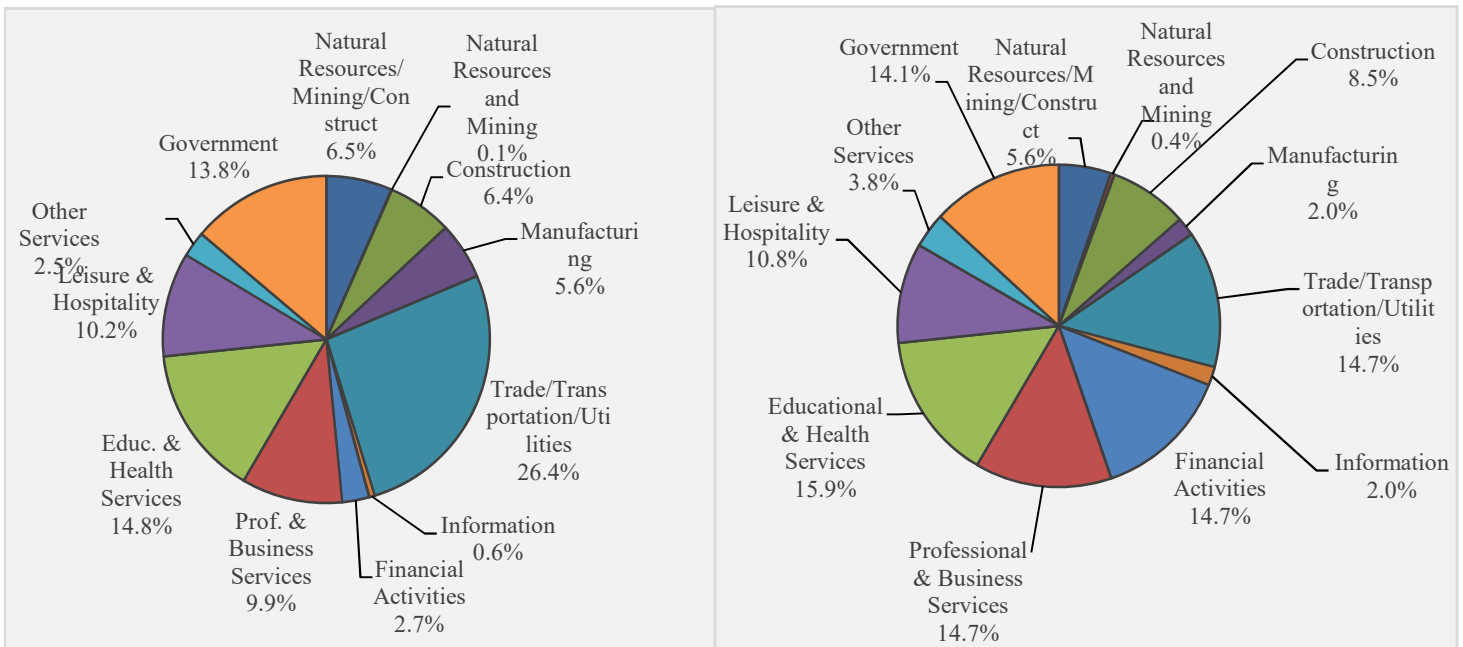


Local Economic Outlook	Riverside	U.S.	
12-month Job Change (Sep)	91,800	Not Comparable	Employment has held up and is on an upward trend
12-month Job Change (Aug)	87,800	Not Comparable	
36-month Job Change (Sep)	117,900	Not Comparable	Riverside's unemployment rate lags the national average, but has improved relative to the same period last year
Current Unemployment Rate (Sep)	3.9%	3.5%	
Year-ago Unemployment Rate	6.4%	4.7%	Local employment growth is strong compared to other markets
1-year (12 month) Job Growth Rate	5.8%	4.3%	

## Share of Total Employment by Industry

Riverside-San Bernardino-Ontario Area

U.S.



