Californians Take Largest Losses on Residential Real Estate Over Past Year

May 30, 2023 - It is no secret that California's real estate prices are among the highest in the nation. So it only stands to reason that when real estate prices start to fall, California homeowners are going to take a few lumps. A new survey from Redfin is quantifying this. Of the ten markets nationwide that have seen the largest reduction in home prices over the past year, three of them are in the Golden State.

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San Francisco, Oakland and Los Angeles are among the top ten markets for loss in home values. And San Francisco and Oakland are actually the two areas where homeowners have lost the most in terms of dollar equity in the country. Over the past twelve months, the median price of a home in Oakland has dropped by more than $174,000. But even that isn't as bad as San Francisco, where the median price of a home is down by $220,000. Los Angeles, on the other hand, has only seen the median price of a home drop by a paltry $70,000.

In terms of percentage price drops, Oakland leads the nation. Median home prices there are down by 16.1% year over year. Austin, Texas and Boise, Idaho take the number two and three spots for percentage price reductions at 15.3% and 15.1% respectively. While San Francisco saw the greatest losses in dollar terms, prices there were only down by 13.4%.

These trends are not likely to reverse as long as the FED continues to raise interest rates. And frankly, what is happening in California isn't simply because of interest rates. High crime, high taxes, a high cost of living and an unfriendly business regulatory environment are also contributing factors. California has lost more residents over the past year than any other state largely due to these issues. So even if interest rates do come down, California could continue to see property values negatively impacted.
by Jim Malmberg
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