

# The Orange County Housing Report



**Orange County Housing Report: Best Time of Year to Sell is Over**

July 22, 2010

**Good Afternoon!**

**Finally, summer is here and so are home sellers' wild expectations.**

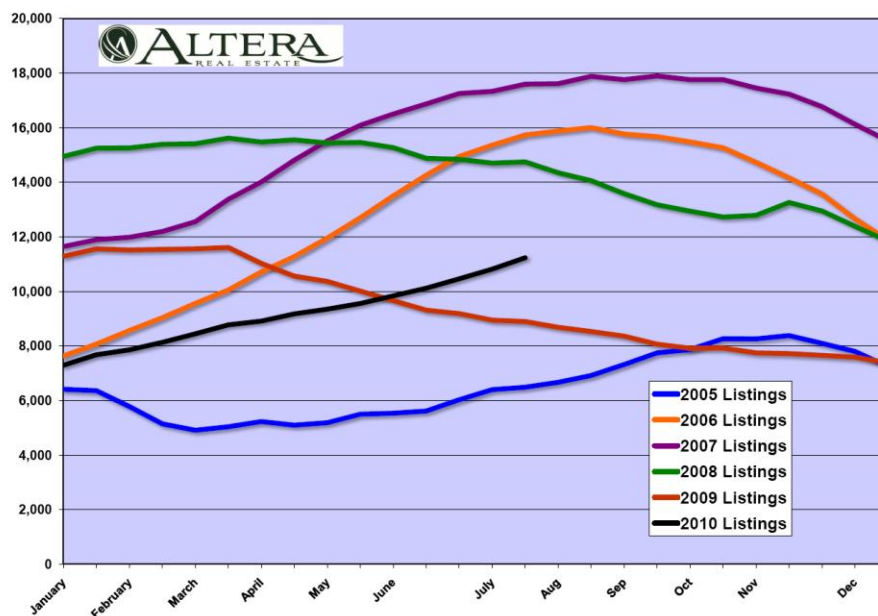
**THE Best Time of Year to Sell:** *Here's a hint: it is NOT Summer.*

Every year the real estate industry deals with the same cyclical phenomena, homeowners who feel that summer is the best time of year to sell. Unfortunately, buyers do not agree. Buyer activity actually peaks during the spring. Summer is the second best time of the year to sell. Can somebody please communicate that to all of the Sellers who have been fooled and are placing their homes on the market in droves? This year has been no different, and with the end of the Federal \$8,000 Tax Credit on April 30<sup>th</sup> of this year, buyer demand has definitely already peaked. Homeowners are fooled into thinking that the Orange County real estate market is the hottest during the summer because the county is a summertime vacation destination. Since the process in finding a home and closing takes at least a few months, more buyers start looking during the spring. In finding a home during the spring, buyers can close and move over the summer months. So, buyer DEMAND is higher during the spring and CLOSINGS are then higher during the summer. If buyers find something during the summer, they close during the fall. **NEWSFLASH:** if they have kids, school has already started. For parents, moving while the kids are in school is not typically easy. Thus, parents prefer to close during the summer. We are almost through July, the window of opportunity to close before school starts is fading fast. What is reported by the media does not help either. Newspapers and the nightly news report on SOLD data. Rarely do they talk about current demand, homes placed into pending status. As more and more homeowners hear about the incredible SOLD statistics, they get excited to hear about an increase in the median sales price and an increase in the number of closed sales. The data is very accurate, BUT is a snapshot of activity 45 to 60 days back when the buyers first wrote the offer to purchase, springtime. Homeowners are making decisions based upon what is happening in the rearview mirror. Homeowners need to be aware of current demand, a snapshot of the most recent pending activity. In doing so, they will realize that demand is down 28% since peaking back on April 29<sup>th</sup>.

**Active Listing Inventory:** *the inventory has grown unabated by 54% so far this year.*

The Orange County housing inventory grew by the largest amount so far this year, adding an additional 418 homes in the past two weeks and now totals 11,235. The market has not breached the 11,000 mark since the beginning of April 2009. Last year at this time the inventory was at 8,895 homes, 2,340 fewer than today. The inventory has not stopped growing at

**Orange County Active Listing Inventory Year Over Year**



all this year as more and more pent up homeowners have opted to place their homes on the market at unrealistic levels. The



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same media reports of median home price increases and year over year increases in the number of closed sales have fooled these pent up sellers into believing that the market has recovered and that it is a great time to take advantage of the market. It is true that agents have tons of buyers in the market that have written many unsuccessful offers thus far and homes that are priced well are receiving multiple offers. The market disconnect lies in the fact that inventory has been increasing on the backs of unrealistic homeowners who have placed their homes on the market at overpriced levels. Today's "spreadsheet buyers" are not willing to pay much of a premium for a home just to end their unsuccessful string of offers. They will maybe pay an extra few thousand dollars, but not the 5 to 10% premium many sellers are vying for. As more overpriced homes are placed on the market, it is just a matter of time before buyers start getting discouraged and slow their effort in finding a home.