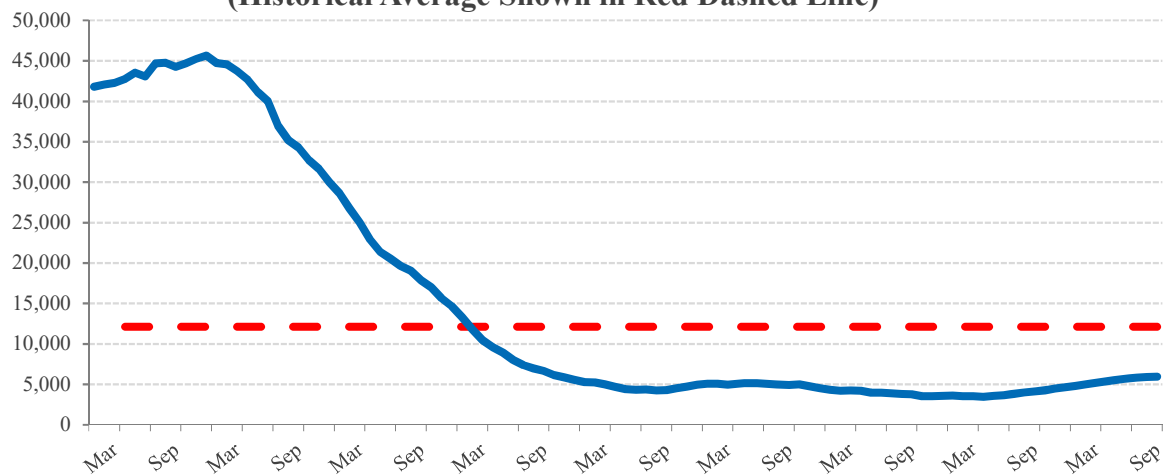
### 12-month Employment Change by Industry (Sep - 2022)

Goods Producing	NA	Information	0
Natural Resources/Mining/Construction	2,700	Financial Activities	1,000
Natural Resources and Mining	-100	Prof. & Business Services	9,600
Construction	2,800	Educ. & Health Services	10,600
Manufacturing	4,200	Leisure & Hospitality	18,200
Service Providing Excluding Government	NA	Other Services	-1,100
Trade/Transportation/Utilities	31,900	Government	10,700

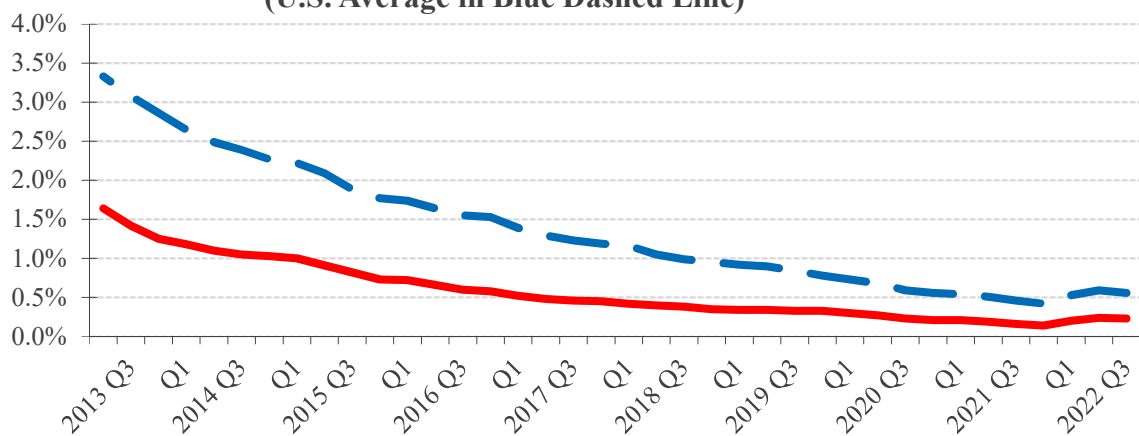
State Economic Activity Index	California	U.S.	
12-month change (2022 - Sep)	8.5%	4.9%	California's economy is stronger than the nation's, but slowed from last month's 9.27% change
36-month change (2022 - Sep)	9.9%	5.2%	

