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PANDEMIC CAN'T PUT A DENT IN EXISTING HOME SALES

It is inevitable that in times like these, some industries falter and others do well. Still others do very well. Residential real estate sales is one of them, and it's right up there with Amazon, BevMo and Mexican carryouts.

The month of July was a blockbuster with both detached and attached sales breaking the record for 2020 with a grand total of 3,406 closings.

What is even more amazing is that there were more homes sold in July this year than last. And, if you recall, nobody ever heard of COVID-19 in July 2019.

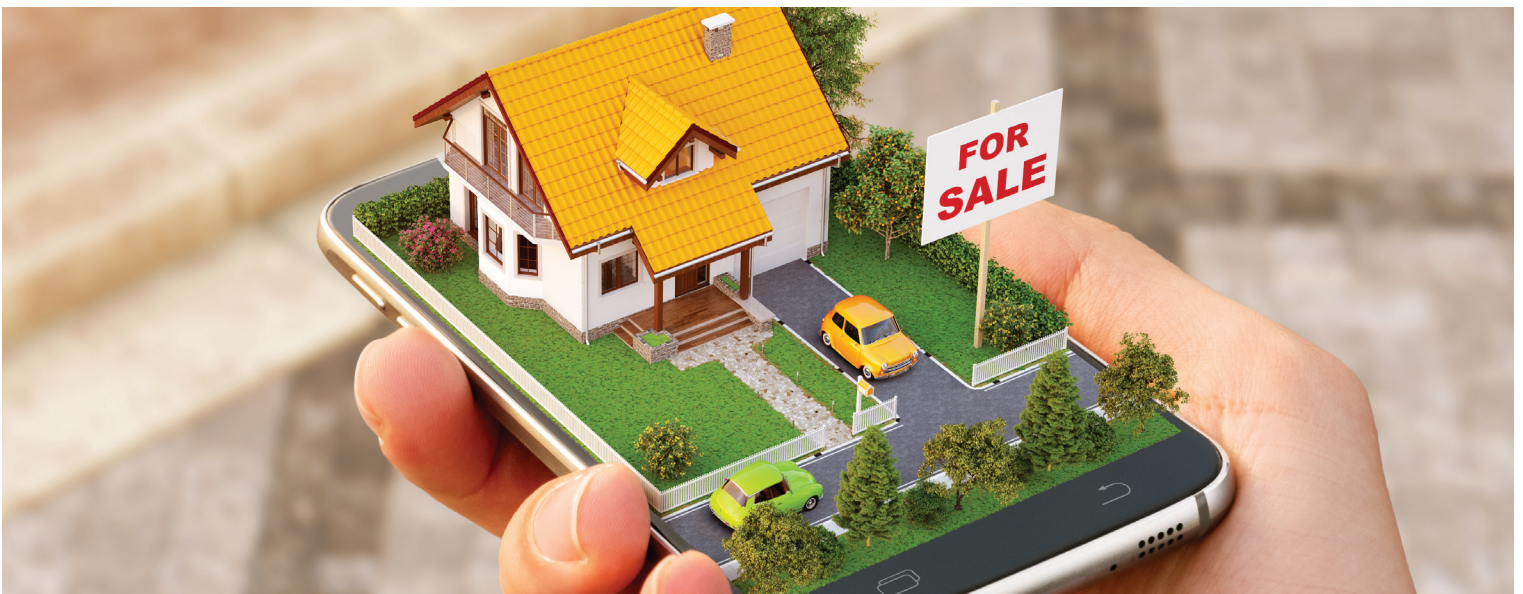
Closed Sales SDAR July 2019 and July 2020

Year	Detached	Attached
2019	2,170	1,115
2020	2,241	1,165

Closed Sales Existing Homes San Diego County January-July 2020

Month	Detached	Attached	Total
January	1,381	720	2,101
February	1,415	807	2,222
March	1,746	933	2,679
April	1,405	675	2,080
May	1,218	569	1,787
June	1,867	920	2,787
July	2,241	1,165	3,406

Source: SDAR



Real Estate Sales

And to add a little icing to the cake, it looks like August is going to be the best month yet in 2020 with 3,940 pending sales in July.

