

# THE *Orange County* HOUSING REPORT

## REPORTS ON HOUSING

### Orange County Housing Report: Slim Pickens

June 18, 2017

Good Afternoon!

For years now the Orange County housing inventory has been low, but this year it is more pronounced.



**Low Supply: The active listing inventory has been down all year and it is currently off by 14% compared to 2016.**

Whew! It is tough to be a buyer looking for a home in today's market. The biggest complaint has to be that there are simply not enough choices. In fact, nearly 1,200 fewer homes have come on the market so far this year compared to last year. The active inventory currently sits at 5,905 homes; that is 14% fewer than the 6,868 that were available last year.

The trend of fewer homes hitting the market dates back to the beginning of the Great Recession, 2008. Ever since then, fewer and fewer homeowners have placed a FOR SALE sign in their yard. This trend is nothing close to a blip on the radar screen. Something happened to everybody's collective psyche during the drawn out and bruising recession. Homeowners are staying put.

This year has been off from last year, averaging 222 fewer homes placed on the market each month. As the half way point for the 2017 housing market rapidly approaches, the slower pace has added up. Buyers who have been working hard to secure a home without any luck can attest to the need for additional choices. Yet, the 222 year over year difference is nothing compared to the number of homes on the market during the first decade of the 2000's. In 2006, there were 2,239 additional homes FOR SALE coming on each and every month. That added up to an additional FOR SALE sign in just about every neighborhood on a monthly basis.

	# Homes Placed on the Market*	Compared to 2017	Difference Per Month Compared to 2017
2017	20,140		
2016	21,362	6%	222
2015	20,860	4%	131
2014	20,368	1%	41
2013	19,312	-4%	-151
2012	19,362	-4%	-141
2011	22,578	12%	443
2010	23,949	19%	693
2009	21,521	7%	251
2008	26,084	30%	1,081
2007	30,471	51%	1,878
2006	32,454	61%	2,239
2005	27,188	35%	1,281
2004	29,227	45%	1,652
2003	26,952	34%	1,239
2002	26,294	31%	1,119
2001	28,887	43%	1,590
2000	27,252	35%	1,293

\* Through June 15

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Price is determined by supply and demand. Just for kicks, imagine that demand remained the same. When the same number of buyers are interested in purchasing a home, yet the supply drops considerably, the highest bidder wins. As a result, prices rise. Essentially, that is what has happened over the past five years. In 2012, demand spiked; however, there were not enough homes on the market to satiate the voracious appetite for buyers to buy. Home values have been on the rise ever since.

In past housing run-ups, homeowners have been encouraged and enticed to join the fray, eager to cash in on the market and make a move. That has not been the case during the current five year run. Homeowners have not been tempted to sell like they did from 2000 through 2007.