New Housing Construction			
Local Fundamentals	Riverside	U.S.	
12-month Sum of 1-unit Building Permits through Sep	5,949	not comparable	The current level of construction is 50.9% below the long-term average
8-year average for 12-month Sum of 1-Unit Building Permits	12,125	not comparable	Reduced construction will limit new supply to the market, allowing demand to catch up with inventory more quickly
Single-Family Housing Permits (Sep) 12-month sum vs. a year ago	43.8%	-7.7%	Construction is on the rise relative to last year, suggesting that the local inventory has stabilized

**Construction: 12-month Sum of Local Housing Permits**  
(Historical Average Shown in Red Dashed Line)

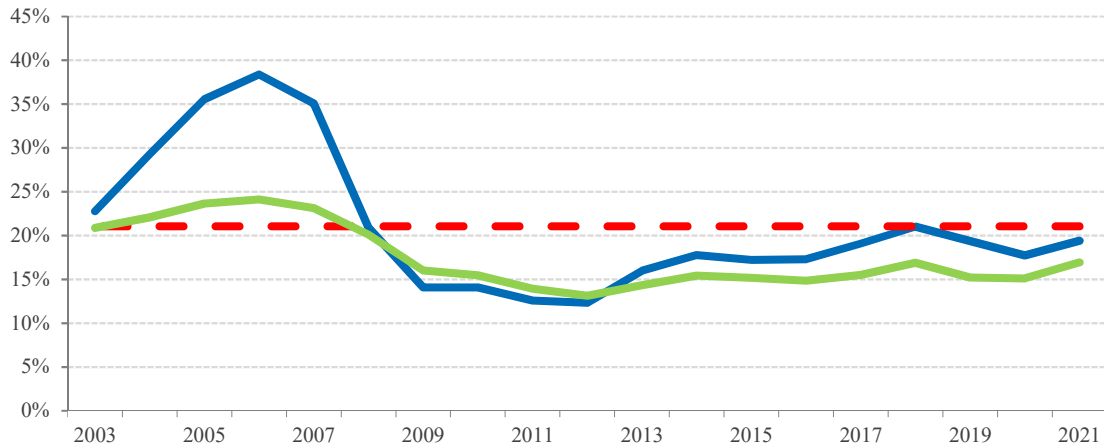


**State Total Foreclosure Rate vs. U.S Average**  
(U.S. Average in Blue Dashed Line)



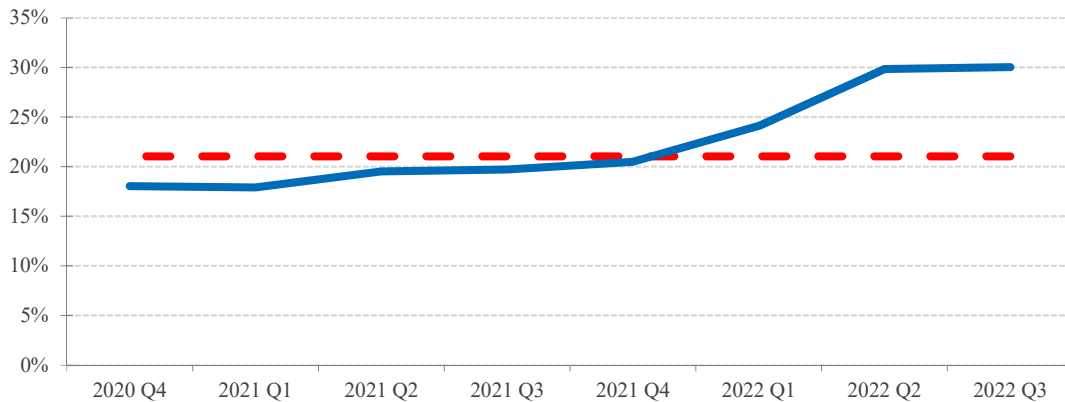
# Affordability

**Long-Term Trend: Ratio of Local Mortgage Servicing Cost to Income**  
(Local Historical Average Shown in Red, U.S. Average in Green)