Pending Sales SDAR January-July 2020

Month	Detached	Attached	Total
January	1,589	922	2,511
February	1,759	955	2,714
March	1,590	755	2,345
April	1,313	591	1,904
May	2,005	1,010	3,015
June	2,406	1,230	3,636
July	2,578	1,362	3,940

Source: SDAR

My favorite key indicators are all pointing to a continuation of the strong market:

- Percent of Original List Price Received: Virtually 100%
- Days on market until sale, well below a month
- A very meager supply of inventory



Key Indicators Existing Homes Sales San Diego County July 2020

Category	Detached	Attached
% of Original List Price Received	99.0%	99.1%
Days on Market Until Sale	28	26
Months Supply of Inventory	1.3	1.7

Home sales in all price ranges were vibrant, save the low end of the market where, in the detached sector, sales of homes under \$500,000 were down 31% and in the attached sector was down 6%. Of course, it wasn't because of demand. The inventory isn't there.

Homes Sold by Price Range San Diego County YTD July 2019 and YTD July 2020

Price Range	Detached			
	No. Homes		Change in Sales	
	Jul-19	Jul-20	No.	%
Under \$500,000	4,502	3,099	(1,403)	-31%
\$500,000-750,000	9,342	9,760	418	4%
\$750,000-1,000,000	3,565	3,756	191	5%
Over \$1,000,000	3,889	4,200	311	8%

Attached			
No. Homes		Change in	
Jul-19	Jul-20	No.	%
7,198	6,787	(411)	-6%
2,375	2,634	259	11%
648	690	42	6%
490	568	78	16%

Source: SDAR

I recognize that COVID is causing a major disruption in most of the economy, but it doesn't seem to have put a dent in the sales of existing homes in San Diego County. Just keep those listings pouring in!

Employment Update

Initial unemployment claims continue to ratchet downwards, declining almost 86% since the peak in late March. It is still not a bountiful picture, but it is getting better. We still don't know if the cessation of the \$600-a-week cash benefit will have an effect on the number of claims, but we'll know much more at the end of the month.



Initial Unemployment Claims United States	
Week	(000)
21-Mar	3,307
28-Mar	6,867
2-May	3,176
6-Jun	1,542
27-Jun	1,427
25-Jul	1,205
1-Aug	984
% Decline from March 28	
-86.0%	

Source: Bureau of Labor Statistics
(not seasonally adjusted)

The unemployment rate continues to decline nationally, edging downward to 10.8% at the end of July. It's a long way to go to reach the unemployment rates of the first quarter, but we are making progress.

Unemployment Rate United States January-July 2020

Month	Unemployment Rate	Employment Rate
January	3.6%	96.4%
February	4.4%	95.6%
March	4.4%	95.6%
April	14.7%	85.0%
May	13.3%	86.7%
June	11.1%	88.9%
July	10.8%	89.2%

Source: U.S. Bureau of Labor Statistics
Not seasonally adjusted



Employment Update

In San Diego County, we continue to see a modest improvement in the local economy, but the leisure and hospitality sector continues to take the brunt of the job losses.

In the other major categories, job losses in the period May-June were dramatically reduced from the March-April losses. Hopefully, the trend will continue.

