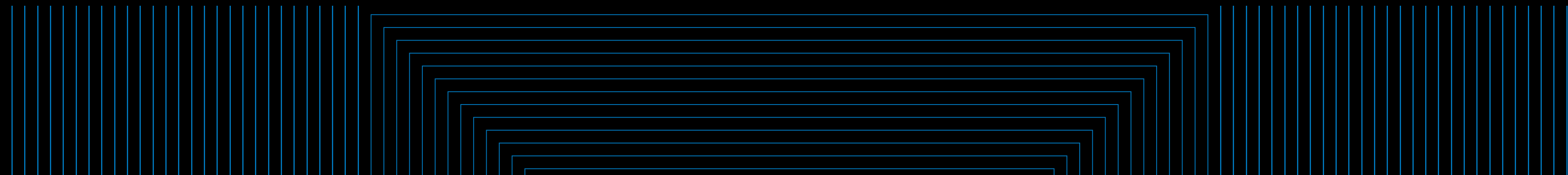


**Housing Market Update for the  
SCOOP  
San Diego Association of REALTORS**

# Why are home prices up so much?

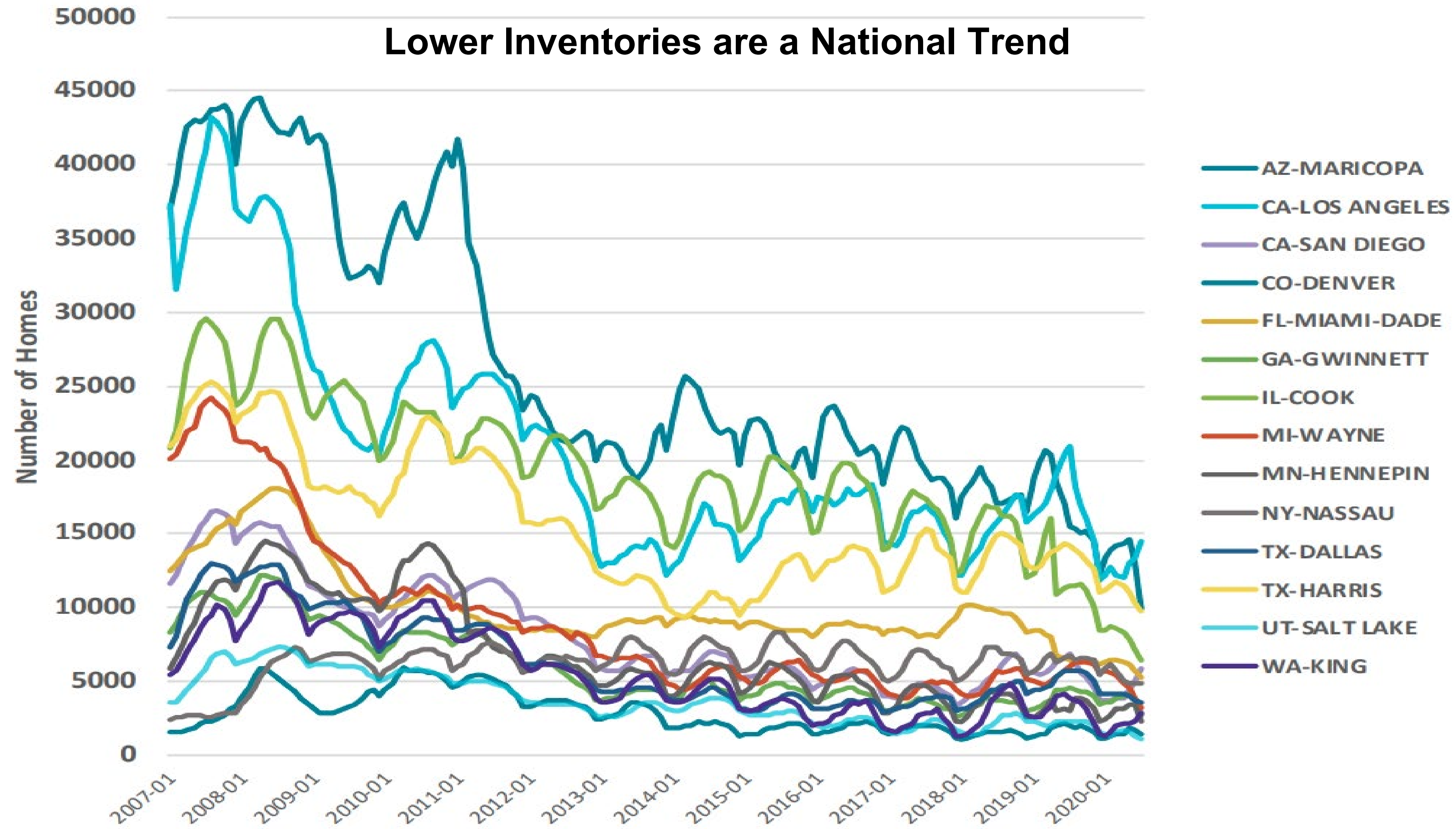
You know the answer

Lack of inventory

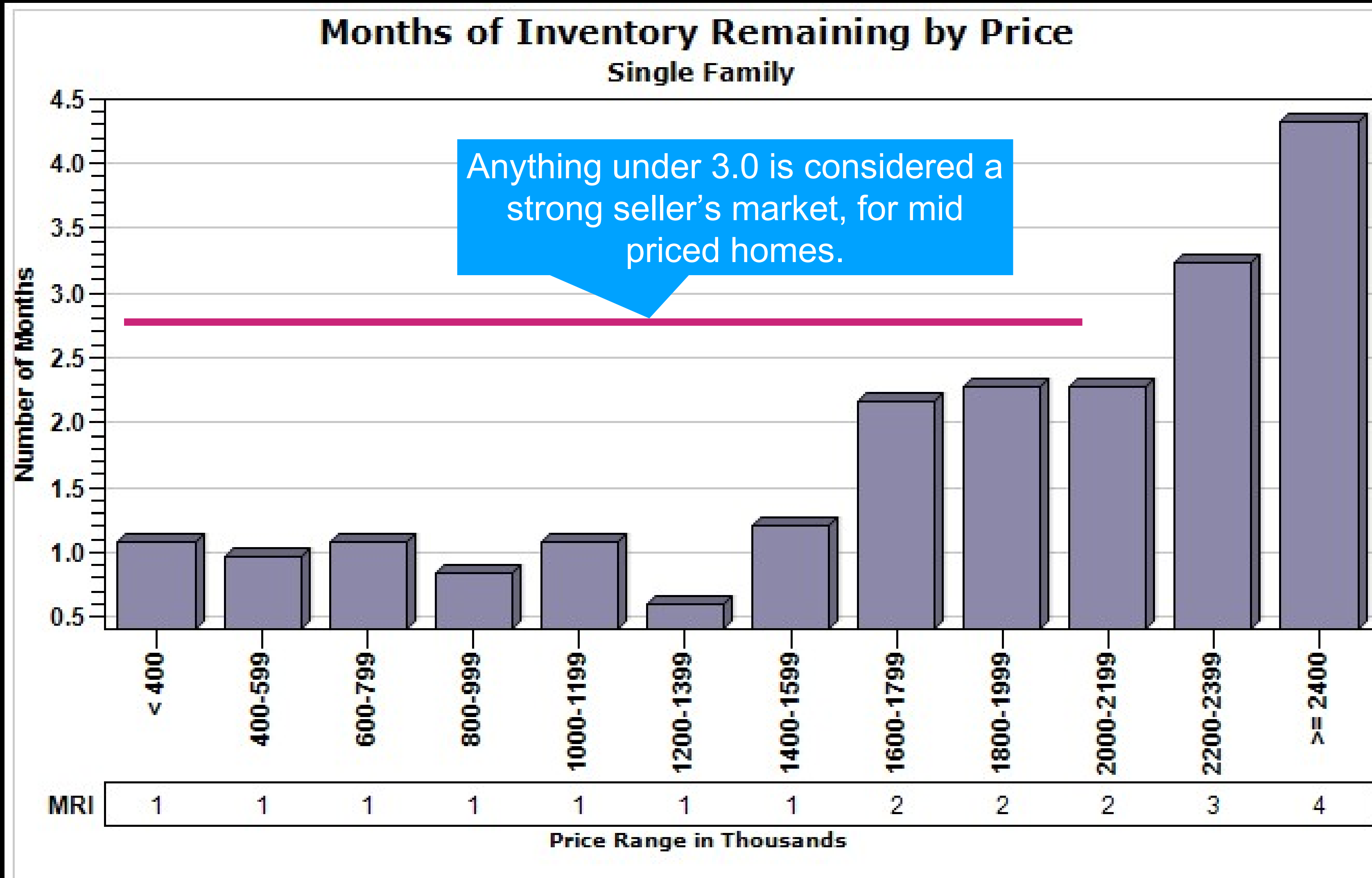


