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Alan Nevin - Director of Economic and Market Research, Xpera Group

WE'RE OFF TO A VERY GOOD START FOR THE NEW YEAR

Closings in January 2021 were almost a perfect match with closings in January 2020. That is very good news.

What is even better news is that pending listings are up, and that means that February should be an even better month than January. Could it be that potential sellers are going to take advantage of the rising prices? Maybe so.

And up they are! January 2021 prices are up 11-12% over January 2019 with detached home closings at \$744,000 and detached homes at \$485,000.

Median Home Prices - Closed Sales January 2020-2021

Month	Detached	Attached
2020	\$ 665,000	\$ 435,000
2021	\$ 744,000	\$ 485,000
Change 2020-2021	\$ 79,000	\$ 50,000
% Change	11.9%	11.5%

Source: SDAR

A sure sign of a strong market is the "Listing to Sale Price" which is just about 100%. The very interesting statistic is that the listing to sale price doesn't dip below 95% until you reach the \$2,000,000 level, and even then it's very strong. I guess I can also surmise that REALTORS® know how to hit the sweet spot.

Closed Sales

SDAR

January 2020-2021

Year	Detached	Attached	Total
2020	1,448	750	2,198
2021	1,466	833	2,299

Source:SDAR

No. of Sales Pending End of Month - January 2020-2021

Year	Detached	Attached
2020	1,679	963
2021	1,770	1,336

Source: SDAR



Real Estate Market Update

Along with the decline in unemployment, initial unemployment claims have plummeted – down 88% since March, despite the demise of the \$600 weekly stipend.

Listing to Sale Price, by Price Range Detached and Attached Homes Month End January 2021

Price Range	%
\$250,000 and Below	97.3%
\$250,001 to 500,000	98.5%
\$500,001- to \$750,000	97.9%
\$751,001-1,000,000	97.1%
\$1,000,001-1,250,000	96.1%
\$1,250,001-2,000,000	95.2%
\$2,000-001-5,000,000	91.8%
\$5,000,001 andAbove	87.1%
All Price Ranges	97.5%

Source: SDAR

The months' supply of inventory is almost a "month" rather than "months." In the detached homes category the supply is about three weeks, and one month for the attached homes sector.

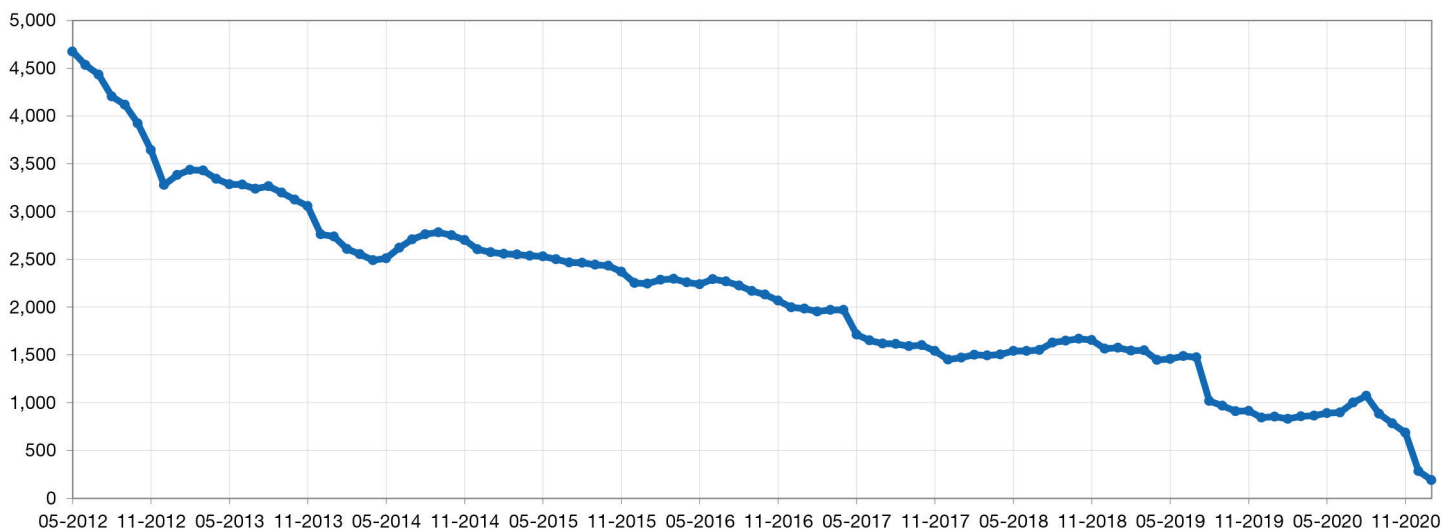
Months Supply of Inventory January 2020-2021

July	Detached	Attached
2020	1.9	1.9
2021	0.7	0.9



Poor lenders. I just know they would love to get their hands on a bunch of foreclosed homes, but I think that is a long way off. We have 730,000 homes and condominiums in San Diego County and last month there were only 851 lender-mediated sales. That is one-tenth of 1 percent of the inventory.