**Housing Demand:** *Not much of a change in demand.*

It is important to reiterate that demand has already dropped 28% since peaking in the Spring. The drop has been more profound this year due to the end of the Federal First Time Home Buyer Tax Credit at the end of April. Demand, the number of new pending sales over the prior month, increased by 10 in the past two weeks and now totals 2,870. From here, demand typically rises *slightly* and peaks at the end of August before slowly deteriorating for the remainder of the year. Last year at this time demand was at 3,306 pending sales, 436 more than today.

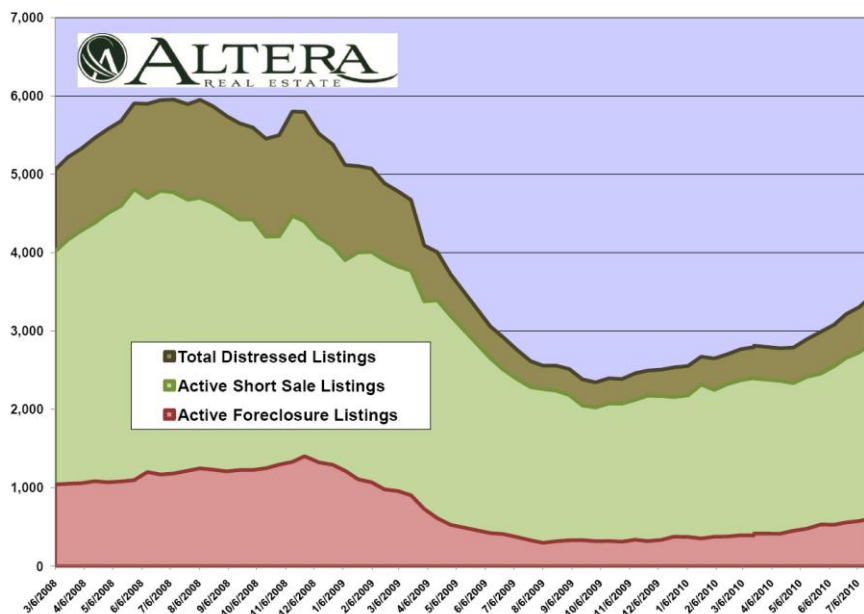
**Expected Market Time:** *After bottoming in April, the expected market time for OC homes has increased by 66%*

With an increase in the active listing inventory and almost no change in demand, the expected market time increased from 3.78 months two weeks ago to 3.91 months today. The overall market is still a "seller's market," but it is moving in the wrong direction. Remember, this seller's market is different. There may be a lot of buyers and a lot of competition, but spreadsheet buyers are unwilling to pay much of a premium over the last comparable sale. At the end of April, the expected market time was at 2.35 months. Last year at this time the expected market time was at 2.69 months. For homes priced above \$1 million, the expected market time is 10.68 months. Contrast that with homes priced below \$1 million where the expected market time is 3.37 months.

**Foreclosures and Short Sales:** *Over the past two weeks the active distressed inventory has grown the most this year.*

The active distressed inventory grew by 150 homes over the past two weeks and now totals 3,457 total foreclosures and short sales, levels not seen since May of 2009. The active distressed inventory started the year with 2,555 homes and has

Orange County Distressed Listing Breakdown



since grown by 35%. The distressed inventory now represents 31% of the current active inventory. Last year at this time, there were 2,616 distressed homes on the market, 841 fewer than today. The number of foreclosures within the active listing inventory increased by 35 homes in the past two weeks from 578 to 613. The expected market time for foreclosures is 1.79



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months, an exceptionally HOT seller's market. Short sales, where a homeowner attempts to sell a home for less than the total outstanding loans against a home, requiring lender approval, increased by 115 homes over the past two weeks and now total 2,844. The expected market time for short sales is 2.71 months, still a HOT seller's market, but slower than the 1.53 month market back in April.

