



Orange County Housing Report: Waiting Will Be Costly

April 5, 2021

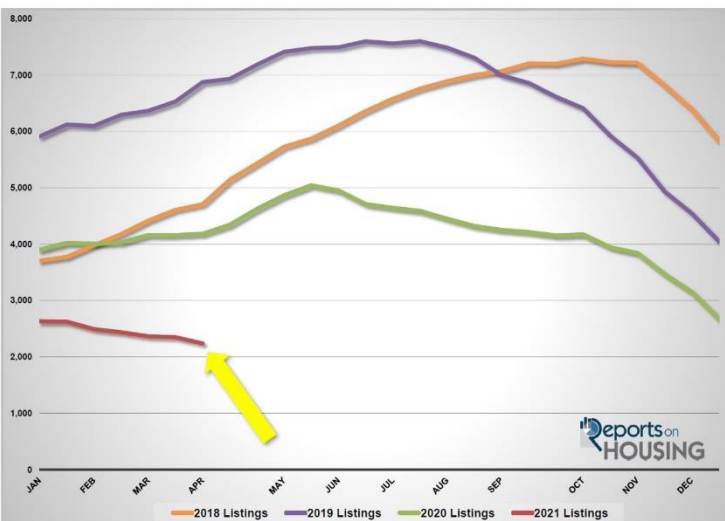
Even though buyers are exceedingly frustrated with the housing market after writing too many offers to no avail, waiting until the market gets easier is not the answer.

Cost of Waiting

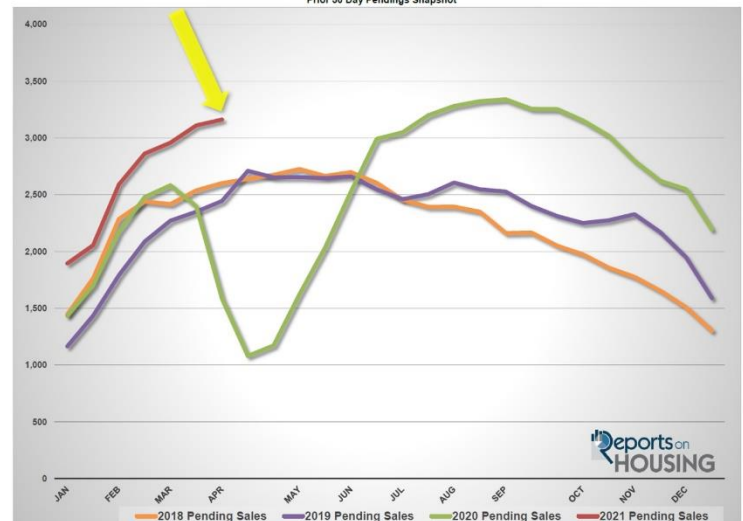
Housing will become more unaffordable as homes continue to rapidly appreciate and mortgage rates rise.

| Purchase a Home Today | | | Purchase a Home in December | | | Cost of Waiting | |
|-----------------------|----------------------------|--------------------------------|--------------------------------|----------------------------|---------------------------------|-------------------------|------------------------|
| Purchase Price | Mortgage Amount (20% Down) | Payment at Today's Rate 3.125% | Purchase Price 8% Appreciation | Mortgage Amount (20% Down) | Payment at Projected 3.75% Rate | Monthly Cost of Waiting | Annual Cost of Waiting |
| \$875,000 | \$700,000 | \$2,999 | \$945,000 | \$756,000 | \$3,501 | \$502 | \$6,024 |

Orange County Active Listing Inventory Year Over Year



Orange County Demand Year Over Year



| Price Ranges | Expected Market Time | Market Speed | Share of Housing Inventory | Share of Current Demand | Last Year |
|---------------------|----------------------|--------------|----------------------------|-------------------------|-----------|
| O.C. \$0-\$750k | 16 Days | | 29% | 39% | 51 Days |
| O.C. \$750k-\$1m | 13 Days | | 16% | 26% | 61 Days |
| O.C. \$1m-\$1.25m | 16 Days | | 8% | 11% | 109 Days |
| O.C. \$1.25m-\$1.5m | 18 Days | | 8% | 9% | 120 Days |
| O.C. \$1.5m-\$2m | 32 Days | | 9% | 6% | 140 Days |
| O.C. \$2m-\$4m | 53 Days | | 17% | 7% | 323 Days |
| O.C. \$4m+ | 132 Days | | 13% | 2% | 903 Days |



Orange County Housing Summary

- The active listing inventory decreased by 109 homes in the past two-weeks, down 5%, and now totals 2,240, its lowest level since tracking began in 2004. In March, there were 9% fewer homes that came on the market compared to 5-year average between 2015 to 2019 (2020 was skewed do to COVID-19), 342 less. Last year, there were 4,183 homes on the market, 1,943 additional homes, or 87% more.
- Demand, the number of pending sales over the prior month, increased by 52 pending sales in the past two-weeks, up 2%, and now totals 3,162, its strongest start to April since 2012. The ultra-low mortgage rate environment is continuing to fuel today's exceptional demand. Last year, there were 1,584 pending sales, 50% fewer than today. Keep in mind, it was the start of the pandemic too, which negatively affected demand through May.
- The Expected Market Time, the number of days to sell all Orange County listings at the current buying pace, decreased from 23 days to 21, an extremely Hot Seller's Market (less than 60 days) and the strongest reading since tracking began in 2004. It was at 79 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 16 days. This range represents 29% of the active inventory and 39% of demand.
- For homes priced between \$750,000 and \$1 million, the Expected Market Time is 13 days, a Hot Seller's Market. This range represents 16% of the active inventory and 26% of demand.
- For homes priced between \$1 million to \$1.25 million, the Expected Market Time is 16 days, a Hot Seller's Market.
- For homes priced between \$1.25 million to \$1.5 million, the Expected Market Time is 18 days, a Hot Seller's Market.
- For homes priced between \$1.5 million and \$2 million, the Expected Market Time increased from 31 to 32 days. For homes priced between \$2 million and \$4 million, the Expected Market Time decreased from 58 to 53 days. For homes priced above \$4 million, the Expected Market Time increased from 116 to 132 days.
- The luxury end, all homes above \$1.5 million, accounts for 39% of the inventory and only 15% of demand.
- Distressed homes, both short sales and foreclosures combined, made up only 0.4% of all listings and 0.4% of demand. There are only 4 foreclosures and 4 short sales available to purchase today in all of Orange County, 8 total distressed homes on the active market, down 3 from two-weeks ago. Last year there were 45 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.