

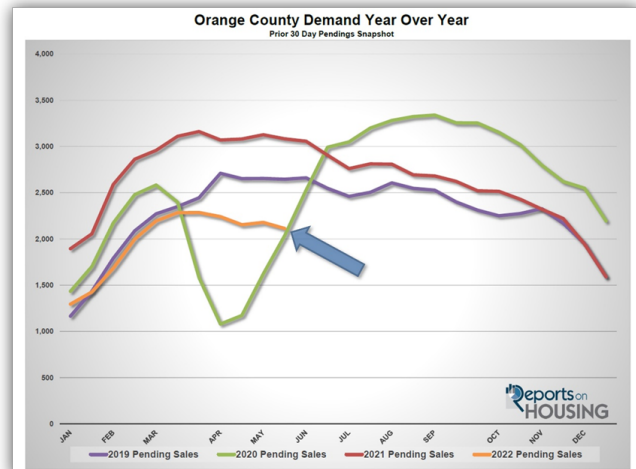
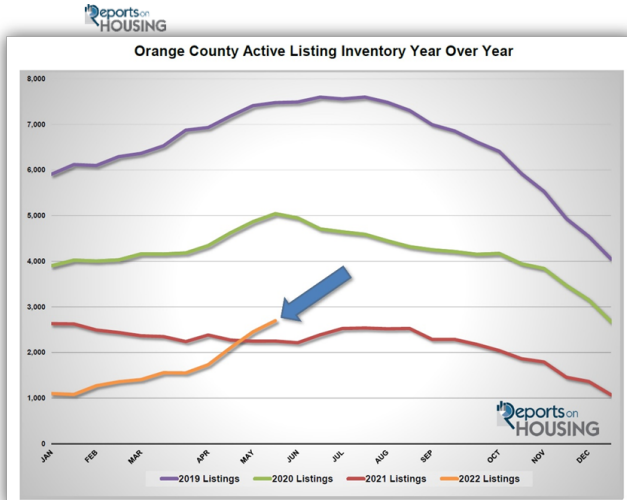


Orange County Housing Report: Affordability Challenges

May 31, 2022

When escalating home prices are matched with much higher mortgage rates, home affordability dramatically weakens and results in fewer buyers able to make a purchase.

Price Ranges	Expected Market Time	Market Speed	Share of Housing Inventory	Share of Current Demand	Last Year
O.C. \$0-\$750k	24 Days		17%	28%	16 Days
O.C. \$750k-\$1m	35 Days		23%	26%	17 Days
O.C. \$1m-\$1.25m	34 Days		13%	14%	16 Days
O.C. \$1.25m-\$1.5m	39 Days		11%	11%	21 Days
O.C. \$1.5m-\$2m	41 Days		11%	11%	28 Days
O.C. \$2m-\$4m	61 Days		14%	9%	41 Days
O.C. \$4m-\$8m	146 Days		7%	2%	126 Days
O.C. \$8m+	270 Days		4%	1%	279 Days



Orange County Affordability Over Time

	Average 30-Year Rate	Median Detached Sales Price	Median Income*	Payment as % of Income
1980	13.75%	\$108,000	\$22,000	55%
1990	10%	\$239,000	\$41,000	50%
2000	8%	\$317,000	\$56,000	40%
2006	3.34%	\$728,000	\$73,000	59%
2012	3.66%	\$543,000	\$72,000	33%
2020	3.11%	\$900,000	\$99,000	37%
2021	3%	\$1,100,000	\$102,000	44%
2022	5.25%	\$1,325,000	\$106,000	66%

*2021 and 2022 are projected





Orange County Housing Summary

- The active listing inventory continued to surge higher by 245 homes, up 10%, and now totals 2,697 homes, its highest level since December 2020. In April, there were 17% fewer homes that came on the market compared to the 3-year average prior to COVID (2017 to 2019), 695 fewer. Last year, there were 2,251 homes on the market, **446 fewer homes, or 17% less**. The 3-year average prior to COVID (2017 to 2019) was 6,370, or 136% more.
- Demand, the number of pending sales over the prior month, decreased by 66 pending sales in the past two weeks, down 3%, and now totals 2,113. Intentionally ignoring the COVID lockdowns of 2020, this is the lowest level at this time of year since 2007. Last year, there were 3,083 pending sales, **46% more than today**. The 3-year average prior to COVID (2017 to 2019) was 2,738, or **30% more**.
- With supply surging higher and demand falling, the Expected Market Time, the number of days to sell all Orange County listings at the current buying pace, surged higher from 34 to 38 days in the past couple of weeks, still an insanely Hot Seller's Market (less than 60 days), but rapidly cooling and the highest since January of last year. It was at 22 days last year, much stronger 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 24 days. This range represents 17% of the active inventory and 28% of demand.
- For homes priced between \$750,000 and \$1 million, the Expected Market Time is 35 days, a Hot Seller's Market. This range represents 23% of the active inventory and 26% of demand.
- For homes priced between \$1 million to \$1.25 million, the Expected Market Time is 34 days, a Hot Seller's Market. This range represents 13% of the active inventory and 14% of demand.
- For homes priced between \$1.25 million to \$1.5 million, the Expected Market Time is 39 days, a Hot Seller's Market. This range represents 11% of the active inventory and 11% of demand.
- For homes priced between \$1.5 million to \$2 million, the Expected Market Time is 30 days, a Hot Seller's Market. This range represents 10% of the active inventory and 12% of demand.
- For homes priced between \$2 million and \$4 million, the Expected Market Time in the past two weeks increased from 54 to 61 days. For homes priced between \$4 million and \$8 million, the Expected Market Time increased from 106 to 146 days. For homes priced above \$8 million, the Expected Market Time decreased from 401 to 270 days.
- The luxury end, all homes above \$2 million, accounts for 25% of the inventory and 12% of demand.
- Distressed homes, both short sales and foreclosures combined, made up only 0.1% of all listings and 0% of demand. There are only 2 foreclosures and 2 short sale available to purchase today in all of Orange County, 4 total distressed home on the active market, up 1 from two weeks ago. Last year there were 10 total distressed homes on the market, similar to today.
- There were 2,565 closed residential resales in April, 26% less than April 2021's 3,470 closed sales. April marked a 3% decrease compared to March 2022. The sales to list price ratio was 107.2% for all of Orange County. There were no foreclosure sales, and short sales accounted for 0.1% of all closed sales. That means that 99.9% of all sales were good ol' fashioned sellers with equity.