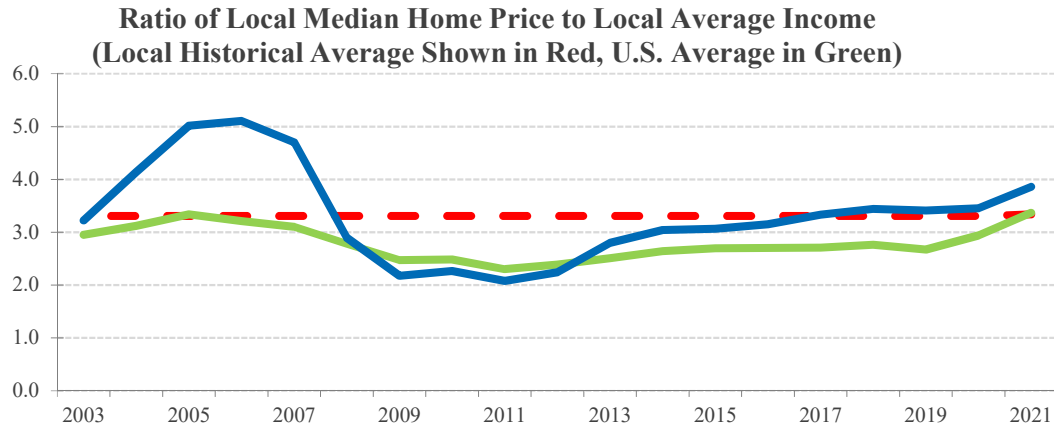


Monthly Mortgage Payment to Income	Riverside	U.S.	
Ratio for 2021	19.4%	16.9%	Weak by local standards and could weigh on demand
Ratio for 2022 Q3	30.0%	24.4%	
Historical Average	21.1%	18.1%	Weaker affordability than most markets

**Recent Trend - Local Mortgage Servicing Cost to Income**  
(Historical Average Shown in Red Dashed Line)



Median Home Price to Income	Riverside	U.S.	
Ratio for 2021	3.9	3.4	The price-to-income ratio is high by historic standards and getting worse
Ratio for 2022 Q3	4.4	3.6	
Historical Average	3.3	2.7	Less affordable than most markets



## The Mortgage Market



Mortgage rates continued their upward trek in the third quarter of the year. Due to elevated inflation, the Federal Reserve raised twice its short-term interest rates by 75 basis points each time. While both rising inflation and higher interest rates typically move up mortgage rates, the 30-year fixed mortgage rate surpassed the 6.5 percent threshold moving closer to 7 percent. According to the mortgage finance provider Freddie Mac, the 30-year fixed mortgage rate rose to 5.6 percent in Q3 2022 from 2.9 percent a year earlier. As long as inflation remains elevated, mortgage rates will continue to rise. NAR forecasts the 30-year fixed mortgage rate to average 6.5 percent at the end of the year.

## Geographic Coverage for this Report

The Riverside area referred to in this report covers the geographic area of the Riverside-San Bernardino-Ontario metro area as officially defined by the Office of Management and Budget of the U.S. Government. The official coverage area includes the following counties:

Riverside County and San Bernardino County

More information on the OMB's geographic definitions can be found at [https://obamawhitehouse.archives.gov/omb/bulletins\\_default/](https://obamawhitehouse.archives.gov/omb/bulletins_default/)