Job Losses by Category Wage and Salary Employment San Diego County March - June 2020

Category	March	April	May	June	Change	
					March - April	May-June
Total	1,494,000	1,291,000	1,301,000	1,355,700	(203,000)	54,700
Leisure and Hospitality	192,900	96,700	114,600	149,300	(96,200)	34,700
Construction	80,200	75,700	77,200	77,300	(4,500)	100
Manufacturing	117,100	111,200	106,800	106,400	(5,900)	(400)
Government	252,900	246,300	240,000	237,800	(6,600)	(2,200)
Professional & Business Services	259,500	243,800	251,000	247,900	(15,700)	(3,100)
Education & Health Services	219,600	197,600	199,300	196,000	(22,000)	(3,300)
Trade, Transportation & Utilities	218,800	191,300	190,300	190,200	(27,500)	(100)



A COVID-19 UPDATE



Looking at Southern California, our COVID deaths have expanded substantially, more than 400% since May. I somehow wonder if there has been a change in the reporting statistics.

Deaths by COVID Southern California May to August Comparison

County	% Change	Change	May 5 2020	August 3 2020
Los Angeles	389%	3,492	1,209	4,701
Orange	1252%	599	52	651
Riverside	491%	587	150	737
San Bernardino	250%	251	167	418
San Diego	571%	466	99	565
Ventura	279%	34	19	53
total	420%	5,429	1,696	7,125

Source: California Public Health

In San Diego County, COVID continues to be a seniors' malady, accounting for 86.4% of deaths. And of total deaths, 40% have been in nursing homes.

Notably, 95% of San Diegans who have died from COVID had underlying medical conditions such as obesity, high blood pressure, and diabetes.

It is unfortunate that COVID has put such a terrible damper on the economy. It not only has destroyed my 2020 projections (which were quite rosy), but it has also caused a major disruption on how we live our lives on a day-to-day basis. Perhaps a vaccine that will be the major bullet will be here sooner rather than later. Maybe in a few months, my newsletters won't have a COVID section.



Deaths by Age Group COVID 19 San Diego Week of 8.3.2020

Age Group	No.	%
Under 39	8	1.4%
40-49	19	3.4%
50-59	50	8.8%
60+	488	86.4%
Total	565	100.0%

% of Covid Deaths of 65+ in nursing homes	40.0%
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Source: CDC

Spotlight On La Jolla

The name La Jolla has a certain ring to it. It is the only community in the City of San Diego where a REALTOR® can't put a sign announcing a home for sale. And the homes there tend to be a little expensive.

Market Update Existing Home Sales La Jolla (92037)

			Year to Date	
	Jul-19	Jul-20	thru July 2019	thru July 2020
Closed Sales				
Detached	31	36	205	167
Attached	24	38	175	149
Pending Sales				
Detached	29	55	221	200
Attached	46	38	206	169
Median Sales Price				
Detached	\$2,275,000	\$3,125,000	\$ 2,100,000	\$ 2,275,000
Attached	\$ 762,500	\$ 722,500	\$ 705,000	\$ 780,000



It is not a large community. Its population is about 40,000. Its housing stock is about 50/50 detached and attached homes. The median age of its population is 42, somewhat higher than San Diego County's 36.

The true blessing of La Jolla (aside from its ocean frontage) is its immediate proximity to UCSD. The campus boasts an enrollment of 40,000-plus and a pre-COVID total daytime population of more than 60,000. UCSD has been a little short of housing but is about to open for occupancy its "Living and Learning" community with 2,000 beds (across from Blackhorse Farms) and will shortly break ground for another 2,000 beds immediately south of "Living and Learning."

It is also a medical mecca with UCSD Hospital and its various entities with an employment of 9,100. And, of course, there is also Scripps Green Hospital, Scripps Memorial Hospital, and the VA Hospital.

And UCSD is surrounded by medical and biological research including the Salk Institute, the Sanford Burnham Prebys Medical Discovery Institute, and Scripps Research Institute, et al.

Sales of both detached and attached homes have been a little soft this year through July, but in July there were 36 detached home closings (compared to 31 last year) and 38 attached home closings (compared to 31 last year). The median price of a detached home sold was \$3,125,000 in July. Year to date, median sales prices were up 8.3% over last year for detached product and up 10.6% on attached product.



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