# Single Family Number of Active Listings

## Lower Inventories are a National Trend



# MRI by Price Range



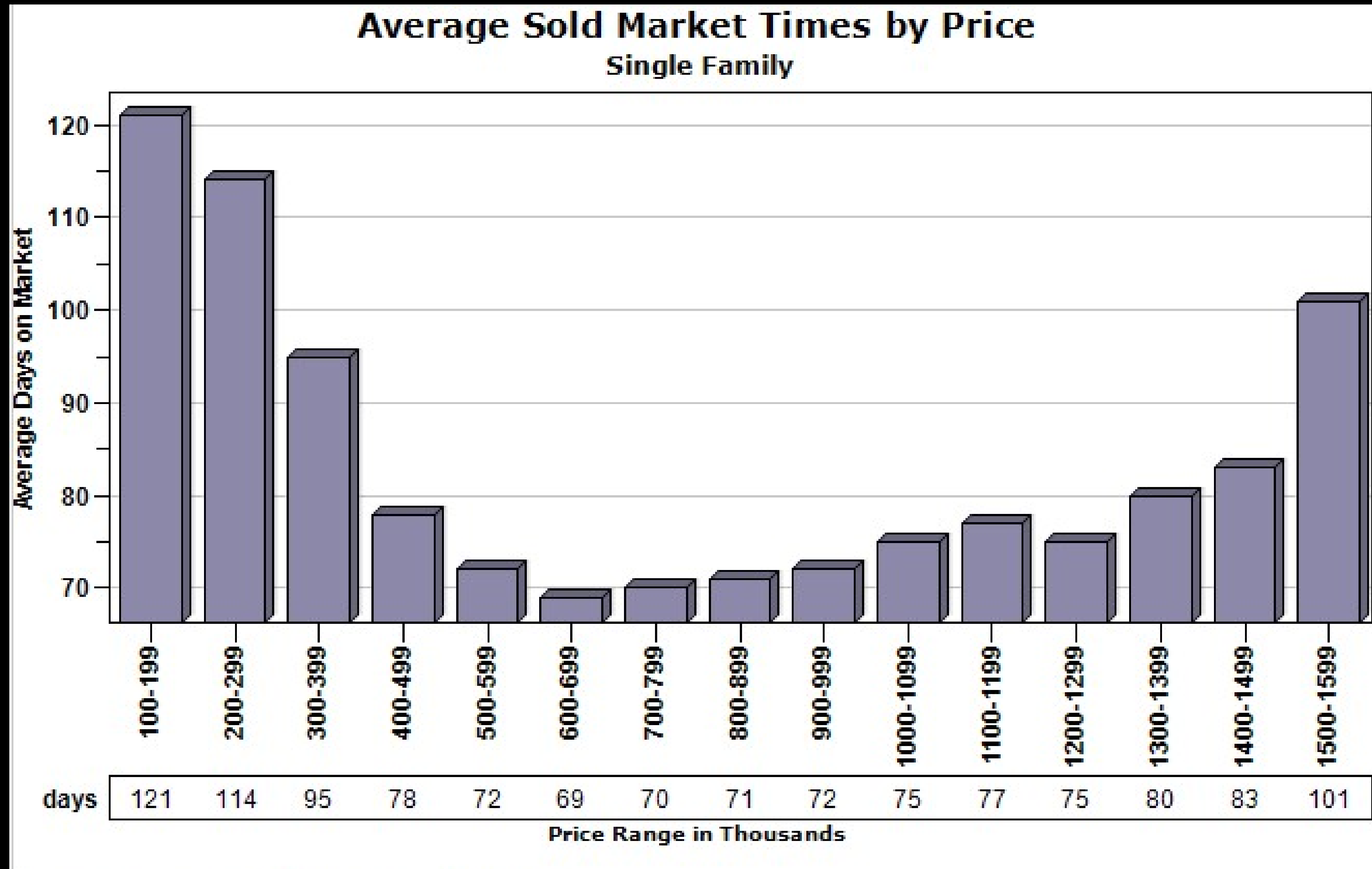
Anything under \$2.0 million does not have much inventory. These are historically low inventories.

