



How can a Comparative Market Analysis help you?

A CMA contains valuable information on several recent sales, including:

- How long each property stayed on the market.
- How close the sales price to the asking price.
- Notes comparing each home to yours – number of bedrooms and baths, approximate square footage, sizes of major rooms, amenities such as fireplaces and pools, age of home, property taxes and more.

Contact us for a free
Comparative Market Analysis!



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Orange County Housing Report



PREPARED BY:



Orange County Housing Report: Sellers Beware



A sudden spike in the inventory is an ominous sign for sellers to approach the market carefully.

An Inventory Spike: In the past two weeks, the active inventory had its largest increase since July 2013.

The script for the Orange County housing market has been the same for quite some time now. The year starts with very few homes on the market. The inventory rises slowly, peaking sometime during the summer. The long-term average for the active listing inventory is 8,000 homes; yet, it cannot even hit that level for a day, falling astonishingly short year after year. The headlines have been the same: “Not Enough Homes on the Market” and “Buyers are Tripping Over Themselves to Purchase.”

Suddenly, something has changed. More homes are coming on the market, a lot more homes. The active listing inventory spiked in the past two weeks, adding 436 properties, a 9% increase. Granted, the overall inventory, 5,016 homes, is still very low compared to the long-term average, but there is a palpable change in the air.

In 2017, the inventory jumped by 300 homes, up 6%, at the beginning of April; however, it was accompanied by an enormous 11% rise in demand, which equated to an additional 293 pending sales. Not this year. Instead, the 436 home climb in the inventory was accompanied by a scrawny 1% increase in demand, adding only 38 pending sales.

This sudden surge in the inventory is the largest expansion since mid-July 2013. Back then, the supply of homes increased by 613 in just two weeks, up 13%. Yet, a drop in demand of 246 pending sales, or 8%, accompanied it. At least this year’s flood of homes hitting the market did not include a major drop in demand.

Nevertheless, this unexpected development in 2018’s market is a warning sign that change is afoot. The increase occurred in every price range. An incredible 43% of the increase was isolated to homes priced below \$750,000. That is Orange County’s lower end that has had a massive inventory shortage problem so far this year.

	4/5/2018	4/19/2018	Difference	% Change
O.C. \$0-\$500k	650	721	+71	11%
O.C. \$500k-\$750k	928	1,043	+115	12%
O.C. \$750k-\$1m	832	920	+88	11%
O.C. \$1m-\$1.25m	444	486	+42	9%
O.C. \$1.25m-\$1.5m	389	448	+59	15%
O.C. \$1.5m-\$2m	497	507	+10	2%
O.C. \$2m-4m	629	672	+43	7%
O.C. \$4m+	344	347	+3	1%

The fact that the housing market is in the middle of the Spring Market, the busiest time of the year in terms of demand, pending sale activity, **AND** demand only grew by 38 pending sales is warning shot across the bow that buyers are not gobbling up every home that comes on the market.

The gigantic increase in the inventory coupled with only a slight rise in demand resulted in the expected market time, the number of days it would take for a home that came on the market today to be placed into escrow, to increase from 54 days to 58 days. It is still a hot seller’s market, below 60 days; however, it is knocking on the door of a slight seller’s market, 60 to 90 days. A slight seller’s market would mean that appreciation would slow; there would be fewer multiple offers; and, sellers would still be able to call most of the shots.

This sudden surge in the expected market time is the largest increase for this time of year since 2007. This change typically means that buyers are more price sensitive and that sellers are not going to get away with stretching their asking prices by that much more than the most recent comparable sale. The word from Orange County’s real estate trenches is that many homes are overpriced and simply will not sell until they adjust their asking prices much closer to their **Fair Market Values**.

How does one arrive at a home’s **Fair Market Value**? A seller must take into consideration their home’s condition, location, and upgrades compared to the most recent comparable pending and closed sales. Today’s buyers are quite sophisticated and educated on deferred maintenance and the cost and time it takes to update and upgrade a home thanks to the plethora of cable television shows devoted to flipping, renovating, and purchasing homes. Most buyers are looking for homes that do not need a makeover; they do not want to deal with the hassle in revamping a home. These homes will ultimately just sit on the market until the price reflects the outstanding work that needs to be done.

Last year at this time the active inventory was at 5,263 homes, 119 more than today, a 2% difference.