

The Orange County Housing Report

Orange County Housing Report: Where are the Discretionary Sellers?

February 17, 2011

Good Afternoon!

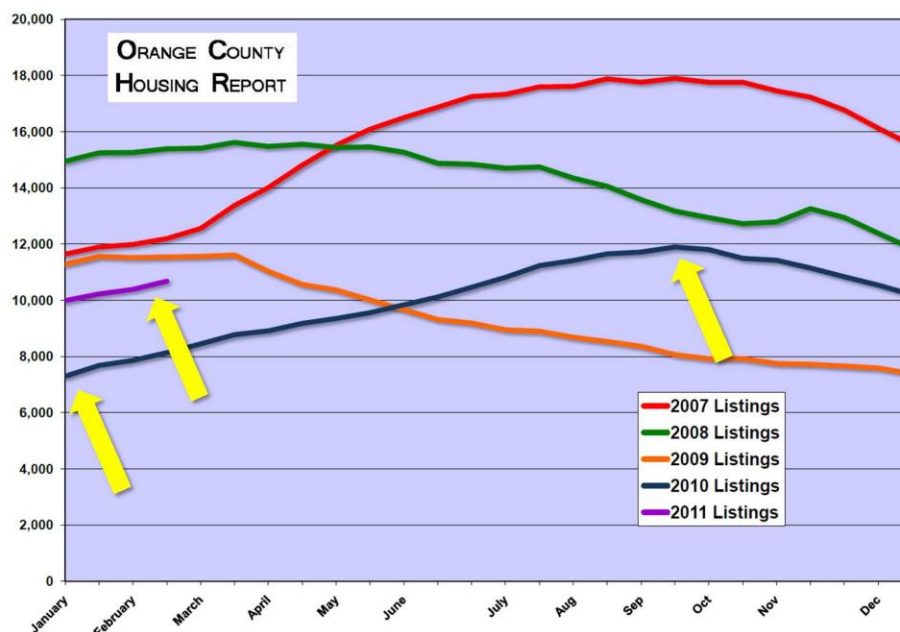
The active listing inventory is expanding at a time where homeowners should really be asking if they really have what it takes to market successfully sell their homes in today's market.

The Active Listing Inventory: *Too many sellers are popping on the market, a sign that they still have unrealistic expectations.*

Prior to cheers of "Happy New Year" my biggest concern for 2011 was that buyers and sellers would have unrealistic expectations of the Orange County housing market. We are only a month and a half into the year and there are already ominous signs that homeowners missed the valuable lesson from 2010: many sellers were unsuccessful in selling their homes and were overpriced. In 2010, the inventory increased unabated until it peaked in mid-September, growing from 7,293 to 11,892 homes, a 63% increase. From mid-September to the end of 2010, the inventory dropped by 15% as many sellers threw in the towel and pulled their homes off of the market. Unfortunately, many homeowners that pulled the plug during the autumn and holiday markets are opting to place their homes right back on the market today. The word on the street is that they are sticking very close to their prior unsuccessful list prices. The real estate market has not changed, so how can they be successful the second time around. They are doing the exact same thing but expect different results. That just is not a recipe for success. The real estate market has not changed much over the past couple of years in terms of sales and it is not likely to change anytime soon. Sellers need to plan according to the market reality and price their homes realistically, heed the advice of their REALTORS®, pack their patience and complete a gut check. Do they really have the stomach to do whatever it takes to sell their home? If not, why put their family through the rigmarole of exposing their home to the market. In the fourth quarter of 2010, 5,828 homeowners pulled their homes off of the market, 55% of the current active inventory. Sure, many may have placed their homes right back on the market, but most were giving up on 2010. Let's take a close look at January closed sales. On average, sellers had to reduce their asking price by 4% prior to procuring a successful offer. The final sales price was, on average, another 3% off of the asking price. Remember, I am referring to only successful sellers. Most sellers are being overzealous in placing their homes on the market initially. It ultimately is a waste of market time. It is better for sellers to take their time in arriving at the price, carefully scrutinizing the most recent comparable sales and pending sale activity. Active listings do not carry much weight in pricing unless the home is underpriced.

So far this year, the active listing inventory has grown unabated, adding an additional 7%. In the past two weeks alone, the inventory has added 289 homes and now totals 10,678. Last year at this time the inventory was at 8,135 homes.

