

DECEMBER 2020

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

FINDING SOME GOOD TAKEAWAYS IN A TUMULTUOUS YEAR

As we come to the end of a rather tumultuous year, we can be satisfied that we're closing a very good year for real estate and making great progress on returning to a more normal economy.

The U.S. unemployment rate has dipped to 6.7% -- not quite down to March's wonderful 4.4%, but a move in the right direction.

We need to produce 2.5 million more jobs to get back to where we were in March of this year. Perhaps holiday hiring will do the trick. We'll know more in a month.

Source U.S. Bureau of Labor Statistics

Unemployment Rate United States March-November 2020

Month	Unemployment Rate
-------	-------------------

March	4.4%
April	14.7%
September	7.9%
October	6.9%
November	6.7%

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

Total Employment United States March-November 2020

Month	Total Jobs (000)	Change
-------	------------------	--------

March	155,772	n/a
April	133,403	(22,369)
September	147,563	14,160
October	149,806	2,243
November	153,246	3,440

Need to Recover	2,526
------------------------	--------------

San Diego is plugging along as well. Our October unemployment rate is down to 7.7%.

San Diego Economy February-October 2020

Month	Total Employment	% Unemployment
-------	------------------	----------------

February	1,544,265	3.2%
April	1,317,500	15.0%
July	1,379,500	12.4%
September	1,417,100	9.0%
October	1,486,000	7.7%

Source: U.S. Bureau of Labor Statistics



San Diego Economic Update

On an industry-by industry basis, most of our major industries are just moving along: No home runs, but no disasters, either. That is all except leisure and hospitality, which have been severely wounded and will probably not fully recover until third quarter of 2021.

Job Losses/Gains by Category Wage and Salary Employment San Diego County March - October 2020

Category	COVID March	October	Change
			March - Oct
Total	1,494,000	1,408,000	(86,000)
Leisure and Hospitality	192,900	155,400	(37,500)
Education & Health Services	219,600	208,600	(11,000)
Trade, Transportation & Utilities	218,800	209,400	(9,400)
Manufacturing	117,100	109,500	(7,600)
Professional & Business Services	259,500	264,200	4,700
Construction	80,200	85,900	5,700



Source: U.S. Bureau of Labor Statistics

THE REAL ESTATE STORY

There is continued good news on the construction forefront. It looks like 2020 will match the very positive output of 2019. Sales of new detached homes and townhomes are strong, despite the restrictions on touring model homes. Most developers are reporting that they have few standing unsold units, in all price ranges.

Residential Building Permits San Diego County January-October 2019 & 2020

Annual	No. of Units		
	Total	Single Family	Multi-Family (1)
Total Jan-Oct 2020	7,291	2,461	4,830
Total Jan-Oct 2019	7,058	2,594	4,464

(1) condominium and rental

Source: U.S. Census

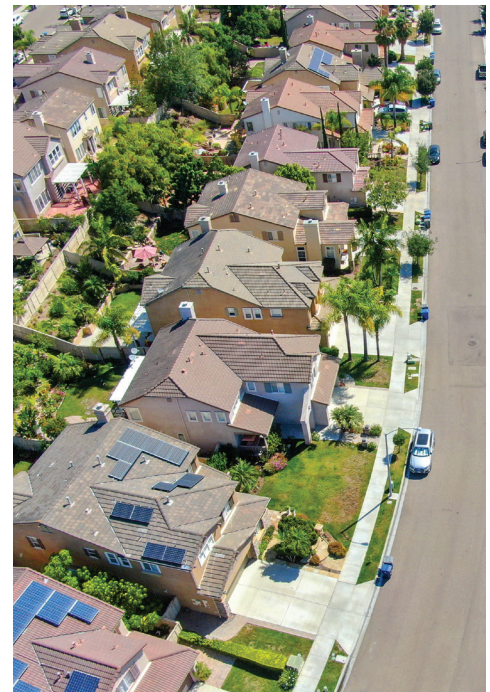
Closed Sales SDAR Thru November 2019-2020

Year	Detached	Attached	Total
2019	29,474	14,023	43,497
2020	26,964	13,360	40,324

Source:SDAR

In the resale housing market, it is becoming increasingly difficult to break sales records with a limited number of listings. Having said that, it is nice to know that through November there have been more than 40,000 closings. Not a record by any means, but not so bad, either.

Unfortunately, pending sales are down, but not horribly so. December could still be a rather decent month.



The months' supply of inventory is dipping to all-time lows. Take a look at these statistics. It's hard to believe that in both the detached and attached sector, there is barely enough inventory to create a viable market.

