

GOLD NUGGETS OF HOUSING DYNAMICS, DATA INTEGRITY, AND AI REALITIES

Interviewee: Oscar Wei

Interview: BTS 14

A Generational Perspective on Housing Dynamics, Data Integrity, and AI Realities

Profile of the Interviewee

Oscar Wei is the Senior Vice President and Chief Economist at the California Association of REALTORS® (C.A.R.), recognizing him as one of the nation's premier authoritative voices on housing economics. Boasting over two decades of experience spanning multiple critical market disruptions—including the 2008 Great Recession, the COVID-19 pandemic, and subsequent historical interest rate fluctuations—Wei specializes in translating complex macroeconomic variables into practical data systems. Renowned for his unwavering commitment to data integrity, he advocates for the strict verification of raw primary source data. As an optimistic but highly pragmatic adopter of emerging technologies, Wei blends deep cyclical expertise with modern AI applications, emphasizing that advanced software must always be filtered through proven human judgment.

Macroeconomic Realities and Market Cycle Dynamics

- **Long-Term Appreciation is Structural:** Over historical horizons of 5, 10, and 20 years, real estate values in supply-constrained regions consistently rise. Every time market observers predict a terminal "top," asset prices have historically surpassed their previous peaks while failing to return to prior cyclical lows.
- **The Slower Climb Out of the Cyclical Trough:** While the regional housing market has officially moved past its technical bottom, it remains in the early, grinding phases of recovery (estimated at 10% to 15% out of the trough) rather than experiencing a full-scale normalization. Near-term price appreciation is projected to moderate to 1–2% annually, moving away from the dramatic 6–10% spikes seen in past decades.
- **Disrupting the Noise by Zooming Out:** Short-term data windows spanning 6 to 12 months create analytical noise and consumer panic. Evaluating 5-to-10-year

macroeconomic trends yields clear, actionable signals for wealth preservation and strategic asset acquisition.

- **State Metrics Obscure Hyper-Local Realities:** Macroeconomic data points presented at a state-wide level often flatten crucial regional disparities. For example, core metropolitan centers frequently demonstrate rapid economic resilience following a downturn, whereas peripheral counties can take over a decade longer to experience legitimate asset value recovery.

Interest Rate Psychology and Affordability Truths

- **The Paradigm Shift on Interest Rates:** The 54-year historical average for a U.S. mortgage rate is roughly 7.7%. The sub-5% lending environments observed between 2011 and 2021 represent a historical anomaly that distorted the consumer reference frame; a 6% to 6.5% rate environment is closer to the standard economic baseline.
- **The Rate-vs.-Wealth Tradeoff:** Waiting indefinitely for interest rates to plunge back down to 3% is counterproductive. Historically, rates only hit those floors during moments of extreme economic collapse—conditions that would simultaneously slash investor stock portfolios in half.
- **The Property Decision vs. The Financing Decision:** Experienced practitioners advise decoupling the asset acquisition decision from the cost of debt. If an investor finds an ideal property that fits long-term needs, they should purchase it immediately and optimize the financing via refinancing when macroeconomic lending conditions eventually ease.
- **Dismantling the 20% Down Payment Myth:** A pervasive consumer misconception revealed in tenant surveys is the false belief that a 20% down payment is an absolute legal or structural prerequisite to purchasing a home. Real estate professionals can unlock dormant buyer pools by actively educating clients on low-down-payment pathways (3% to 10%), local grants, and specialized first-time buyer assistance programs.

Structural Supply Deficits and Demographic Shifts

- **A Multi-Decade Inventory Crisis:** High property values are heavily reinforced by a 40-year structural housing supply deficit driven by strict regulatory barriers, zoning limits, environmental mandates (such as CEQA), and localized NIMBYism. Because

these core policy frictions have not materially changed, long-term upward pressure on home prices remains fundamentally baked into the market.

- **The Illusion of Regional Affordability Statistics:** Affordability metrics can become highly misleading when higher-income workers move from expensive coastal hubs into inland markets. While this migration pattern causes the statistical median income of the inland region to rise, it masks the reality that native local residents are locked out of their own market by incoming wealth.
- **The Housing Inventory "Lock-In" Effect:** Millions of current homeowners secured historically low fixed mortgage rates between 2.5% and 3.5%. This dynamic creates a persistent inventory freeze, as these owners refuse to list their properties unless absolutely forced to by major life changes, keeping overall sales volumes low.
- **Multifaceted Realities of Human Migration:** Relocation patterns cannot be simplified into a basic financial spreadsheet. Population movements are deeply personal and are dictated by non-financial variables, including lifestyle preferences, family proximity, remote work recalls, tax structures, and cultural alignment.

The Rental Landscape and Regulatory Interventions

- **The Multifamily Supply Wave and Pent-Up Demand:** A massive wave of multifamily construction initiated during the pandemic has hit the market, elevating vacancy rates and temporarily flattening rent growth. However, underneath this temporary supply absorption sits massive pent-up demand from adults currently doubling up or living with family who will enter the market independently as wages adjust.
- **The Unintended Backfire of Rent Control:** Economists generally agree that rent control policies do not solve systemic affordability crises. Instead of alleviating market pressure, capping rents typically causes investment capital to exit, prompts landlords to convert units to alternate uses, reduces total long-term housing supply, and causes dramatic rent spikes in surrounding, uncontrolled zones.

Data Purism, Technology, and Artificial Intelligence

- **The Imperative for Non-Revisionary Data:** Major commercial real estate aggregators frequently re-benchmark, backdate, and quietly alter their historical pricing estimates. To counter this, market analysts must practice "data purism"—downloading direct, raw data feeds straight from local MLS systems to establish accurate, unmanipulated trend models.

- **AI as a Force-Multiplier for Synthesis, Not Retrieval:** Artificial intelligence tools excel at transforming weeks of manual research into minutes of thematic synthesis, report drafting, and presentation design. However, because AI engines are prone to confidently fabricating statistics, census figures, and hyper-local data points, they should never be trusted as primary databases.
- **The Experience-Driven "Taste Test":** The ultimate competitive edge in an automated landscape is domain-specific expertise. Real estate professionals must run all AI outputs through a personal experience filter—checking underlying primary sources the moment a generated number appears contextually misaligned.
- **The Human Advisory Advantage:** While technological advancement has streamlined basic transaction logistics (such as digital smart locks and immediate listing search), the human element remains completely irreplaceable. Because home purchases are expensive and emotionally complex, human experts are vital for navigating the subjective, high-stakes variables of negotiation, local sentiment, and risk tolerance.