Orange County Active Listing Inventory Year Over Year



The Orange County Housing Report

the past two weeks, demand has increased by 8%, adding 205 pending sales. Up to this point, demand was a mirror of 2009. It now outpaces 2009 by 4%. Let's hope that this trend continues for the overall health of the Orange County housing market.

The Distressed Market: *if you are holding your breath waiting for the distressed inventory to accelerate, don't.*

In the past five months, the active distressed inventory has remained almost unchanged, a difference of only 52 homes. In the past two weeks the active distressed inventory, both foreclosure and short sales, dropped by 26 homes, now totaling 4,078. There are 708 foreclosures on the market, shedding 18 homes in the past two weeks. The expected market time for foreclosures is an astonishing 1.48 months, an incredibly hot seller's market. There are currently 3,370 short sales on the active market with an expected market time of 2.85 months, also a seller's market. The distressed inventory will rise slightly in 2011, but buyers can expect a lot of competition and sales prices at or close to their asking prices.

Have a wonderful weekend.

Sincerely,

Steven Thomas

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The Orange County Housing Report

| | Current Actives 2/17/2011 | Pendings (Last 30 Days) 2/17/2011 | Market Time (In Months) 2/17/2011 | 2-Weeks Ago 2/3/2011 | 4-Weeks Ago 1/20/2011 | 1-Year Ago 2/18/2010 | 2-Years Ago 2/19/2009 | Average Active List Price 2/17/2011 |
|--------------------|---------------------------------|--|--|----------------------------|-----------------------------|-------------------------|-----------------------------|--|
| Aliso Viejo | 279 | 89 | 3.13 | 3.20 | 3.77 | 1.30 | 3.05 | \$420k |
| Anaheim | 641 | 176 | 3.64 | 3.64 | 4.46 | 1.84 | 3.19 | \$337k |
| Anaheim Hills | 185 | 52 | 3.56 | 3.28 | 4.05 | 2.57 | 4.48 | \$641k |
| Brea | 98 | 33 | 2.97 | 2.75 | 3.33 | 1.65 | 3.03 | \$467k |
| Buena Park | 180 | 59 | 3.05 | 3.53 | 3.53 | 2.05 | 2.59 | \$395k |
| Corona Del Mar | 126 | 22 | 5.73 | 6.37 | 10.17 | 8.05 | 21.78 | \$2.9m |
| Costa Mesa | 227 | 62 | 3.66 | 3.25 | 4.31 | 2.15 | 3.10 | \$541k |
| Coto De Caza | 117 | 23 | 5.09 | 6.33 | 6.47 | 4.33 | 9.93 | \$2.1m |
| Cypress | 134 | 35 | 3.83 | 4.39 | 3.97 | 2.38 | 2.47 | \$459k |
| Dana Point | 258 | 55 | 4.69 | 4.19 | 6.46 | 4.85 | 7.47 | \$1.5m |
| Dove Canyon | 26 | 7 | 3.71 | 7.67 | 6.33 | 2.50 | 12.00 | \$745k |
| Foothill Ranch | 62 | 17 | 3.65 | 9.29 | 5.20 | 1.61 | 2.83 | \$416k |
| Fountain Valley | 125 | 38 | 3.29 | 3.56 | 5.59 | 2.09 | 2.77 | \$487k |
| Fullerton | 391 | 121 | 3.23 | 3.31 | 4.62 | 2.18 | 3.21 | \$529k |
| Garden Grove | 352 | 120 | 2.93 | 3.45 | 4.37 | 2.14 | 2.59 | \$378k |