Inventory of Lender-Mediated Properties in San Diego County



Employment Update

JOBS AND MAYBE MORE JOBS

It's a slow path to recovery, but the national unemployment rate is down to 6.3%, almost in striking range of normalcy.

Unemployment Rate United States March 2020-January 2021

Month	Unemployment Rate
Mar-20	4.4%
Apr-20	14.7%
Oct-20	6.9%
Jan-21	6.3%

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

Initial Unemployment Claims United States

Week Ending	(in 1000s)
21-Mar	3,307
28-Mar	6,867
2-May	3,176
25-Jul	1,205
1-Jan	779

% Decline from March 28	89.0%
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Source: Bureau of Labor Statistics
(not seasonally adjusted)

Initial unemployment claims are always a good indicator of where the nation is headed. Since the peak of unemployment in late March of last year, initial unemployment claims have declined about 90%, so that's pretty good.



I closely track unemployment by ethnic group. It is inevitably true that Hispanic and Black employment is always the first to suffer in a recession, and this time is no exception. The current unemployment rate for Hispanics and Blacks is clearly not acceptable, but is inevitable because those groups are more likely to have jobs in industries like leisure and hospitality that suffer most in a recession. I'll keep you informed on changes in this situation.

Unemployment Rate Ethnicity United States March 2020-January 2021

Ethnicity	January 2020	January 2021
White	3.5%	5.7%
Asian	3.2%	6.6%
Hispanic	5.1%	8.6%
Black	6.6%	9.2%

Here in San Diego County, because of our heavy reliance on the leisure and hospitality industries, our unemployment rate is slightly higher than that of the nation.



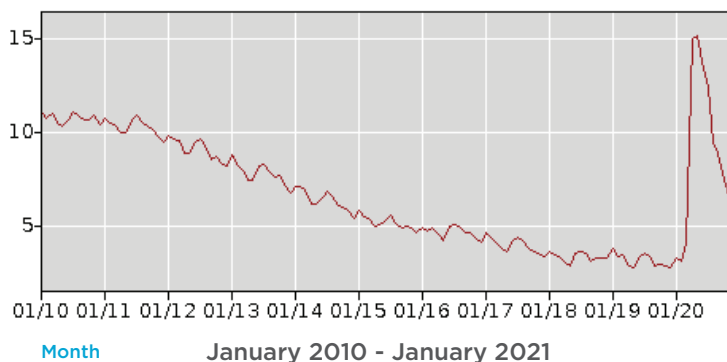
San Diego Economy February-December 2020

Month	Total Employment	% Unemployment
February	1,544,265	3.2%
April	1,317,500	15.0%
December	1,426,300	8.0%

U.S. Bureau of Labor Statistics

Hopefully, as the vaccines kick in and springtime approaches, employment in leisure and hospitality will expand and we could experience some form of normalcy in the economy. Doing carryout meals just doesn't do the trick.