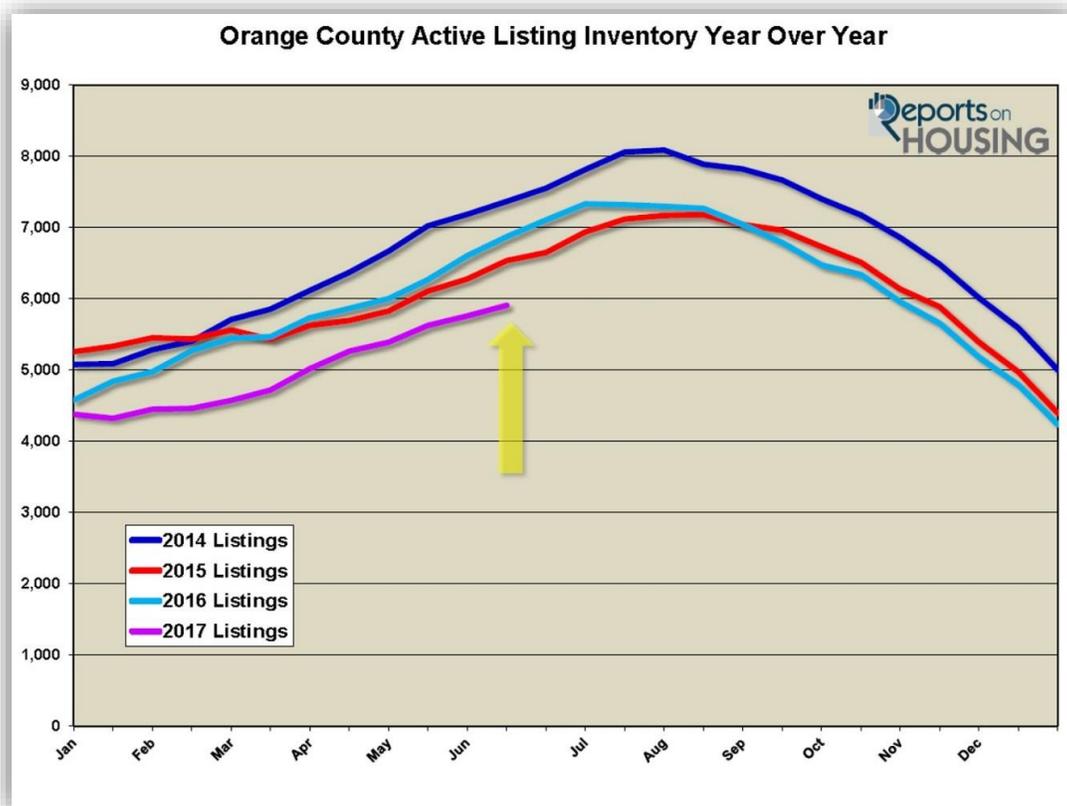
**ADVICE FOR BUYERS: be realistic out of the gate.** Don't delay in pulling the trigger to write an offer to purchase a home. You do not have to overpay, especially now that the housing has transitioned into the Summer Market. Offer the **FAIR MARKET VALUE** for a home. Most of all, pack your patience.

**ADVICE FOR SELLERS: be realistic out of the gate.** Far too many seller hit the market overpriced. The market has been on the rise, but it does a majority of its annual appreciation during the Spring Market. Homes appreciate at a much slower rate for the rest of the year. Orange County detached housing values have been increasing at a pace of about 5% per YEAR. That is 365 days, not 30 days. So, price accordingly. A wise strategy is to price a home at its **FAIR MARKET VALUE**. The better the price, the more activity that is generated. Multiple offers drive the sales price up.

**Active Inventory:** The active inventory increased by 3% in the past couple of weeks.

The active listing inventory added an additional 148 homes in the past two-weeks, a 3% increase, and now sits at 5,905. Within the next couple of weeks, the inventory will eclipse the 6,000 home mark. Last year that occurred at the start of May.

We can expect the inventory to continue to rise throughout the Summer Market until it reaches a peak somewhere around mid-August. From there, the market will transition into the Autumn Market, from mid-August through Thanksgiving, with fewer homes coming on the market with both the spring and summer in the rearview mirror.



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Last year at this time, there were 6,868 homes on the market, 16% more than today.

**Demand:** Demand increased by 1% in the past couple of weeks.

Demand, the number of homes placed into escrow within the prior month, increased by 33 pending sales in the past two weeks and now totals 2,937, a 1% increase. Demand is off the most in the entry-level market, homes priced below \$500,000. With 23% fewer homes that have been placed on the market so far this year below \$500,000, demand is now off by 21%. This market has been underperforming all year due to a real lack of inventory.

We can expect demand to drop slightly from now through the end of the Summer Market.

Last year at this time, there were 52 more pending sales totaling 3,989, or 2% more. The expected market time increased from 59 to 60 days in the past couple of weeks. At 60 days, the market is no longer a HOT seller's market, but a tepid seller's market with muted appreciation. Last year it was at 69 days.

**Luxury End:** *Luxury demand increased by 6% in the past couple of weeks while the inventory grew by 2%.*

In the past two weeks, demand for homes above \$1.25 million increased from 351 to 371 pending sales, a 6% increase and nearly the same level as a month ago. The luxury home inventory increased from 1,981 homes to 2,011, up 2%. Even with the increase in demand, the luxury market is NOT a robust seller's market, taking months in order to find success.

For homes priced between \$1.25 million and \$1.5 million, the expected market time decreased from 108 to 96 days. For homes priced between \$1.5 million to \$2 million, the expected market time increased from 144 to 148 days. In addition, for homes priced above \$2 million, the expected market time decreased slightly from 256 days to 253 days. At 253 days, a seller would be looking at placing their home into escrow around the end of February of next year.