# MRI by Size of Home

Months of Inventory Remaining by Living Single Family

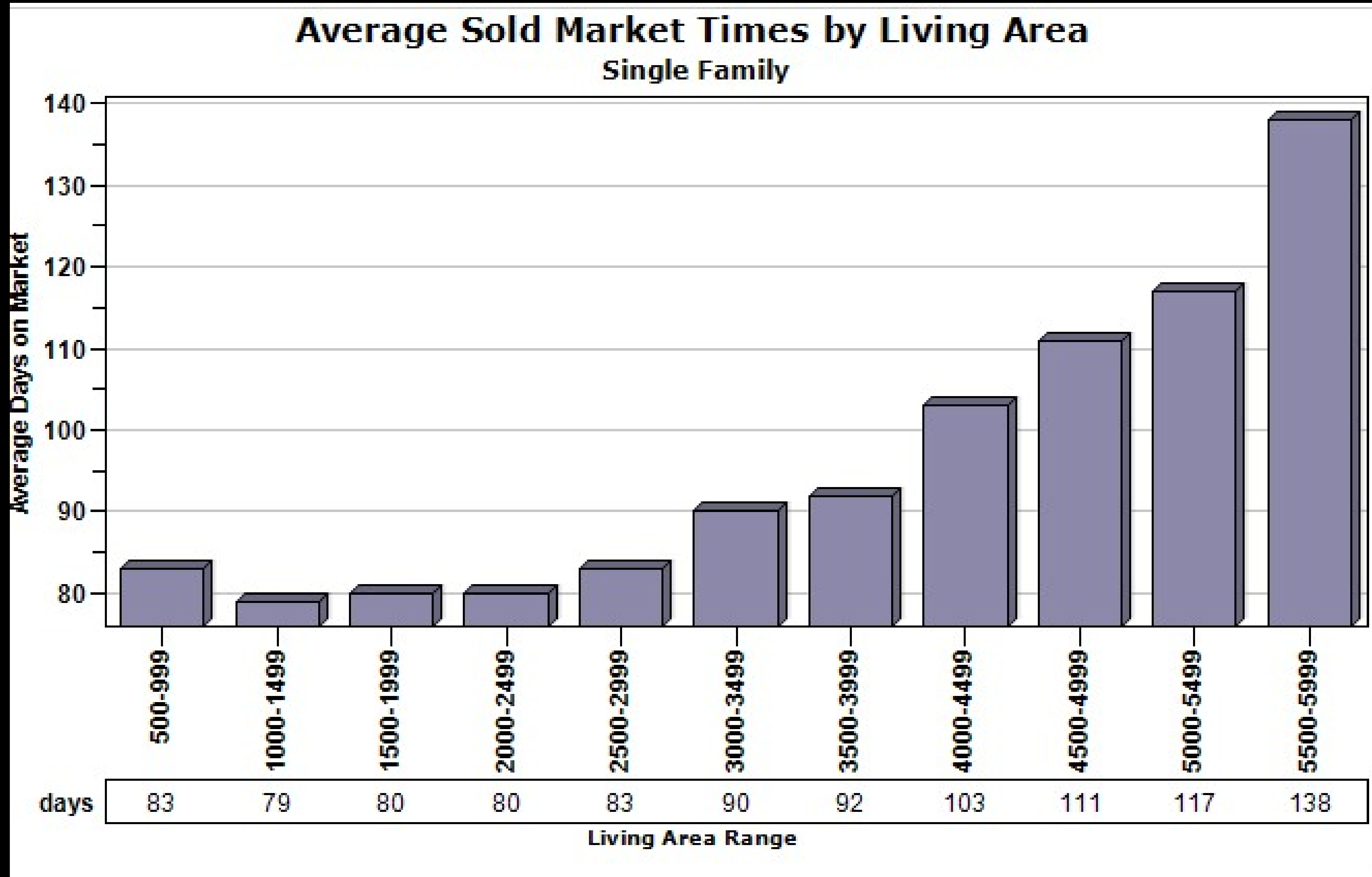


# Time on the Market by Price Range



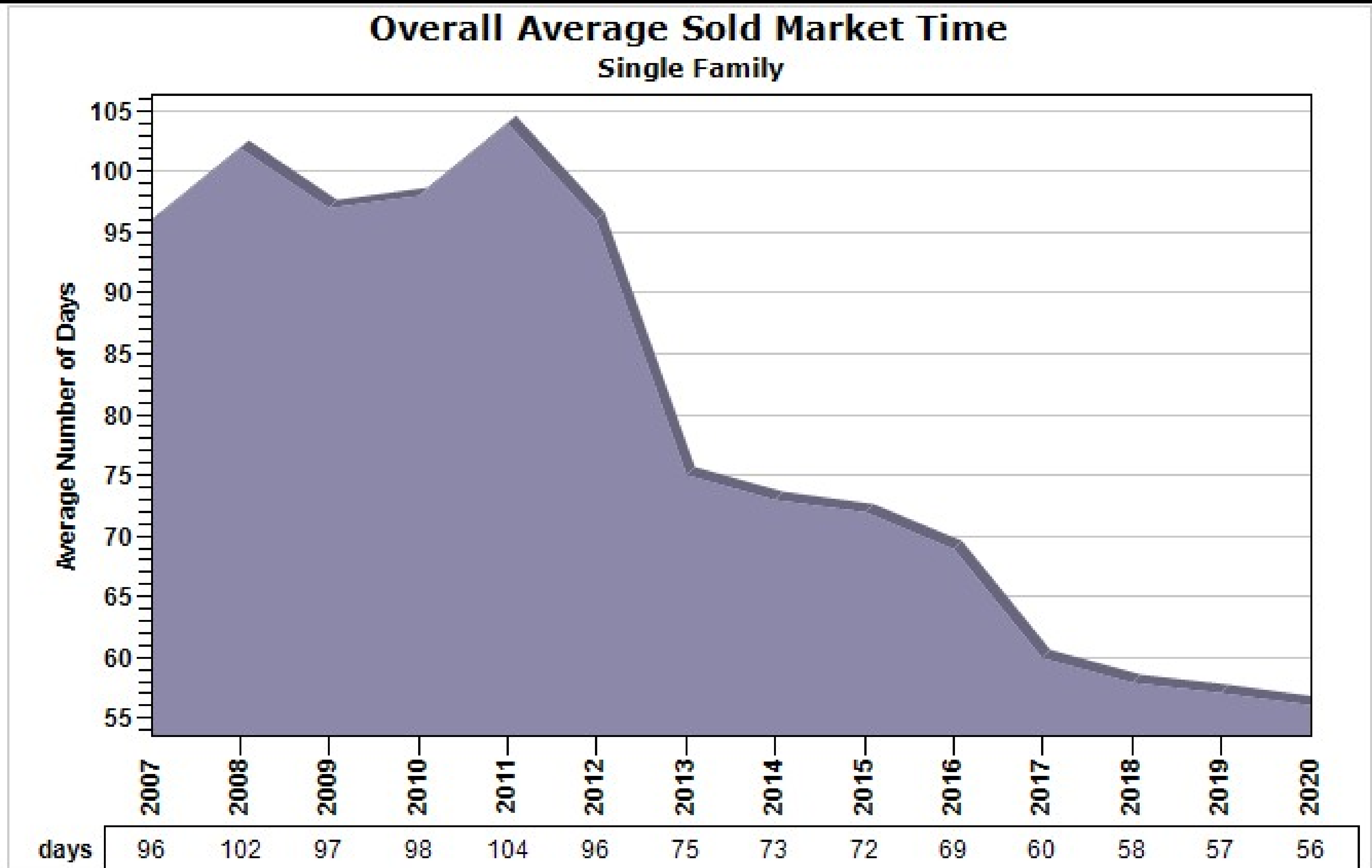
State: CA; County: SAN DIEGO; City: SAN DIEGO

# Time on the Market by Size



State: CA; County: SAN DIEGO; City: SAN DIEGO

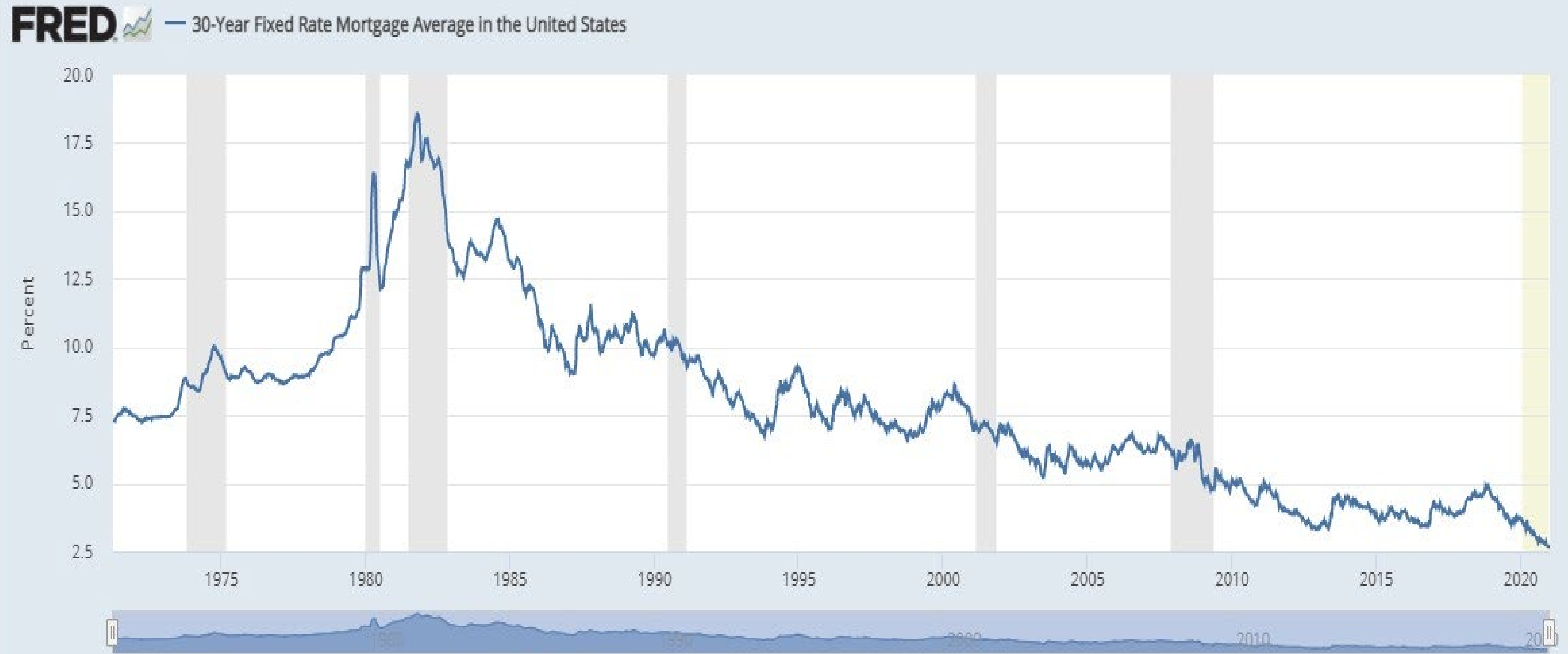
# Ave. Sold Market Time Since 2007



State: CA; County: SAN DIEGO; City: SAN DIEGO



# Why else are home prices up so much?



# Affordable House Calculation

	2019	2020	2021	
Total Monthly Housing Expense	\$2,750	\$2,750	\$2,750	Should be 25% to 33% of HHLD Income
Acceptable Loan to Value Ratio:	80.0%	80.0%	80.0%	
Federal Income Tax Rate:	24.0%	24.0%	24.0%	
Mortgage Rates	4.46%	3.62%	2.70%	Jan of 2019 4.46% ave rate then 3.62 in Jan of 2020 and now 2.70
Term in Months:	360	360	360	30 year mortgage
Annual Property Insurance Costs:	\$1,950	\$1,950	\$1,950	
Other Assessment, Main. & Repair Costs:	\$7,200	\$7,200	\$7,200	HOA fees as well may apply
Annual Property Tax Costs:	\$5,000	\$5,000	\$5,000	

