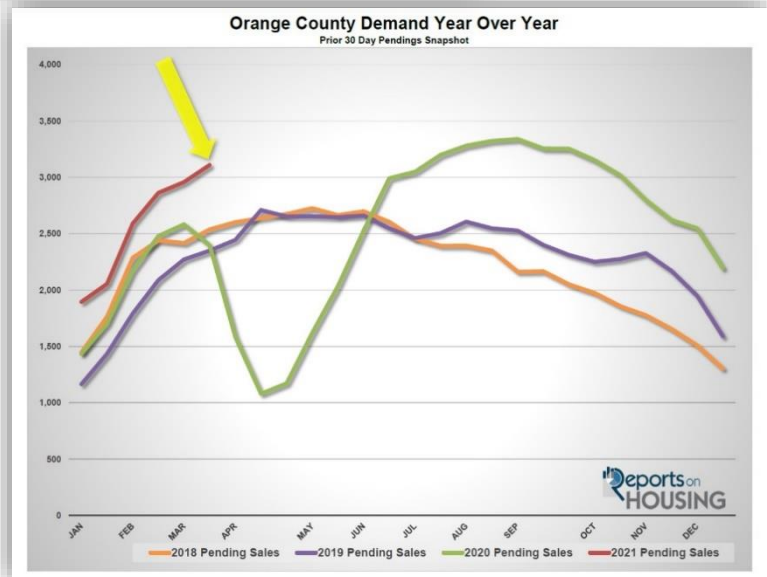
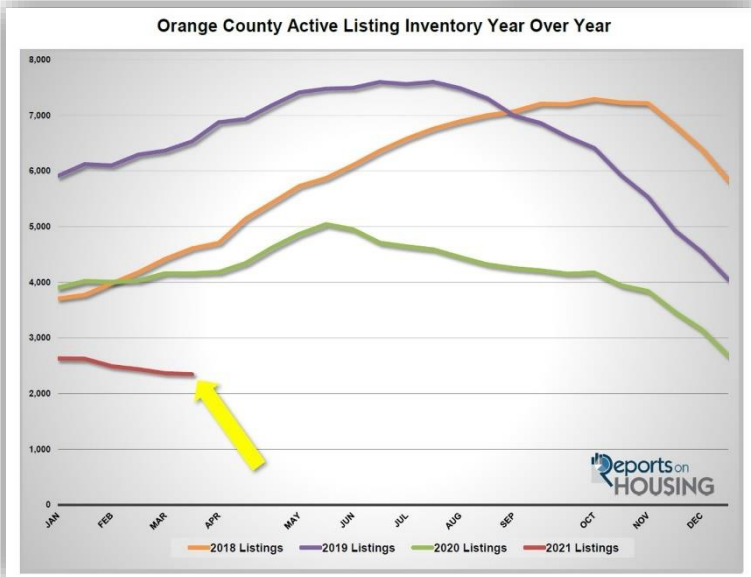
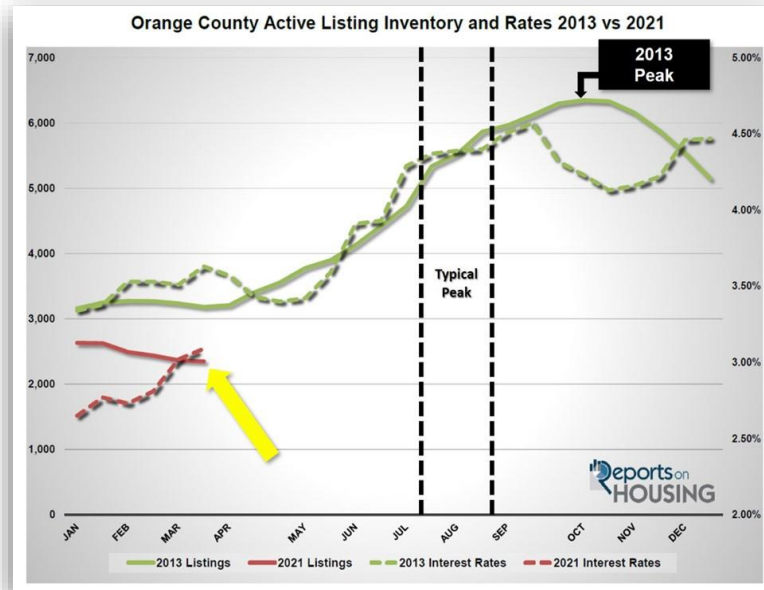




## Orange County Housing Report: A Market Shift

March 22, 2021

As mortgage rates continue to rise, eventually the housing market will evolve from its current crazy pace to one that is much more tolerable.