	Expected Market Time	Share of Housing Inventory	Share of Current Demand	Last Year
O.C. \$0-\$750k	39 Days	39%	61%	45 Days
O.C. \$750k-\$1m	53 Days	18%	20%	74 Days
O.C. \$1m-\$1.25m	84 Days	9%	6%	119 Days
O.C. \$1.25m-\$1.5m	96 Days	8%	5%	119 Days
O.C. \$1.5m-\$2m	148 Days	9%	4%	153 Days
O.C. \$2m+	253 Days	17%	4%	249 Days

### Orange County Housing Market Summary:

- The active listing inventory increased by 148 homes, or 3%, in the past couple of weeks, and now totals 5,905, knocking on the door of the 6,000 home level. Last year, there were 6,868 homes on the market, 963 more than today.
- There are 35% fewer homes on the market below \$500,000 today compared to last year at this time and demand is down by 21%. Fewer and fewer homes and condominiums are now priced below \$500,000. This price range is slowly disappearing.

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- Demand, the number of pending sales over the prior month, increased by 1% in the past couple of weeks, adding 33 pending sales and now totals 2,937. The average pending price is \$845,004.
- The average list price for all of Orange County remained at \$1.6 million. This number is high due to the mix of homes in the luxury ranges that sit on the market and do not move as quickly as the lower end.
- For homes priced below \$750,000, the market is HOT with an expected market time of just 39 days. This range represents 39% of the active inventory and 61% of demand.
- For homes priced between \$750,000 and \$1 million, the expected market time is 53 days, a hot seller's market (less than 60 days). This range represents 18% of the active inventory and 20% of demand.
- For homes priced between \$1 million to \$1.25 million, the expected market time is at 84 days, a tepid seller's market.
- For luxury homes priced between \$1.25 million and \$1.5 million, the expected market time decreased from 108 to 96 days. For homes priced between \$1.5 million to \$2 million, the expected market time increased from 144 to 148 days. For luxury homes priced above \$2 million, the expected market time decreased from 256 to 253 days.
- The luxury end, all homes above \$1.25 million, accounts for 34% of the inventory and only 13% of demand.
- The expected market time for all homes in Orange County increased from 59 days to 60 in the past couple of weeks, changing from a hot seller's market to a tepid seller's market (60 to 90 days). From here, we can expect the market time to slowly rise throughout the Summer Market.
- Distressed homes, both short sales and foreclosures combined, make up only 1.2% of all listings and 2.1% of demand. There are only 25 foreclosures and 46 short sales available to purchase today in all of Orange County, that's 71 total distressed homes on the active market, 5 fewer than two weeks ago. Last year there were 138 total distressed sales, 94% more than today.
- There were 3,147 closed sales in May, an 18% increase over April 2017 and a 4% increase over May 2016. The sales to list price ratio was 97.8% for all of Orange County. Foreclosures accounted for just 1.1% of all closed sales and short sales accounted for 1.7%. That means that nearly 97.2% of all sales were good ol' fashioned equity sellers.

Have a great week.