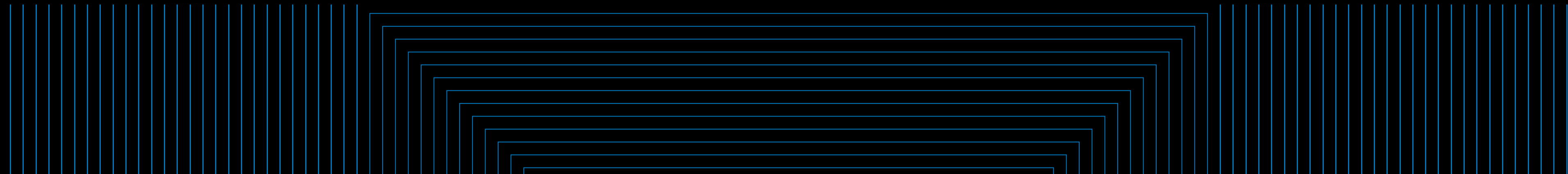
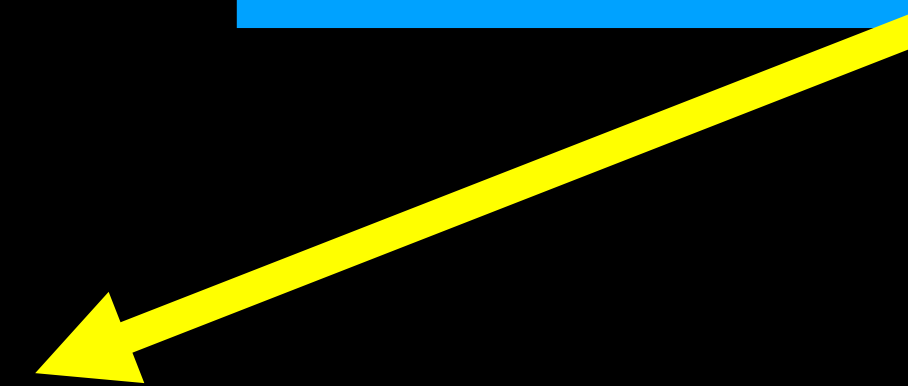
Minimum Affordable Home Price = **\$502,331**      **\$543,906**      **\$593,103**

+ 8% on prior yr      +9% on prior yr

# Mortgage Rates Explain Much of the Appreciation

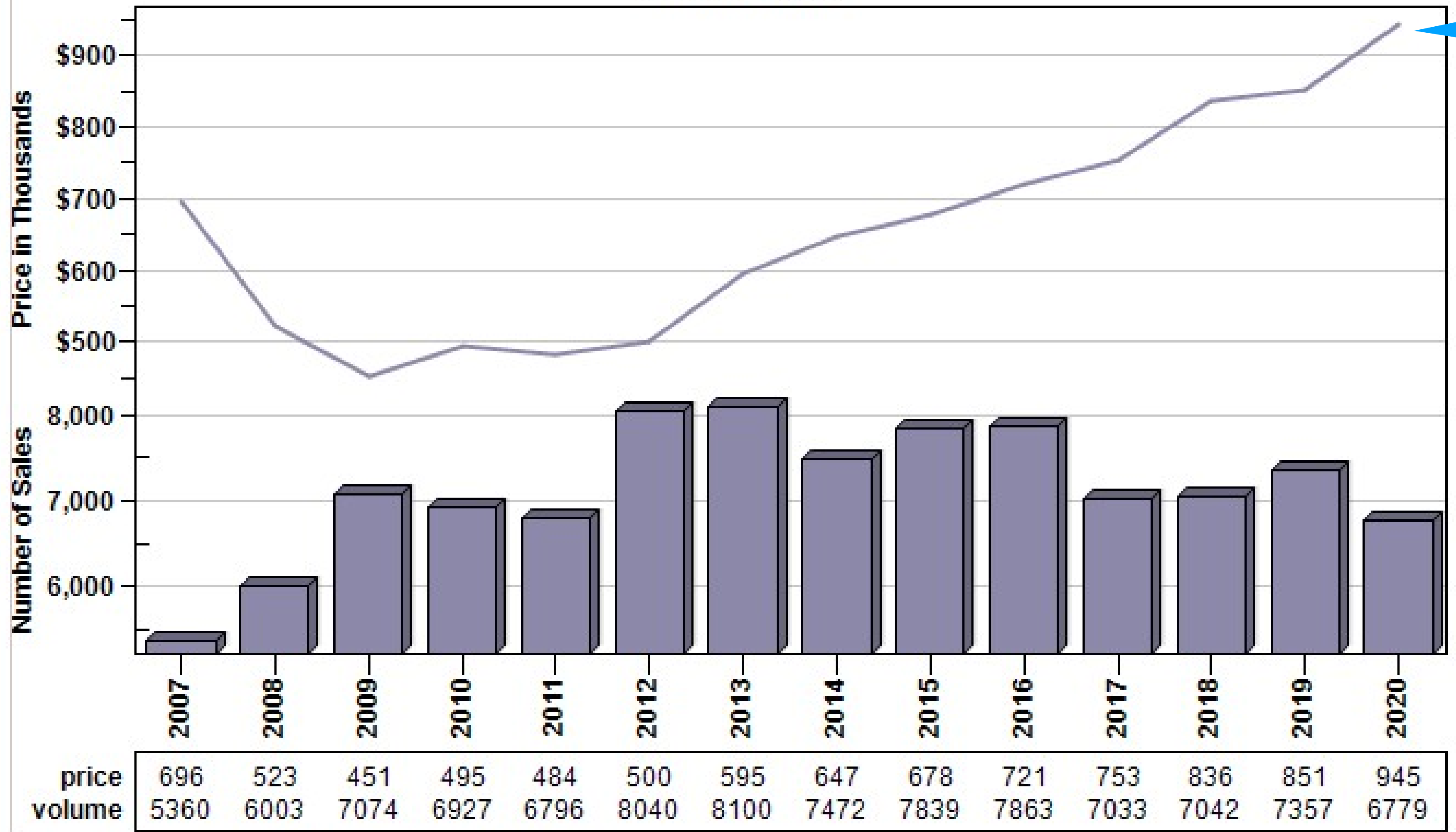
<b>Current Monthly Housing Expense:</b>	<b>\$2,750</b>	<b>\$2,750</b>
Acceptable Loan to Value Ratio:	80.0%	80.0%
Federal Income Tax Rate:	24.0%	24.0%
Mortgage Rates (decimal form):	<b>5.50%</b>	<b>3.00%</b>
Term in Months:	360	360
Annual Property Insurance Costs:	\$1,950	\$1,950
Other Assessment, Main. & Repair Costs:	\$7,200	\$7,200
Annual Property Tax Costs:	\$5,000	\$5,000
Minimum Affordable Home Price =	<b>\$455,554</b>	<b>\$576,666</b>

Changing only the rate from the average of the last two decades to current rates gets us to an appreciation increase of 26.5%