Price Ranges	Expected Market Time	Market Speed	Share of Housing Inventory	Share of Current Demand	Last Year
O.C. \$0-\$750k	17 Days		30%	41%	32 Days
O.C. \$750k-\$1m	14 Days		16%	26%	39 Days
O.C. \$1m-\$1.25m	19 Days		9%	11%	65 Days
O.C. \$1.25m-\$1.5m	21 Days		7%	8%	80 Days
O.C. \$1.5m-\$2m	31 Days		8%	6%	80 Days
O.C. \$2m-\$4m	58 Days		18%	7%	248 Days
O.C. \$4m+	116 Days		12%	2%	377 Days



## Orange County Housing Summary

Demand, a snapshot of the number of new pending sales over the prior month, climbed from 2,958 to 3,110 in the past couple of weeks, adding 152 pending sales, up 5%. This is the strongest mid-March level since 2012. Spring has arrived and so has the hottest time of the year for local housing demand. Expect demand to increase from here until peaking in mid-May. The increase in buyer demand is coupled with an increase in the number of homeowners coming on the market. More homeowners come on in May than any other time of the year. The increase in demand is offset by the increase in supply, so the overall market does not get hotter. Market time hits its lowest level between March and April and then rises for the remainder of the year.

- The active listing inventory decreased by 17 homes in the past two-weeks, down 1%, and now totals 2,349, its lowest level since tracking began in 2004. In February, there were 6% fewer homes that came on the market compared to the prior 5-year average, 209 less. Last year, there were 4,159 homes on the market, 1,810 additional homes, or 77% more.
- Demand, the number of pending sales over the prior month, increased by 152 pending sales in the past two-weeks, up 5%, and now totals 3,110, its strongest mid-March level since 2012. The ultra-low mortgage rate environment is continuing to fuel today's exceptional demand. Last year, there were 2,398 pending sales, 23% fewer than today. Keep in mind, it was the start of the pandemic too, which negatively affected demand.
- The Expected Market Time, the number of days to sell all Orange County listings at the current buying pace, decreased from 24 days to 23, an extremely Hot Seller's Market (less than 60 days) and the strongest reading since tracking began in 2004. It was at 52 days last year, slower than today.
- For homes priced below \$750,000, the market is a Hot Seller's Market (less than 60 days) with an Expected Market Time of 17 days. This range represents 30% of the active inventory and 41% of demand.
- For homes priced between \$750,000 and \$1 million, the Expected Market Time is 14 days, a Hot Seller's Market. This range represents 16% of the active inventory and 26% of demand.
- For homes priced between \$1M to \$1.25 million, the Expected Market Time is 19 days, a Hot Seller's Market.
- For homes priced between \$1.25M to \$1.5 million, the Expected Market Time is 21 days, a Hot Seller's Market.
- For homes priced between \$1.5 million and \$2 million, the Expected Market Time remained unchanged at 31 days. For homes priced between \$2 million and \$4 million, the Expected Market Time increased from 55 to 58 days. For homes priced above \$4 million, the Expected Market Time decreased from 117 to 116 days.
- The luxury end, all homes above \$1.5 million, accounts for 38% of the inventory and only 15% of demand.
- Distressed homes, both short sales and foreclosures combined, made up only 0.5% of all listings and 0.2% of demand. There are only 8 foreclosures and 3 short sales available to purchase today in all of Orange County, 11 total distressed homes on the active market, up 4 from two-weeks ago. Last year there were 46 total distressed homes on the market, more than today.
- There were 2,283 closed residential resales in February, 12% more than January 2020's 2,044 closed sales. January marked a 1% rise over January 2021. The sales to list price ratio was 98.8% for all of Orange County. Foreclosures accounted for just 0.09% of all closed sales, and short sales accounted for 0.17%. That means that 99.74% of all sales were good ol' fashioned sellers with equity.