Sincerely,  
**Steven Thomas**  
Quantitative Economics and Decision Sciences

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	Current Actives	Dem and (Last 30 Days Pendings)	Market Time (In Days)	2-Weeks Ago	4-Weeks Ago	1-Year Ago	2-Years Ago	Average Active List Price
	6/15/2017		6/15/2017	6/1/2017	5/18/2017	6/16/2016	6/18/2015	6/15/2017
Aliso Viejo	78	82	29	26	33	34	36	\$691k
Anaheim	215	116	56	44	40	45	47	\$595k
Anaheim Hills	116	76	46	44	57	76	74	\$1.1m
Brea	81	33	74	59	37	68	36	\$897k
Buena Park	82	65	38	49	48	43	59	\$666k
Corona Del Mar	118	25	142	158	169	321	160	\$3.8m
Costa Mesa	150	85	53	47	49	66	49	\$929k
Coto De Caza	101	23	132	102	70	92	232	\$2.2m
Cypress	50	51	29	33	40	29	58	\$771k
Dana Point	225	49	138	128	122	140	102	\$2.9m
Dove Canyon	25	11	68	52	98	162	155	\$1.1m
Foothill Ranch	16	27	18	38	51	48	41	\$787k
Fountain Valley	37	53	21	28	33	47	35	\$802k
Fullerton	187	111	51	45	38	51	54	\$826k
Garden Grove	119	85	42	37	30	43	52	\$603k
Huntington Beach	306	174	53	59	56	60	58	\$1.2m
Irvine	576	239	72	74	62	79	73	\$1.4m
La Habra	64	69	28	48	36	41	43	\$659k
La Palma	17	6	85	41	43	20	38	\$706k
Ladera Ranch	119	65	55	60	76	55	52	\$1.4m
Laguna Beach	247	31	239	237	168	219	179	\$5.4m
Laguna Hills	98	37	79	53	61	79	64	\$1.3m
Laguna Niguel	228	105	65	70	78	87	74	\$1.5m
Laguna Woods	148	185	24	47	60	64	75	\$334k
Lake Forest	88	70	38	37	29	44	27	\$678k
Los Alamitos	9	12	23	47	35	43	113	\$919k
Mission Viejo	215	137	47	38	43	45	42	\$787k
Newport Beach	349	83	126	141	113	153	104	\$3.2m
Newport Coast	103	14	221	324	232	184	170	\$6.0m
North Tustin	78	39	60	91	138	70	*	\$1.7m
Orange	171	125	41	37	36	65	46	\$886k
Placentia	60	46	39	37	39	42	43	\$623k
Portola Hills	12	13	28	30	48	60	18	\$872k
Rancho Mission Viejo	23	7	99	130	99	67	43	\$795k
Rancho Santa Marg.	79	63	38	40	34	41	*	\$616k
Rossmoor	31	9	103	67	68	*	*	\$1.3m
San Clemente	273	87	94	95	87	112	83	\$1.8m
San Juan	148	52	85	43	98	114	99	\$1.9m
Santa Ana	201	109	55	49	45	55	56	\$566k
Seal Beach	115	55	63	46	41	88	56	\$544k
Stanton	14	18	23	20	20	63	49	\$718k
Talega	46	24	58	98	90	98	73	\$1.3m
Tustin	112	75	45	48	49	58	61	\$1.0m
Villa Park	24	10	72	55	60	105	840	\$1.8m
Westminster	48	49	29	33	38	62	60	\$679k
Yorba Linda	225	94	72	76	80	72	131	\$1.4m
All of O.C.	5,905	2,937	60	59	58	69	63	\$1.6m

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### Attached Homes

	Current Actives 6/15/2017	Dem and (Last 30 Days) Pendings	Market Time (In Days) 6/15/2017	2-Weeks Ago 6/1/2017	4-Weeks Ago 5/18/2017	1-Year Ago 6/16/2016	2-Years Ago 6/18/2015	Average Active List Price 6/15/2017
All of O.C.	1,760	1,116	47	46	45	57	54	\$701k
O.C. \$0-\$250k	106	81	39	39	43	49	53	\$186k
O.C. \$250k-\$500k	663	561	35	34	31	43	43	\$395k
O.C. \$500k-\$750k	555	360	46	48	52	67	59	\$615k
O.C. \$750k-\$1m	203	66	92	85	80	112	100	\$866k
O.C. \$1m+	237	51	139	132	106	148	154	\$1.8m

Current Actives Vacant **31.8%**

### Detached Homes

	Current Actives 6/15/2017	Dem and (Last 30 Days) Pendings	Market Time (In Days) 6/15/2017	2-Weeks Ago 6/1/2017	4-Weeks Ago 5/18/2017	1-Year Ago 6/16/2016	2-Years Ago 6/18/2015	Average Active List Price 6/15/2017
All of O.C.	4,133	1,819	68	67	65	76	68	\$3.0m
O.C. \$0-\$500k	87	91	29	30	20	34	34	\$445k
O.C. \$500k-\$750k	902	692	39	37	36	40	39	\$652k
O.C. \$750k-\$1m	873	540	49	50	52	70	71	\$879k
O.C. \$1m-\$1.25m	451	174	78	68	63	118	100	\$1.1m
O.C. \$1.25m-\$1.5m	389	126	93	103	97	118	100	\$1.4m
O.C. \$1.5m-\$2m	497	101	148	150	171	148	145	\$1.8m
O.C. \$2m-\$4m	606	88	207	211	195	203	215	\$2.8m
O.C. \$4m+	353	17	623	443	356	489	455	\$9.2m