# San Diego Metro Ave Single Family Prices

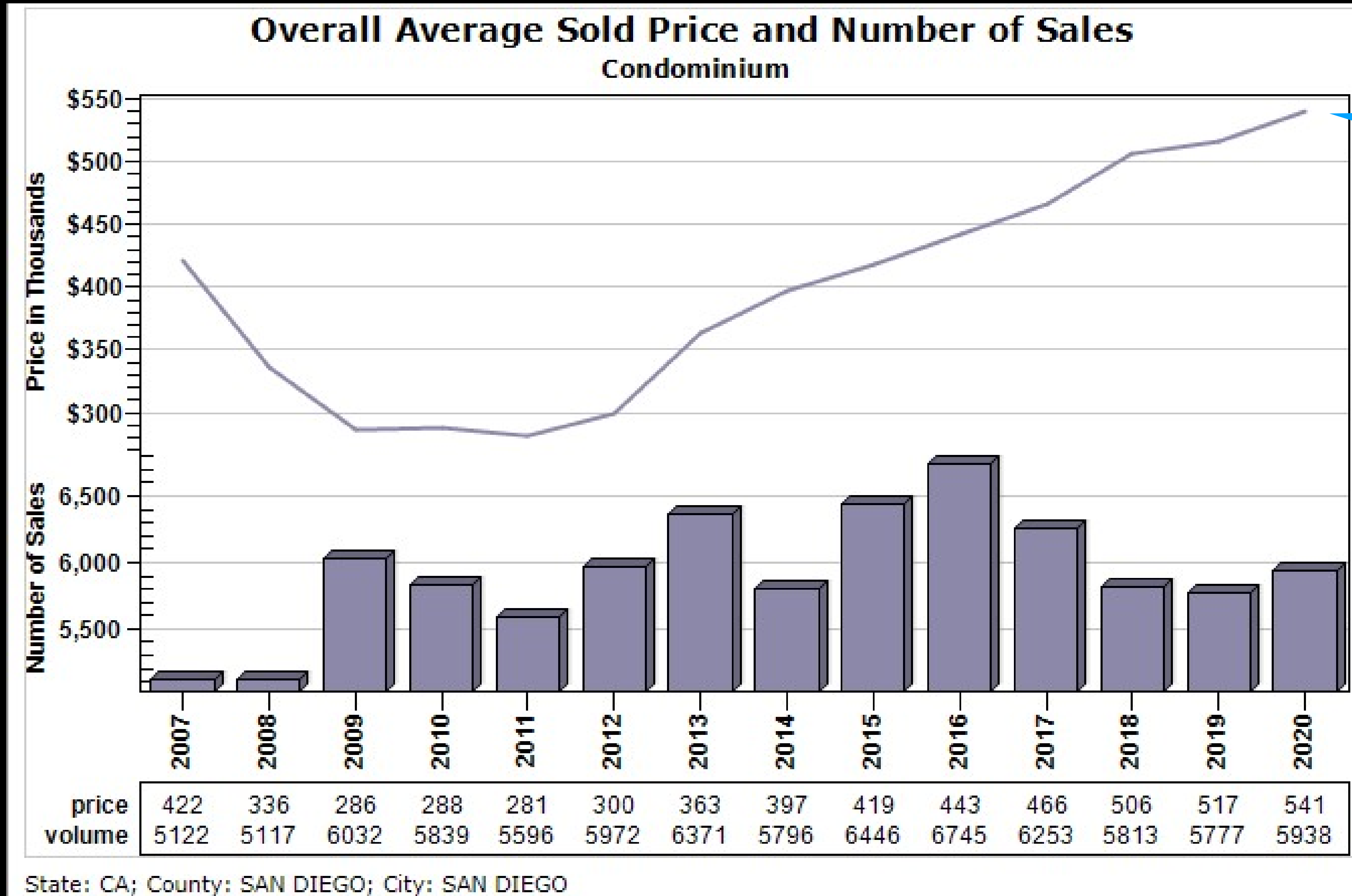
**Overall Average Sold Price and Number of Sales**  
Single Family