Unemployment Rate

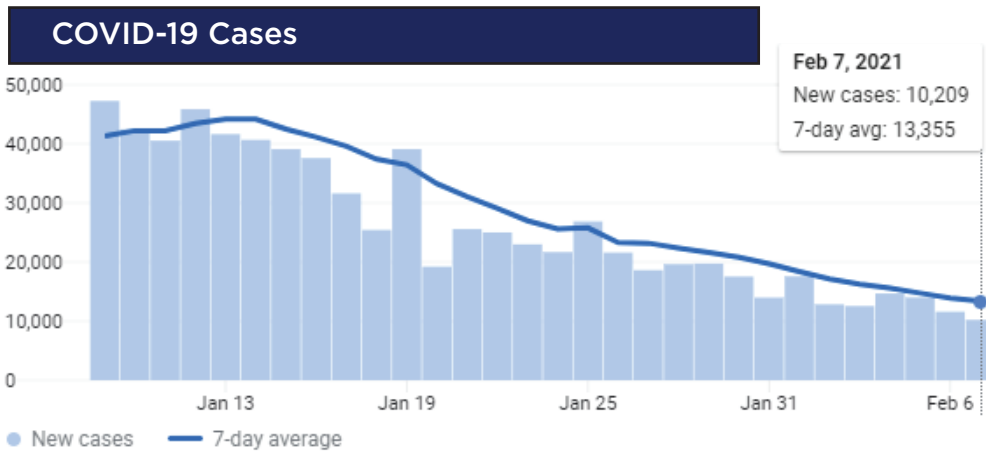


COVID-19 Update

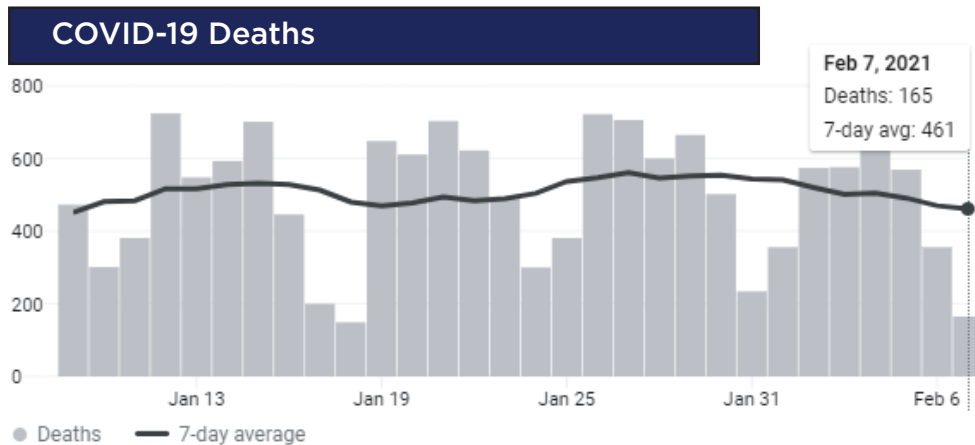
HAVE WE TURNED THE CORNER?

You may have noticed in recent issues of the newsletter, I have opted not to provide you with statistics on COVID – it was just too depressing. Now I think I see the light at the end of the tunnel, or at least I hope so.

The exhibit below shows the continuing decline in new cases in California:



Unfortunately, the number of deaths has only begun to decline. It's still not a pretty picture, but here's hoping that next month's newsletter will have a more optimistic bent on the COVID situation. Here's to a rousing February, full of plentiful pendings and overwhelming closings.



Spotlight On San Marcos

The City of San Marcos straddles Highway 78 and sits midway between Escondido and Oceanside. The city is approaching 100,000 population, a change of 17% since the 2010 Census.

The housing stock of San Marcos consists of more than 14,000 detached units, but its major increase since the 2010 Census has been in townhomes, nearly doubling that type of sale housing in the past decade.

Demographic Profile City of San Marcos San Diego County

Category	2010	2019	Change	% Change
Population	83,772	98,369	14,597	17%
Median Household Income	58,526	81,006	22,480	38%
# of Households	27,199	31,488	4,289	16%

Type of Housing

Detached	14,263	14,329	66	0%
Attached	810	2,219	1,409	174%
Multi-Family	9,458	11,303	1,845	20%
Mobile Homes	3,640	3,637	(3)	0%



It is a relatively affluent city with a median household income of \$81,006 (2019 dollars). Fully one-third of the households have an income of more than \$100,000.

In each of the past two years, the number of resales of detached homes were in the \$700,000 range, and attached housing in the \$400,000 range.

San Marcos' inventory of for-sale housing is approaching zero. The inventory of detached homes for sale was 28 and attached housing 19 homes at the end of January. The months' supply of inventory is less than one.

Household Income City of San Marcos San Diego County

Category	2019	%
Under \$45,000	10,291	33.7%
\$45,000-59,999	3,572	11.7%
\$60,000-99,999	6,444	21.1%
\$100,000+	10,203	33.4%
Total	30,510	100.0%

Detached & Attached Closings City of San Marcos ZIP 92069 & 92078 CY 2020

Category	92069	92078	Total
Detached			
Closed Sales	699	701	2
Median Price	\$ 741,500	\$ 845,000	14%
Attached			
Closed Sales	386	404	18
Median Price	\$ 432,500	\$ 487,000	13%

The Inventory Detached and Attached Homes City of San Marcos January 2021

Housing Type	92069	92078
Detached		
Months Supply of Inventory	0.3	0.5
Inventory or Homes for Sale	9	19
Attached		
Months Supply of Inventory	0.4	0.7
Inventory or Homes for Sale	3	16

The pride of San Marcos is California State University San Marcos, a 30-year-old institution that is sited along Highway 78 on 300-plus acres. The enrollment is now 16,000. The university has added a building a year for the past decade including the Kellogg Library, University Student Union, and a Sports Center. The school offers 43 bachelor program majors and 24 master's programs.

Its enrollment is 60% female, 40% male. Its ethnic composition is 47% Hispanic, 27% Non-Hispanic White, 9% Asian and 3% Black. Two-thirds of its enrollment is under the age of 22. CSUSM is home to 373 international students.



SAN DIEGO | MLS

info@sdar.com | (858) 715-8000

4845 Ronson Ct, San Diego, CA 92111

www.sdar.com | www.sdmls.com