| Huntington Beach | 626 | 185 | 3.38 | 3.67 | 4.85 | 3.16 | 3.98 | \$713k |
| Irvine | 746 | 210 | 3.55 | 3.18 | 4.28 | 1.88 | 4.07 | \$888k |
| La Habra | 205 | 48 | 4.27 | 5.08 | 5.16 | 2.02 | 3.85 | \$365k |
| Ladera Ranch | 181 | 61 | 2.97 | 3.09 | 3.13 | 1.57 | 2.76 | \$663k |
| Laguna Beach | 292 | 34 | 8.59 | 9.30 | 13.67 | 9.14 | 19.17 | \$3.5m |
| Laguna Hills | 132 | 44 | 3.00 | 2.70 | 4.53 | 1.75 | 3.97 | \$853k |
| Laguna Niguel | 322 | 117 | 2.75 | 2.93 | 4.01 | 1.87 | 5.24 | \$793k |
| Laguna Woods | 373 | 60 | 6.22 | 7.55 | 9.88 | 7.51 | 10.29 | \$209k |
| Lake Forest | 196 | 67 | 2.93 | 3.17 | 2.97 | 1.45 | 2.23 | \$401k |
| Mission Viejo | 377 | 134 | 2.81 | 3.29 | 4.16 | 1.96 | 3.57 | \$509k |
| Newport Beach | 459 | 73 | 6.29 | 6.79 | 8.09 | 8.42 | 18.42 | \$2.3m |
| Newport Coast | 128 | 17 | 7.53 | 6.61 | 6.56 | 6.77 | 16.92 | \$4.7m |
| Orange | 484 | 126 | 3.84 | 5.35 | 4.90 | 2.18 | 3.75 | \$555k |
| Placentia | 134 | 45 | 2.98 | 5.04 | 4.85 | 2.27 | 4.03 | \$448k |
| Portola Hills | 35 | 9 | 3.89 | 4.43 | 9.00 | 1.70 | 1.75 | \$369k |
| Rancho Santa Marg. | 239 | 66 | 3.62 | 3.76 | 3.76 | 1.33 | 2.11 | \$353k |
| San Clemente | 390 | 109 | 3.58 | 4.35 | 6.83 | 3.25 | 5.92 | \$997k |
| San Juan | 169 | 54 | 3.13 | 4.20 | 4.34 | 2.23 | 5.16 | \$1.3m |
| Santa Ana | 571 | 208 | 2.75 | 2.91 | 3.53 | 1.75 | 2.88 | \$326k |
| Seal Beach | 277 | 52 | 5.33 | 5.85 | 7.54 | 6.43 | 13.24 | \$345k |
| Talega | 109 | 24 | 4.54 | 6.00 | 5.81 | 2.45 | 5.65 | \$869k |
| Tustin | 314 | 83 | 3.78 | 4.00 | 4.09 | 1.78 | 3.66 | \$720k |
| Villa Park | 31 | 6 | 5.17 | 6.60 | 7.00 | 6.67 | Infinite | \$1.4m |
| Westminster | 138 | 47 | 2.94 | 2.28 | 3.23 | 2.19 | 3.10 | \$431k |
| Yorba Linda | 323 | 90 | 3.59 | 3.73 | 4.71 | 2.86 | 3.96 | \$744k |
| All of O.C. | 10,678 | 2,923 | 3.65 | 3.82 | 4.75 | 2.51 | 4.09 | \$842k |
| O.C. \$0-\$250k | 1,850 | 580 | 3.19 | 3.31 | 4.10 | 1.79 | 3.26 | \$178k |
| O.C. \$250k-\$500k | 4,086 | 1,329 | 3.07 | 3.24 | 4.08 | 1.75 | 2.86 | \$375k |
| O.C. \$500k-\$750k | 2,178 | 623 | 3.50 | 3.74 | 4.75 | 2.37 | 3.85 | \$618k |
| O.C. \$750k-\$1m | 972 | 222 | 4.38 | 4.56 | 4.87 | 3.81 | 6.25 | \$869k |
| O.C. \$1m-\$1.5m | 606 | 102 | 5.94 | 5.62 | 6.28 | 5.04 | 10.13 | \$1.3m |
| O.C. \$1.5m-\$2m | 335 | 45 | 7.44 | 7.20 | 11.97 | 8.93 | 23.20 | \$1.8m |
| O.C. \$2m-4m | 452 | 41 | 11.02 | 12.37 | 15.36 | 14.89 | 29.73 | \$2.9m |
| O.C. \$4m+ | 286 | 5 | 57.20 | 138.50 | 67.25 | 33.89 | 33.36 | \$8.3m |

*Data tabulated from SoCalMLS. This data may not reflect all real estate activity in the market. Not all cities are listed but are included in the O.C. totals.

Due to Range Price listings, "All of O.C." and the total of the seven ranges do not add up and are slightly off.