Ave Home prices are up 11% in one year

State: CA; County: SAN DIEGO; City: SAN DIEGO

# San Diego Metro Ave Condo Prices

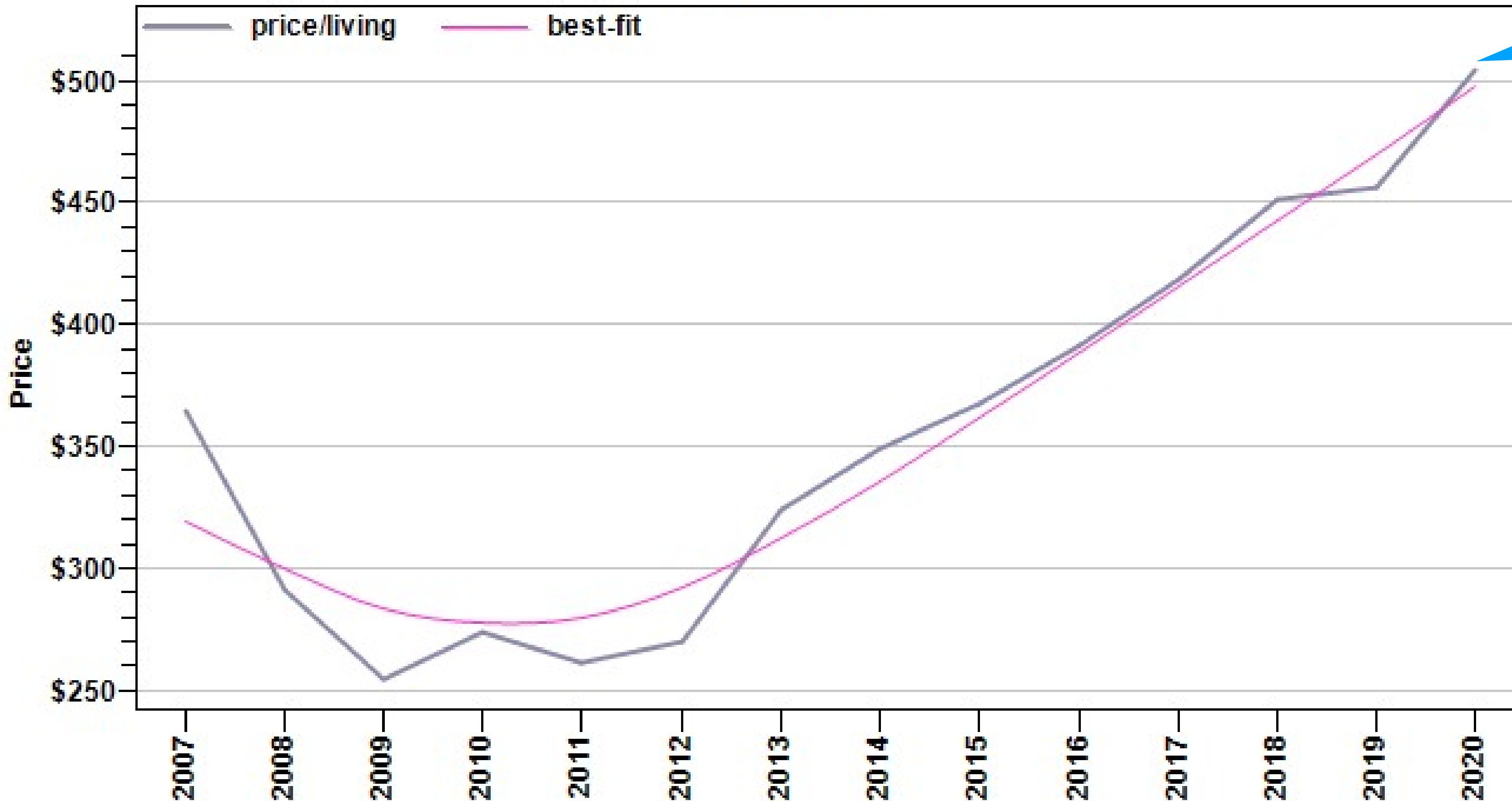


Ave Condo prices are up 4.6% in one year

State: CA; County: SAN DIEGO; City: SAN DIEGO

# San Diego SF Price Per Sq Ft

Overall Average Sold Price Per Living Single Family



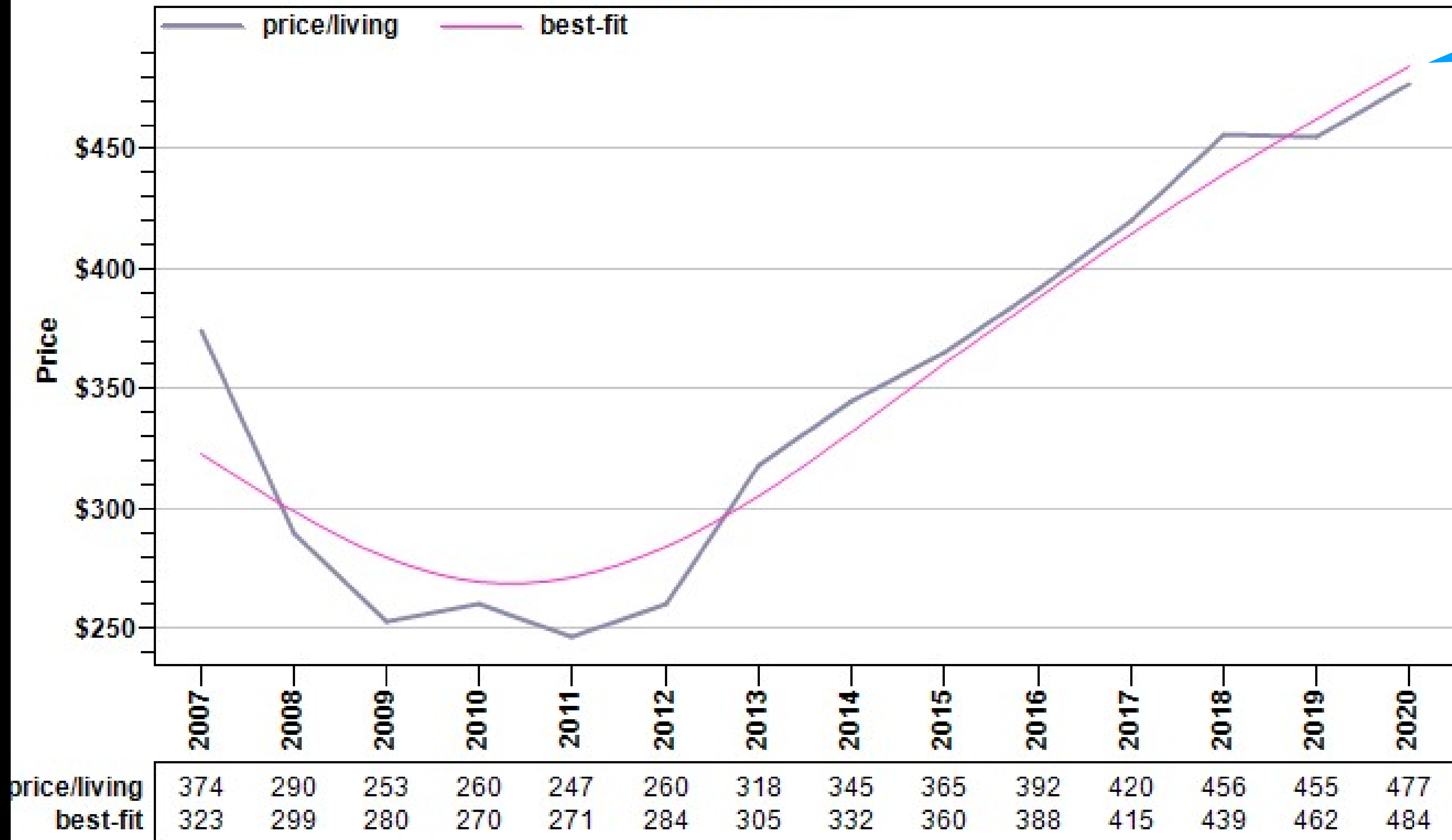
Ave Home prices per sq ft are up 10.5% in one year

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
price/living	365	291	255	274	261	270	324	349	367	392	419	451	456	504
best-fit	319	300	284	278	280	292	312	336	362	389	416	443	470	498

State: CA; County: SAN DIEGO; City: SAN DIEGO

# San Diego Condo Price Per Sq Ft

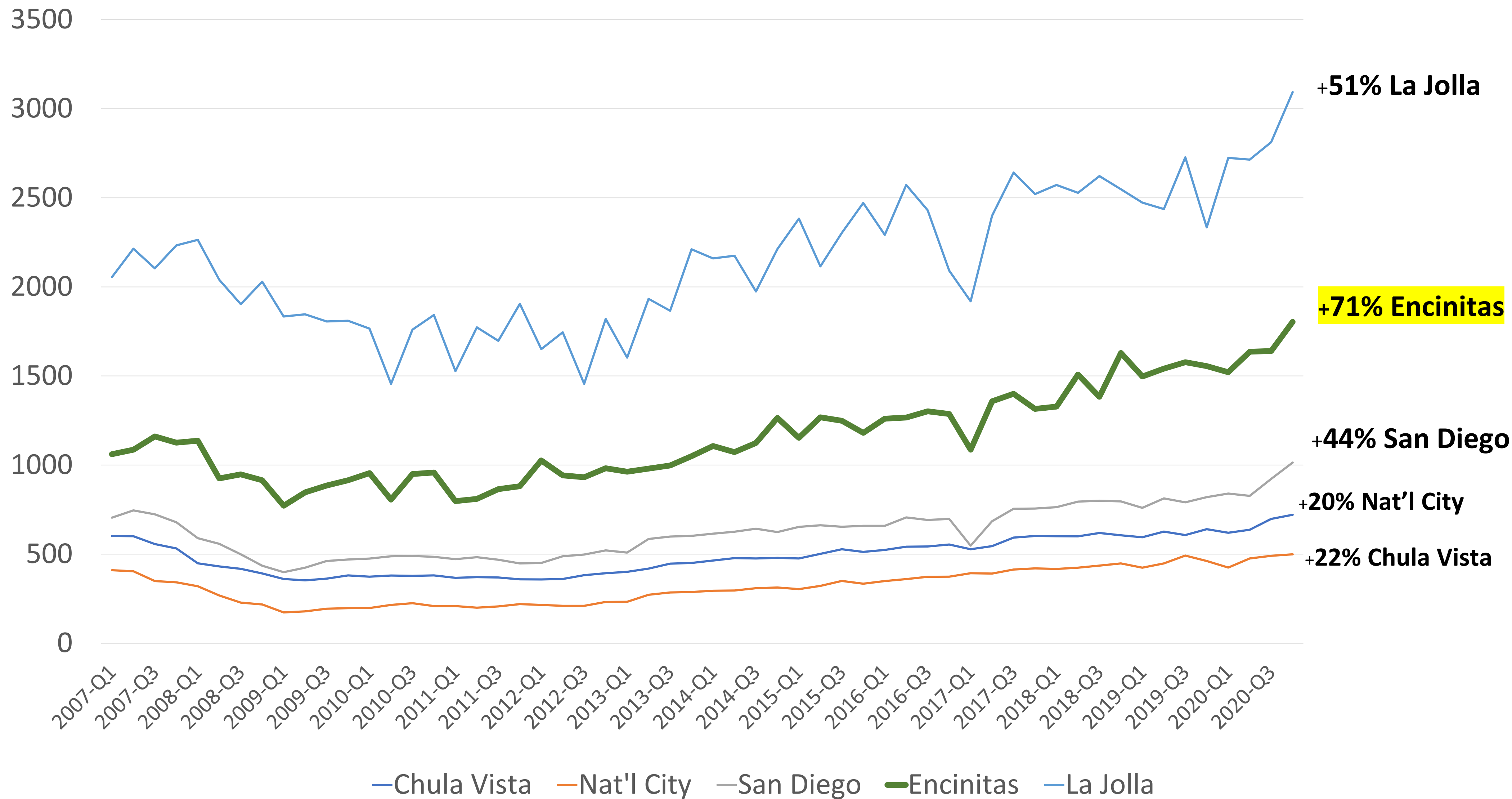
**Overall Average Sold Price Per Living  
Condominium**



Ave Condo prices per sq ft are up 4.8% in one year

State: CA; County: SAN DIEGO; City: SAN DIEGO

# San Diego Sample Neighborhoods SF Home Price Trends Since Q1 of 2007 thru Q2 of 2020 Price in (000)s





# What else explains home price trends aside from inventory or the lack thereof?

- Middle and lower priced homes are more sensitive to interest rates. This is less true for higher priced homes where more equity is used and less debt.
- Higher priced homes are more sensitive to the stock market, and the stock market has been strongly positive for now.