Current Actives Vacant **21.2%**

### All Homes

	Current Actives 6/15/2017	Dem and (Last 30 Days) Pendings	Market Time (In Days) 6/15/2017	2-Weeks Ago 6/1/2017	4-Weeks Ago 5/18/2017	1-Year Ago 6/16/2016	2-Years Ago 6/18/2015	Average Active List Price 6/15/2017
All of O.C.	5,905	2,937	60	59	58	69	63	\$1.6m
O.C. \$0-\$500k	858	733	35	34	31	43	42	\$373k
O.C. \$500k-\$750k	1,462	1,052	42	41	41	47	44	\$638k
O.C. \$750k-\$1m	1,079	606	53	54	55	74	74	\$876k
O.C. \$1m-\$1.25m	524	188	84	71	65	119	103	\$1.1m
O.C. \$1.25m-\$1.5m	440	138	96	108	90	119	103	\$1.4m
O.C. \$1.5m-\$2m	552	112	148	144	162	153	151	\$1.8m
O.C. \$2m-\$4m	657	102	193	215	204	201	224	\$2.8m
O.C. \$4m+	362	19	572	402	330	476	446	\$9.1m

Current Actives Vacant **24.3%**

\*Data tabulated from CRMLS. This data may not reflect all real estate activity in the market. Not all cities are listed but are included in the O.C. totals.

Due to Range Price listings, "All Homes," "Attached" and "Detached" totals do not add up and are slightly off.