Have a wonderful weekend.

Sincerely,

**Steven Thomas**

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President

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	Current Actives 7/22/2010	Pendings (Last 30 Days)	Market Time (In Months) 7/22/2010	2-Weeks Ago 7/8/2010	4-Weeks Ago 6/24/2010	1-Year Ago 7/23/2009	2-Years Ago 7/24/2008	Average Active List Price 7/22/2010
Aliso Viejo	220	85	2.59	2.42	2.22	1.03	2.62	\$457k
Anaheim	519	214	2.43	2.81	2.44	1.21	4.43	\$368k
Anaheim Hills	207	51	4.06	4.44	3.23	2.31	4.67	\$837k
Brea	125	45	2.78	3.44	2.80	3.46	3.57	\$567k
Buena Park	177	52	3.40	2.98	2.34	1.43	5.27	\$425k
Corona Del Mar	184	10	18.40	15.25	7.32	10.10	21.63	\$3.4m
Costa Mesa	220	76	2.89	3.04	3.42	1.90	5.08	\$597k
Coto De Caza	117	27	4.33	7.00	4.03	5.68	8.17	\$2.3m
Cypress	119	41	2.90	3.17	3.12	1.23	3.32	\$503k
Dana Point	312	41	7.61	7.63	5.52	6.25	8.76	\$1.5m
Dove Canyon	22	3	7.33	3.00	1.38	5.20	13.33	\$794k
Foothill Ranch	50	17	2.94	3.85	2.59	1.43	5.77	\$530k
Fountain Valley	141	32	4.41	4.06	3.58	1.93	3.12	\$549k
Fullerton	431	121	3.56	3.39	2.82	1.90	5.74	\$575k
Garden Grove	305	111	2.75	2.78	2.82	1.55	4.35	\$405k
Huntington Beach	697	164	4.25	4.12	3.95	2.54	6.34	\$802k
Irvine	812	201	4.04	3.62	3.09	2.64	4.10	\$987k
La Habra	179	55	3.25	2.88	2.62	1.77	4.57	\$376k
Ladera Ranch	163	60	2.72	3.08	2.73	2.37	4.70	\$727k
Laguna Beach	394	27	14.59	12.93	13.32	13.45	19.32	\$3.5m
Laguna Hills	125	31	4.03	2.68	2.15	2.24	4.47	\$987k
Laguna Niguel	380	104	3.65	3.65	3.45	2.90	6.08	\$912k
Laguna Woods	400	49	8.16	5.76	6.08	6.86	6.33	\$216k
Lake Forest	192	68	2.82	2.23	1.97	1.72	3.60	\$489k
Mission Viejo	379	132	2.87	2.61	2.46	1.82	4.33	\$573k
Newport Beach	608	57	10.67	9.83	8.71	11.20	21.89	\$2.3m
Newport Coast	158	24	6.58	5.92	4.84	11.53	13.75	\$4.3m
Orange	458	106	4.32	3.45	3.04	2.07	6.22	\$651k
Placentia	170	31	5.48	4.70	3.33	1.96	6.33	\$466k
Portola Hills	21	12	1.75	1.23	0.94	1.83	5.63	\$409k
Rancho Santa Marg.	211	78	2.71	2.37	2.07	1.64	3.44	\$386k
San Clemente	468	101	4.63	5.45	4.18	3.92	7.75	\$1.0m
San Juan	190	54	3.52	3.86	3.72	3.75	5.39	\$1.6m
Santa Ana	567	230	2.47	2.53	2.39	1.76	5.32	\$367k
Seal Beach	298	48	6.21	6.34	7.08	6.61	7.56	\$439k
Talega	84	30	2.80	3.54	3.19	2.87	4.04	\$823k
Tustin	305	90	3.39	3.21	2.45	3.04	5.13	\$851k
Villa Park	38	8	4.75	4.22	6.17	4.56	15.33	\$1.7m
Westminster	174	60	2.90	3.49	3.72	1.10	3.57	\$468k
Yorba Linda	385	72	5.35	4.58	4.34	3.67	6.15	\$790k
All of O.C.	11,235	2,870	3.91	3.78	3.37	2.69	5.38	\$985k
O.C. \$0-\$250k	1,505	526	2.86	2.92	2.58	1.94	4.10	\$174k
O.C. \$250k-\$500k	3,635	1,260	2.88	2.68	2.49	1.43	4.10	\$386k
O.C. \$500k-\$750k	2,633	630	4.18	3.90	3.22	2.40	5.09	\$625k
O.C. \$750k-\$1m	1,188	247	4.81	4.88	4.18	4.43	7.56	\$869k
O.C. \$1m-\$1.5m	874	144	6.07	6.94	6.21	9.09	11.84	\$1.3m
O.C. \$1.5m-\$2m	454	36	12.61	8.45	6.85	13.41	16.36	\$1.8m
O.C. \$2m-4m	704	33	21.33	19.83	19.77	28.11	16.56	\$2.9m
O.C. \$4m+	361	11	32.82	34.90	59.50	40.60	88.50	\$8.2m