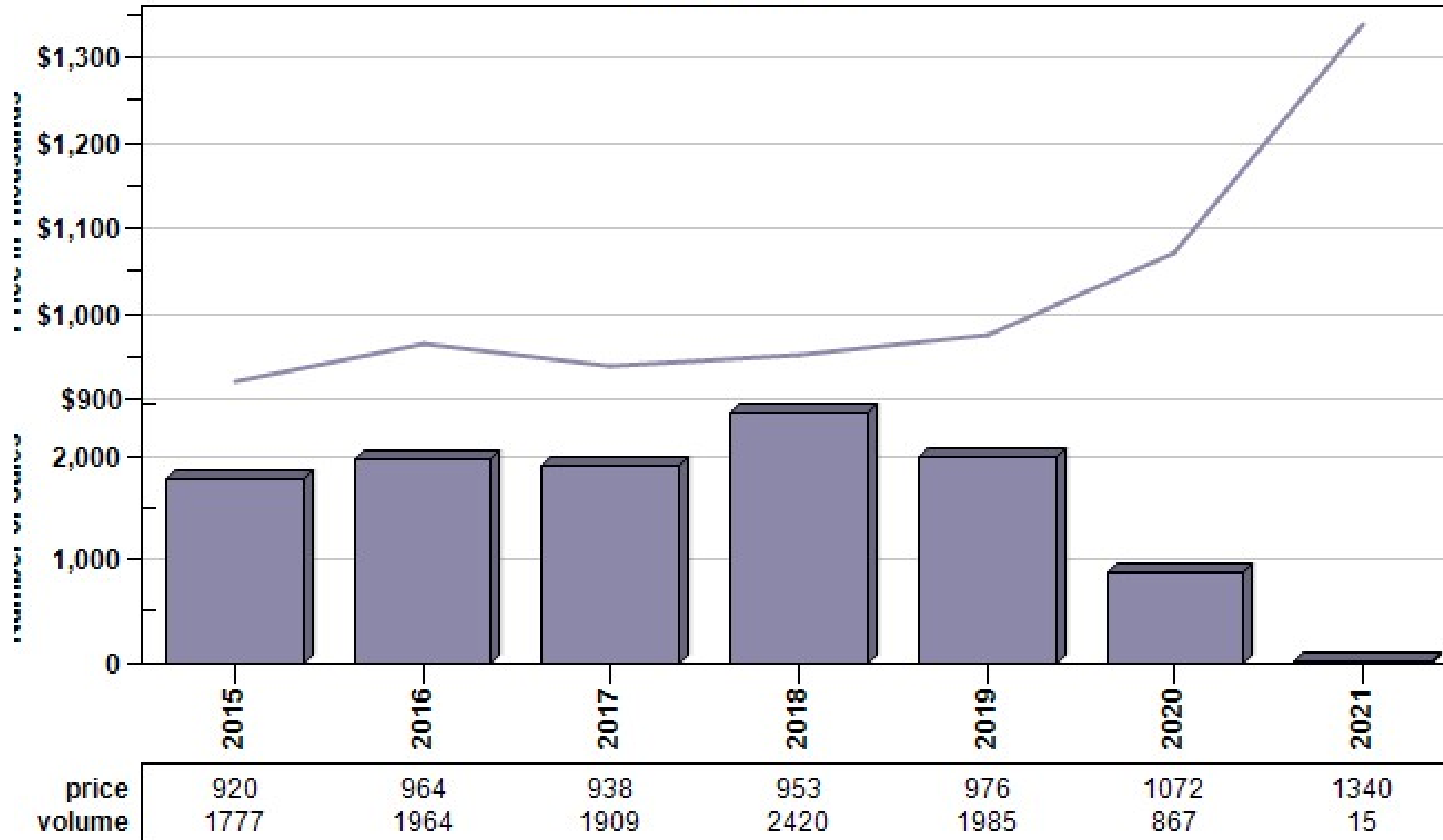


**Interest Rates and Affordable  
Debt**

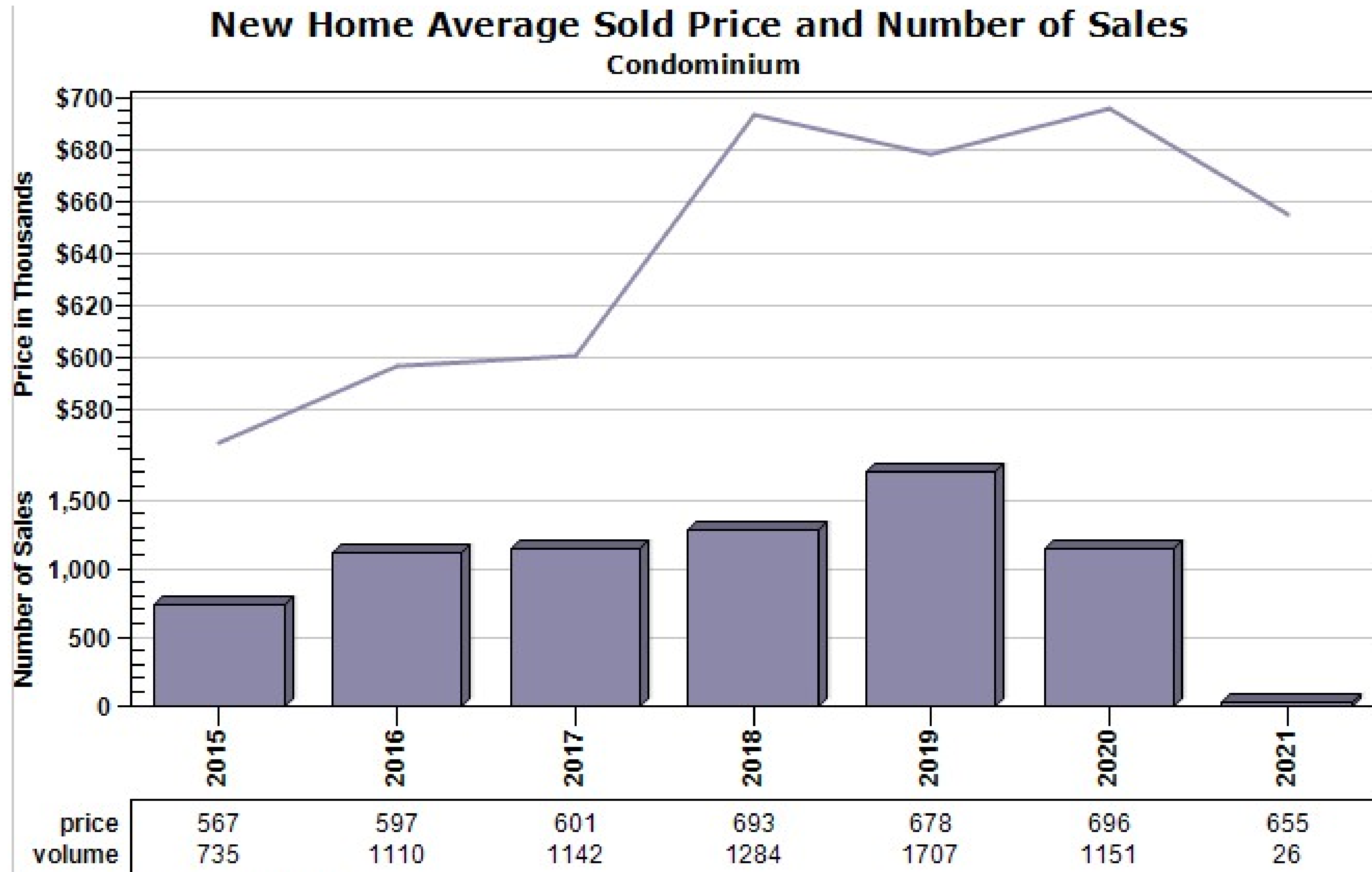
**Stock market and  
wealth**

New home prices are up based on a lack of existing inventory, but then there are so few of them.

**New Home Average Sold Price and Number of Sales**  
Single Family



More new condos came on the market in 2020 than SF but these were not as attractive to buyers



State: CA; County: SAN DIEGO

# What about Biden's first time home buyer credit of up to \$15,000?

- This will help spur some first time buyers to get off the fence.
- Last time, under Bush and then Obama, the \$8,000 tax credit program in 2008/2009 resulted in boosting first time home buyers by about 20%.
- Buyers received some price benefits, but on average these buyers paid most of the tax credit to sellers, so sellers benefited as much or more than buyers. The same will likely be true this time. This is not an efficient way to boost the market.

# What about I Buyers coming back into the market?

## Opendoor

Opendoor opened its doors in 2014, pioneering iBuying platforms and programs in the US. As the nation's largest iBuyer, Opendoor gives you the freedom to sell your home and move into a new one with ease.