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	Number of			Attached	Number of		
	Current Actives 6/15/2017	Foreclosures & Short Sale Actives 6/15/2017	% of Active Inventory 6/15/2017		Current Actives 6/15/2017	Foreclosures & Short Sale Actives 6/15/2017	% of Active Inventory 6/15/2017
Aliso Viejo	78	3	3.8%	All of O.C.	1,760	25	1.4%
Anaheim	215	5	2.3%	O.C. \$0-\$250k	106	5	4.7%
Anaheim Hills	116	3	2.6%	O.C. \$250k-\$500k	663	15	2.3%
Brea	81	1	1.2%	O.C. \$500k-\$750k	555	4	0.7%
Buena Park	82	0	0.0%	O.C. \$750k-\$1m	203	1	0.5%
Corona Del Mar	118	0	0.0%	O.C. \$1m+	237	0	0.0%
Costa Mesa	150	2	1.3%	<b>Detached</b>			
Coto De Caza	101	2	2.0%	All of O.C.	4,133	46	1.1%
Cypress	50	1	2.0%	O.C. \$0k-\$500k	87	4	4.6%
Dana Point	225	2	0.9%	O.C. \$500k-\$750k	902	12	1.3%
Dove Canyon	25	1	4.0%	O.C. \$750k-\$1m	873	15	1.7%
Foothill Ranch	16	0	0.0%	O.C. \$1m-\$1.5m	451	6	1.3%
Fountain Valley	37	0	0.0%	O.C. \$1.25m-\$1.5m	389	3	0.8%
Fullerton	187	1	0.5%	O.C. \$1.5m-\$2m	497	1	0.2%
Garden Grove	119	3	2.5%	O.C. \$2m-\$4m	606	3	0.5%
Huntington Beach	306	4	1.3%	O.C. \$4m+	353	2	0.6%
Irvine	576	5	0.9%	<b>All Homes</b>			
La Habra	64	2	3.1%	All of O.C.	5,905	71	1.2%
La Palma	17	0	0.0%	O.C. \$0k-\$500k	858	24	2.8%
Ladera Ranch	119	1	0.8%	O.C. \$500k-\$750k	1,462	16	1.1%
Laguna Beach	247	1	0.4%	O.C. \$750k-\$1m	1,079	16	1.5%
Laguna Hills	98	1	1.0%	O.C. \$1m-\$1.25m	524	6	1.1%
Laguna Niguel	228	3	1.3%	O.C. \$1.25m-\$1.5m	440	3	0.7%
Laguna Woods	148	4	2.7%	O.C. \$1.5m-\$2m	552	1	0.2%
Lake Forest	88	2	2.3%	O.C. \$2m-\$4m	657	3	0.5%
Los Alamitos	9	1	11.1%	O.C. \$4m+	362	2	0.6%
Mission Viejo	215	3	1.4%	<b>County High Shares - Account for 41%</b>			
Newport Beach	349	0	0.0%	Los Alamitos	9	1	11.1%
Newport Coast	103	0	0.0%	Stanton	14	1	7.1%
North Tustin	78	0	0.0%	Dove Canyon	25	1	4.0%
Orange	171	2	1.2%	Aliso Viejo	78	3	3.8%
Placentia	60	0	0.0%	Rancho Santa Marg.	79	3	3.8%
Portola Hills	12	0	0.0%	La Habra	64	2	3.1%
Rancho Mission Viejo	23	0	0.0%	Laguna Woods	148	4	2.7%
Rancho Santa Marg.	79	3	3.8%	Tustin	112	3	2.7%
Rossmoor	31	0	0.0%	Anaheim Hills	116	3	2.6%
San Clemente	273	1	0.4%	Garden Grove	119	3	2.5%
San Juan	148	1	0.7%	<b>County Low Shares - No Distressed</b>			
Santa Ana	201	2	1.0%	Buena Park	Rancho Mission Viejo		
Seal Beach	115	0	0.0%	Corona del Mar	Rossmoor		
Stanton	14	1	7.1%	Foothill Ranch	Seal Beach		
Talega	46	0	0.0%	Fountain Valley	Talega		
Tustin	112	3	2.7%	La Palma	Villa Park		
Villa Park	24	0	0.0%	Newport Beach			
Westminster	48	1	2.1%	Newport Coast			
Yorba Linda	225	3	1.3%	North Tustin			
All of O.C.	5,905	71	1.2%	Placentia			
				Portola Hills			
<b>Orange County Distressed Breakdown</b>							
	Current Actives	Pendings (Last 30 Days)	Market Time (In Days)				
Total Foreclosures	25	30	25				
Total Short Sale	46	33	42				

\*Data tabulated from CRMLS. This data may not reflect all real estate activity in the market. Not all cities are listed but are included in the O.C. totals. Due to Range Price listings, "All Homes," "Attached" and "Detached" totals do not add up and are slightly off.

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### Southern California Housing

#### All Properties

	Current Actives 6/15/2017	Dem and (Last 30 Days Pendings)	Market Time (In Days) 6/15/2017	2-Weeks Ago 6/1/2017	4-Weeks Ago 5/18/2017	1-Year Ago 6/16/2016	2-Years Ago 6/18/2015
Los Angeles County	11,739	6,398	55	51	52	59	64
Orange County	5,905	2,937	60	59	58	69	63
Riverside County	8,114	3,387	72	70	74	91	96
San Bernardino County	4,750	2,350	61	59	58	74	79
San Diego County	6,016	3,732	48	43	42	51	53
<b>SOCAL TOTALS</b>	<b>36,524</b>	<b>18,804</b>	<b>58</b>	<b>55</b>	<b>55</b>	<b>66</b>	<b>69</b>

#### Distressed Properties - Foreclosures and Short Sales

	Current Actives 6/15/2017	Dem and (Last 30 Days Pendings)	Market Time (In Days) 6/15/2017	2-Weeks Ago 6/1/2017	4-Weeks Ago 5/18/2017	1-Year Ago 6/16/2016	2-Years Ago 6/18/2015
Los Angeles County	258	226	34	27	29	36	44
Orange County	71	63	34	41	28	44	47
Riverside County	264	167	47	45	47	55	56
San Bernardino County	155	94	49	49	48	51	51
San Diego County	78	63	37	24	18	24	22
<b>SOCAL TOTALS</b>	<b>826</b>	<b>613</b>	<b>40</b>	<b>35</b>	<b>34</b>	<b>41</b>	<b>43</b>