\*Data tabulated from SoCalMLS. 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 of O.C." and the total of the seven ranges do not add up and are slightly off.



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## Attached Homes

	Current Actives 7/22/2010	Pendings (Last 30 Days)	Market Time (In Months) 7/22/2010	2-Weeks Ago 7/8/2010	8-Weeks Ago 6/24/2010	1-Year Ago 7/23/2009	2-Years Ago 7/24/2008	Average Active List Price 7/22/2010
All of O.C.	4,168	1,123	3.71	3.52	3.15	2.47	5.57	\$445k
O.C. \$0-\$250k	1,383	465	2.97	3.08	2.69	2.12	4.58	\$171k
O.C. \$250k-\$500k	1,839	523	3.52	3.10	2.74	1.82	5.23	\$369k
O.C. \$500k-\$750k	551	112	4.92	4.76	4.99	4.71	7.92	\$612k
O.C. \$750k-\$1m	172	18	9.56	7.95	7.58	9.77	10.46	\$866k
O.C. \$1m+	243	9	27.00	18.15	13.59	23.69	16.58	\$2.0m

Current Actives Vacant **32.2%**

## Detached Homes

	Current Actives 7/22/2010	Pendings (Last 30 Days)	Market Time (In Months) 7/22/2010	2-Weeks Ago 7/8/2010	8-Weeks Ago 6/24/2010	1-Year Ago 7/23/2009	2-Years Ago 7/24/2008	Average Active List Price 7/22/2010
All of O.C.	7,053	1,739	4.06	3.94	3.50	2.84	5.27	\$1.3m
O.C. \$0-\$250k	113	59	1.92	1.66	1.55	1.13	5.27	\$210k
O.C. \$250k-\$500k	1,787	731	2.44	2.34	2.27	1.12	3.26	\$403k
O.C. \$500k-\$750k	2,082	518	4.02	3.72	2.95	2.07	4.57	\$628k
O.C. \$750k-\$1m	1,015	229	4.43	4.57	3.85	3.91	7.17	\$869k
O.C. \$1m-\$1.5m	745	139	5.36	6.30	5.80	8.32	11.39	\$1.3m
O.C. \$1.5m-\$2m	403	33	12.21	7.98	6.33	11.95	15.56	\$1.8m
O.C. \$2m-\$4m	648	32	20.25	18.85	20.00	26.92	16.77	\$2.9m
O.C. \$4m+	352	11	32.00	34.20	58.00	40.00	87.75	\$8.1m

Current Actives Vacant **18.9%**

## All Homes

	Current Actives 7/22/2010	Pendings (Last 30 Days)	Market Time (In Months) 7/22/2010	2-Weeks Ago 7/8/2010	4-Weeks Ago 6/24/2010	1-Year Ago 7/23/2009	2-Years Ago 7/24/2008	Average Active List Price 7/22/2010
All of O.C.	11,235	2,870	3.91	3.78	3.37	2.69	5.38	\$985k
O.C. \$0-\$250k	1,505	526	2.86	2.92	2.58	1.94	4.10	\$174k
O.C. \$250k-\$500k	3,635	1,260	2.88	2.68	2.49	1.43	4.10	\$386k
O.C. \$500k-\$750k	2,633	630	4.18	3.90	3.22	2.40	5.09	\$625k
O.C. \$750k-\$1m	1,188	247	4.81	4.88	4.18	4.43	7.56	\$869k
O.C. \$1m-\$1.5m	874	144	6.07	6.94	6.21	9.09	11.84	\$1.3m
O.C. \$1.5m-\$2m	454	36	12.61	8.45	6.85	13.41	16.36	\$1.8m
O.C. \$2m-4m	704	33	21.33	19.83	19.77	28.11	16.56	\$2.9m
O.C. \$4m+	361	11	32.82	34.90	59.50	40.60	88.50	\$8.2m