[Learn More](#)

## RedfinNow

Redfin began its iBuyer program in 2017 and appropriately named the instant offer model, RedfinNow. Soon to expand across the nation, RedfinNow enables you to sell your house for cash in under 30 days.

[Learn More](#)

## Orchard

Orchard opened its doors in 2017, with the hope of reducing the stress and uncertainty involved in selling your home and buying a new one. Similar to the Knock model, Orchard's approach is instant home trade-in.

[Learn More](#)

## Offerpad

Offerpad launched in 2015 and is now the second largest iBuyer in the country. Offerpad's mission is to eliminate the stress and hassle of selling your home, enabling you to move freely on your schedule.

[Learn More](#)

## **Selected legislation from Nov of 2020**

**Prop 15 rejected keeping property taxes lower than otherwise on commercial real estate.**

**Prop 19 passed giving more flexibility to maintain property tax base and move for those over 55 but taking away the inheritance of the property tax base if not occupied by the inheriting relative.**

**Prop 21 rejected new rent controls showing that CA voters can be smarter than expected.**

## More legislation from Jan 25, 2021



**Extended eviction prohibition from the CDC through the end of March nationally**

**Tenants that pay 25% of the rent in CA can not be evicted through June of 2021. This is a fairly long period of time for up to 75% less revenue for a landlord and with mortgage forbearance could put some properties into default.**

# What to expect in 2021?

1. The economy will be a tail of two cities, where most of us that can work remotely are fine, but front line workers will be in distress when benefits and forbearance runs out.
2. Landlords are being exploited by new legislation but most renters continue to pay. A few renters game the system. Most do not and pay if they can.
3. Mortgage rates will stay low for most of 2021, but inflation is rising and will eventually drive rates up by mid 2022.
4. Housing **Inventories will stay low** while virtual touring skills accelerate along with drive-by appraisals and remote closings. How do you help a buyer looking for a home when everything sells so fast?
5. Home prices will rise 5% to 8% but not evenly.
6. Foreclosures will triple from 1.7% to 5% or so but again, these will be concentrated in the neighborhoods hit hardest by COVID front line workers, retail, restaurant staff, hotel staff, etc.
7. Distressed housing sales will occur in the lower price tiers flattening or decreasing prices, while the middle and upper priced tiers will move up several percent in price.



# Questions for Panel

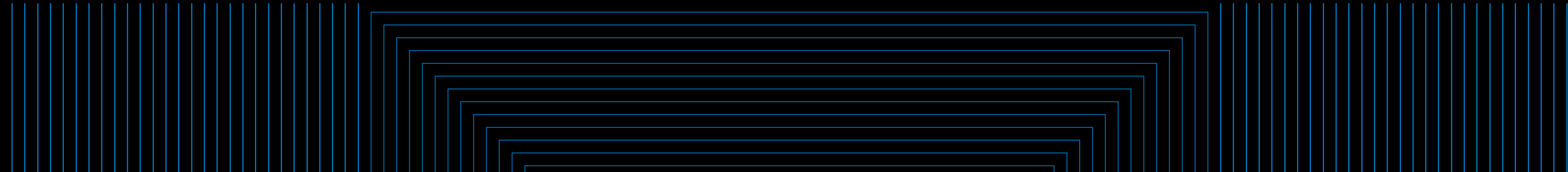
**What have you seen as best practices for virtual touring and do you think this will permanently change how we market homes?**

**What is your view on the First Time Home Buyer Tax Credit?**

**What features and amenities are most attractive right now and do you think this will be permanent or temporary?**

**Has the exodus of some residents from CA to TX and NV and WA and OR affected any of our markets or is the supply so limited that it matters not? Perhaps LA and San Fran has been more impacted?**

# Appendix to slides

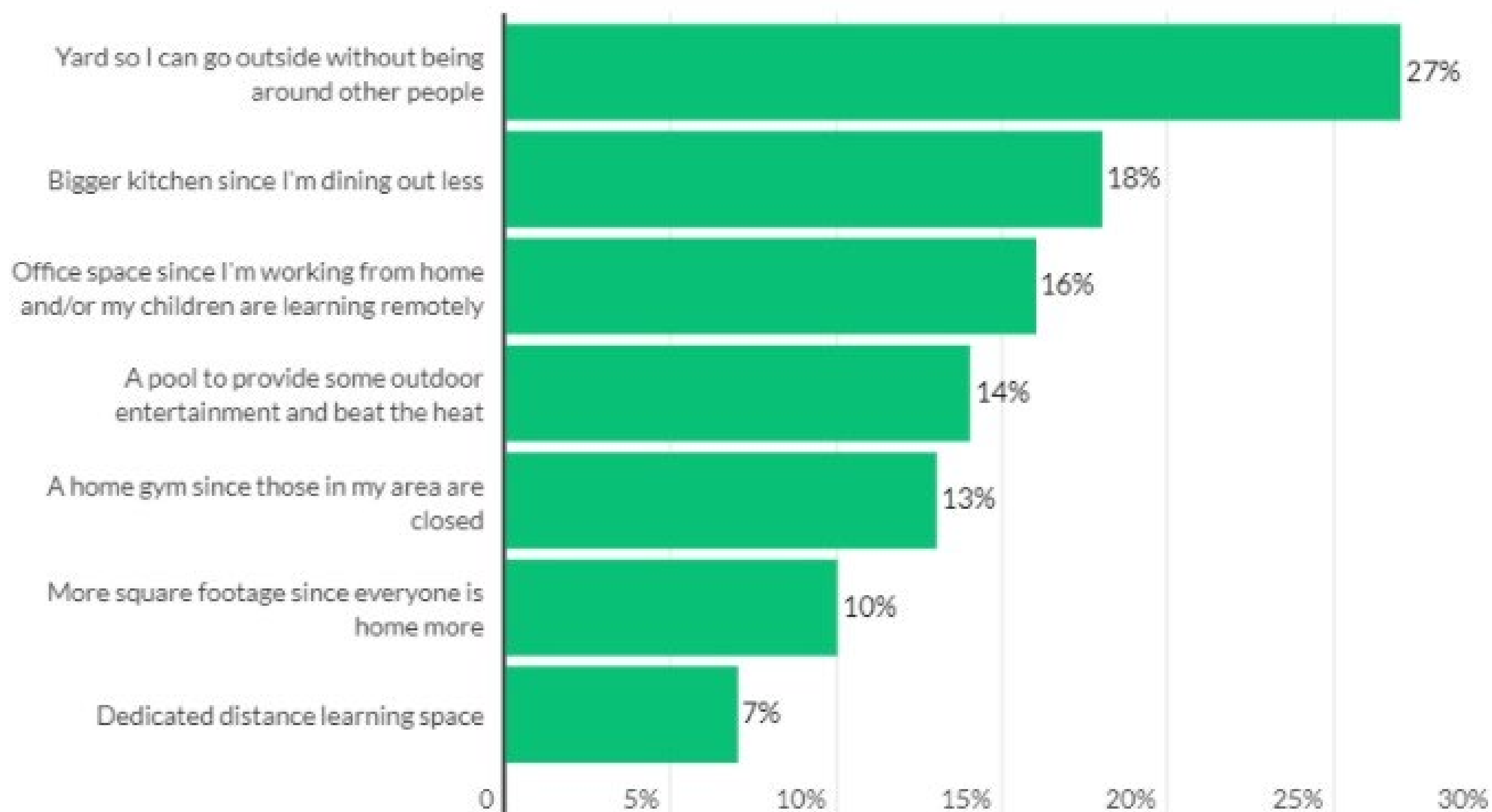


**So what features do buyers and renters  
want today?**

**Zonda recent survey research from  
Kimberly Byrum and Lending Tree**

# Recent Survey of Features Desired in New Homes or Apartments

Home features/amenities on consumers' wish lists because of the pandemic



Source: LendingTree survey of 2,032 Americans conducted Sept. 4-11, 2020. Respondents could select multiple answers if applicable.

**More space  
for school,  
work,  
isolation,  
and exercise**



# Home Office “Cubbies”

Estimate approximately 45 to 50  
square feet to designate

# Personal Workout Space/Home Gyms

Need approximately 3x6' for  
Peloton bike



# Private Workout Suites in Clubhouse



# Personal Workout Space





# Personal Office Suites to Reserve



**Thank you**