These other two indicators are also rather relevant: Homes selling for list prices of 100% or more, and days on market until sale is less than two weeks.

Pending Sales SDAR January-November 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
August	2,550	1,334	3,884
September	1,924	1,132	3,056
October	2,043	991	3,034
November	1,876	1,049	2,925

Source: SDAR

And, of course, this shortage of product in a relatively strong economy (Economics 101) has resulted in rising prices. Detached homes are up 13.5% and attached homes are up 12.8% compared to one year ago.

Median Home Prices - Closed Sales November 2019 - November 2020

Month	Detached	Attached
2019	\$665,000	\$ 430,000
2020	\$755,000	\$ 484,950
Nov. 2019-Nov 2020	\$ 90,000	\$ 54,950
% Change	13.5%	12.8%

Source: SDAR

Overall, the new home and resale markets are doing rather well, despite the COVID pandemic and the inability to move around with the sense of freedom that we are accustomed to. So, in December, just keep plugging away. I anticipate that next month's issue of the newsletter will show that we have completed a highly satisfactory year in real estate, even though I won't be able to see you smiling because of your mask.

Months Supply of Inventory November 2018-2020

Year	Detached	Attached
2018	2.9	2.5
2019	2.0	2.0
2020	1.1	1.4

Source: SDAR

Key Indicators Existing Homes Sales San Diego County November 2020

Category	Detached	Attached
% of Original List Price Received	100.2%	99.4%
Days on Market Until Sale	18	21
Months Supply of Inventory	1.1	1.4

Source: SDAR



Spotlight On Chula Vista

POPULATION OF CHULA VISTA

Chula Vista is the largest city in south San Diego County. In the first exhibit, we show the population growth pattern in the years 2000-2018. The years 2010-2015 had a slower rate of growth because of the lack of home and apartment production in that time frame.

Population City of Chula Vista 2000-2019

Year	Population	Total Increase	Annual Increase
2000	181,613	n/a	n/a
2010	245,987	64,374	6,437
2015	261,801	15,814	3,163
2018	268,060	22,073	7,358
2019	271,411	3,351	3,351



RESIDENTIAL CONSTRUCTION

As of January 2019, there were an estimated 84,210 residential units in Chula Vista, an increase of 25,000 units since 2000.

Residential Units City of Chula Vista 2000-2018

January of each Year	Units	Total Increase	Annual Increase
2000	59,492	n/a	n/a
2005	73,531	14,039	2,808
2010	79,416	5,885	589
2015	82,499	3,083	440
2018	84,210	1,711	570

Source: Ca Department of Finance

From 2016 through this year, the number of units permitted was over 5,000 units, including more than 1,700 new single-family homes:

Residential Building Permits City of Chula Vista 2016-2020 (P)

Year	Total	Single Family	Multi-Family
2016	1,050	86	964
2017	1,073	563	510
2018	1,882	644	1,238
2019	780	250	530
2020 (P)	900	200	700

Source: Ca Department of Finance

THE RESALE MARKET

The demand for resale homes (detached and attached) is strong, but suffering from a shortage of inventory. Through November, sales of detached homes totaled 2,074 and attached homes, 1,084.

The days on market in the six sectors of Chula Vista is typically a week to ten days for both detached and attached housing, perhaps the lowest in the County. Prices in all six sectors are appreciating.

Source: SDAR

Spotlight on Chula Vista Sales and Days on Market Month of November 2020

ZIP	91902	91910	91911	91913	91914	91915	Total
Area	Bonita	North	South	Eastlake	NE	SE	

Closed Sales (Yr to Date)							
Detached							
Nov-19	204	514	440	611	284	401	2,454
Nov-20	229	466	430	470	194	285	2,074
Attached							
Nov-19	52	179	208	431	76	347	1,293
Nov-20	45	168	147	361	80	283	1,084

Days on Market							
Detached							
Nov-19	25	19	18	36	45	28	
Nov-20	9	10	13	15	18	10	
Attached							
Nov-19	26	35	29	18	20	39	
Nov-20	7	7	7	9	15	7	

Overall, Chula Vista is a vibrant sector of the San Diego economy and with the forthcoming expansion of employment opportunities in the Otay Mesa area (including Amazon's new 3.2-million-square-foot distribution center), the home selling business should be vibrant.



SAN DIEGO | MLS

(858) 715-8000 | 4845 Ronson Ct, San Diego, CA 92111 | www.sdar.com | www.sdmls.com