SALES ACTIVITY

Institutional sales have displayed a firmer tone than the general market. Sales as a percentage of properties available for sale (available for sale being the number at the beginning of the year plus acquisitions during the year) have not fallen below 44% in each of the years 1936-1938 and the ratio for the first 5 months of 1939 indicates a continuance of this annual rate (see table below). That the preceding percentages are good is due to increase in population resulting in greater demand for housing, and to the willingness of institutions to take any reasonably fair price for their owned real estate. However, the number of parcels sold each year has declined rapidly (see Chart 6 on page 24) because of the decreasing supply of institutional holdings, and because of the increasing adverse effect on the sale and price of used houses in general from competition of newly built dwellings.

RESIDENTIAL REAL ESTATE SALES BY INSTITUTIONS

<table>
<thead>
<tr>
<th>YEAR</th>
<th>AVERAGE BOOK VALUE OF PROPERTIES OWNED*</th>
<th>AVERAGE PRICE OF PROPERTIES SOLD**</th>
<th>PROPERTIES SOLD AS A % OF TOTAL AVAILABLE FOR SALE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1936</td>
<td>$4,980</td>
<td>$3,660</td>
<td>44%</td>
</tr>
<tr>
<td>1937</td>
<td>5,920</td>
<td>4,150</td>
<td>48%</td>
</tr>
<tr>
<td>1938</td>
<td>6,900</td>
<td>4,530</td>
<td>44%</td>
</tr>
<tr>
<td>1ST 5 MOS. 1939</td>
<td>7,530</td>
<td>4,700</td>
<td>27%</td>
</tr>
</tbody>
</table>

* Properties owned at close of year
** Properties sold during the year

Liberally interpreted sales terms and policies have been instrumental in the heavy sales by institutions. Terms for sales under trust deeds (not strictly observed) usually require a down payment of 10-30% with interest of 5-7.2% on the balance, and monthly payments ranging from $6.60-$12.50. Land contract sales (seldom used in Los Angeles except by the state operated California Veteran Welfare Board and a few state-chartered building and loan associations) usually require 5-15% down payment with interest from 5-7.2%, and monthly payments of $8-$10. Properties sold by private institutions are seldom fully reconditioned before listing, necessary repairs and a moderate amount of "appearance" decorating representing the extent to which most institutions will go. (For detailed terms by institutional sellers, please refer to the tables at the close of the summary).

REAL ESTATE PRICES AND TRENDS

Current market prices for dwellings built prior to 1930 average 65-75% of 1929 levels. Present price levels represent an advance of 15-20% from 1935, the first post depression year in which there was any appreciable degree of market activity evidenced. Nearly all of this increase occurred between 1935 and 1937, increases since 1937 being scattered and of negligible amount. The current trend of prices for used dwellings is static to downward, competition from new construction, lack of sustained economic recovery, increasing vacancy and declining rentals all underlying this trend. The trend of selling prices for newly constructed dwellings is also downward as a result of the heavy increases in the supply of new dwellings with a slackening of demand on the one hand, and, on the other, decreasing rents, concessions to tenants, and lowered prices on used dwellings are eating into the potential demand for new housing. Decreasing construction costs locally and somewhat lowered lot prices are also influencing favorably the asking prices of new dwellings.

OVERHANG OF HOME PROPERTIES

Residential real estate accounts of local institutions have never assumed the proportions found in other sections of the country. At peak levels owned residential real estate equalled but 11% and 21% respectively of the number and amount of residential mortgage accounts. The reasons for this unusual condition may be ascribed to the following factors: relative stability of local payrolls, heavy numerical population increases, and the refinancing activities of the HOLC in the area, this agency having refinanced 21% more distressed homes in the community than the average for the country as a whole and a greater ratio locally than in all but 3 of the 12 major metropolitan areas in the United States.

Overhang of home properties is certainly no problem at the present time, the total owned by all institutions, exclusive of the HOLC and other government agencies, as of May 31, 1939 (2,454