Current Actives Vacant **23.8%**



\*Data tabulated from SoCalMLS. 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 Foreclosures & Short Sale			Attached	Number of Foreclosures & Short Sale		
	Current Actives 7/22/2010	Actives 7/22/2010	% of Active Inventory 7/22/2010		Current Actives 7/22/2010	Actives 7/22/2010	% of Active Inventory 7/22/2010
Aliso Viejo	220	119	54.1%	All of O.C.	4,168	1,661	39.9%
Anaheim	519	307	59.2%	O.C. \$0-\$250k	1,383	729	52.7%
Anaheim Hills	207	58	28.0%	O.C. \$250k-\$500k	1,839	822	44.7%
Brea	125	48	38.4%	O.C. \$500k-\$750k	551	99	18.0%
Buena Park	177	80	45.2%	O.C. \$750k-\$1m	172	14	8.1%
Corona Del Mar	184	18	9.8%	O.C. \$1m+	243	2	0.8%
Costa Mesa	220	71	32.3%	<b>Detached</b>			
Coto De Caza	117	17	14.5%	All of O.C.	7,053	1,785	25.3%
Cypress	119	42	35.3%	O.C. \$0-\$250k	113	80	70.8%
Dana Point	312	60	19.2%	O.C. \$250k-\$500k	1,787	922	51.6%
Dove Canyon	22	4	18.2%	O.C. \$500k-\$750k	2,082	513	24.6%
Foothill Ranch	50	20	40.0%	O.C. \$750k-\$1m	1,015	138	13.6%
Fountain Valley	141	40	28.4%	O.C. \$1m-\$1.5m	745	83	11.1%
Fullerton	431	145	33.6%	O.C. \$1.5m-\$2m	403	31	7.7%
Garden Grove	305	128	42.0%	O.C. \$2m-\$4m	648	29	4.5%
Huntington Beach	697	174	25.0%	O.C. \$4m+	352	5	1.4%
Irvine	812	180	22.2%	<b>All Homes</b>			
La Habra	179	90	50.3%	All of O.C.	11,235	3,457	30.8%
Ladera Ranch	163	86	52.8%	O.C. \$0-\$250k	1,505	809	53.8%
Laguna Beach	394	29	7.4%	O.C. \$250-\$500k	3,635	1,744	48.0%
Laguna Hills	125	43	34.4%	O.C. \$500k-\$750k	2,633	612	23.2%
Laguna Niguel	380	127	33.4%	O.C. \$750k-\$1m	1,188	152	12.8%
Laguna Woods	400	21	5.3%	O.C. \$1m-\$1.5m	874	84	9.6%
Lake Forest	192	101	52.6%	O.C. \$1.5m-\$2m	454	31	6.8%
Mission Viejo	379	146	38.5%	O.C. \$2m-4m	704	29	4.1%
Newport Beach	608	59	9.7%	O.C. \$4m+	361	5	1.4%
Newport Coast	158	10	6.3%	<b>County High Shares - Account for 34%</b>			
Orange	458	152	33.2%	Portola Hills	21	13	61.9%
Placentia	170	60	35.3%	Rancho Santa Marg.	211	126	59.7%
Portola Hills	21	13	61.9%	Anaheim	519	307	59.2%
Rancho Santa Marg.	211	126	59.7%	Santa Ana	567	317	55.9%
San Clemente	468	130	27.8%	Aliso Viejo	220	119	54.1%
San Juan	190	49	25.8%	Ladera Ranch	163	86	52.8%
Santa Ana	567	317	55.9%	Lake Forest	192	101	52.6%
Seal Beach	298	7	2.3%	La Habra	179	90	50.3%
Talega	84	38	45.2%	<b>County Low Shares - Account for 4%</b>			
Tustin	305	91	29.8%	Seal Beach	298	7	2.3%
Villa Park	38	5	13.2%	Laguna Woods	400	21	5.3%
Westminster	174	53	30.5%	Newport Coast	158	10	6.3%
Yorba Linda	385	117	30.4%	Laguna Beach	394	29	7.4%
All of O.C.	11,235	3,457	30.8%	Newport Beach	608	59	9.7%

## Orange County Distressed Breakdown

	Current Actives	Pendings (Last 30 Days)	Market Time (In Months)
Total Foreclosures	613	342	1.79
Total Short Sale	2,844	1,051	2.71

\*Data tabulated from SoCalMLS. 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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