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Attached Homes

| | Current Actives 2/17/2011 | Pendings (Last 30 Days) | Market Time (In Months) 2/17/2011 | 2-Weeks Ago 2/3/2011 | 8-Weeks Ago 1/20/2011 | 1-Year Ago 2/18/2010 | 2-Years Ago 2/19/2009 | Average Active List Price 2/17/2011 |
|--------------------|------------------------------|----------------------------|--------------------------------------|-------------------------|--------------------------|-------------------------|--------------------------|--|
| All of O.C. | 4,408 | 1,161 | 3.80 | 4.03 | 5.16 | 2.20 | 4.24 | \$383k |
| O.C. \$0-\$250k | 1,675 | 505 | 3.32 | 3.46 | 3.62 | 1.83 | 3.49 | \$175k |
| O.C. \$250k-\$500k | 2,002 | 538 | 3.72 | 4.06 | 5.16 | 1.92 | 3.82 | \$354k |
| O.C. \$500k-\$750k | 429 | 91 | 4.71 | 4.71 | 7.68 | 3.53 | 6.20 | \$611k |
| O.C. \$750k-\$1m | 151 | 20 | 7.55 | 8.88 | 13.00 | 6.21 | 15.57 | \$868k |
| O.C. \$1m+ | 180 | 12 | 15.00 | 14.50 | 15.64 | 11.06 | 50.50 | \$1.7m |

Current Actives Vacant

25.7%

Detached Homes

| | Current Actives 2/17/2011 | Pendings (Last 30 Days) | Market Time (In Months) 2/17/2011 | 2-Weeks Ago 2/3/2011 | 8-Weeks Ago 1/20/2011 | 1-Year Ago 2/18/2010 | 2-Years Ago 2/19/2009 | Average Active List Price 2/17/2011 |
|--------------------|------------------------------|----------------------------|--------------------------------------|-------------------------|--------------------------|-------------------------|--------------------------|--|
| All of O.C. | 6,237 | 1,755 | 3.55 | 3.70 | 4.47 | 2.75 | 3.96 | \$1.2m |
| O.C. \$0-\$250k | 165 | 71 | 2.32 | 2.29 | 2.92 | 1.48 | 2.36 | \$209k |
| O.C. \$250k-\$500k | 2,066 | 788 | 2.62 | 2.72 | 3.40 | 1.60 | 2.29 | \$396k |
| O.C. \$500k-\$750k | 1,744 | 532 | 3.28 | 3.55 | 4.31 | 2.18 | 3.43 | \$620k |
| O.C. \$750k-\$1m | 821 | 202 | 4.06 | 4.17 | 4.35 | 3.48 | 5.45 | \$868k |
| O.C. \$1m-\$1.5m | 491 | 92 | 5.34 | 5.03 | 5.69 | 4.50 | 8.77 | \$1.3m |
| O.C. \$1.5m-\$2m | 301 | 45 | 6.69 | 6.60 | 11.07 | 9.42 | 20.92 | \$1.8m |
| O.C. \$2m-\$4m | 423 | 39 | 10.85 | 11.91 | 14.81 | 14.03 | 27.23 | \$2.9m |
| O.C. \$4m+ | 282 | 5 | 56.40 | 137.00 | 66.50 | 33.22 | 32.64 | \$8.3m |

Current Actives Vacant

14.5%

All Homes

| | Current Actives 2/17/2011 | Pendings (Last 30 Days) | Market Time (In Months) 2/17/2011 | 2-Weeks Ago 2/3/2011 | 4-Weeks Ago 1/20/2011 | 1-Year Ago 2/18/2010 | 2-Years Ago 2/19/2009 | Average Active List Price 2/17/2011 |
|--------------------|------------------------------|----------------------------|--------------------------------------|-------------------------|--------------------------|-------------------------|--------------------------|--|
| All of O.C. | 10,678 | 2,923 | 3.65 | 3.82 | 4.75 | 2.51 | 4.09 | \$842k |
| O.C. \$0-\$250k | 1,850 | 580 | 3.19 | 3.31 | 4.10 | 1.79 | 3.26 | \$178k |
| O.C. \$250k-\$500k | 4,086 | 1,329 | 3.07 | 3.24 | 4.08 | 1.75 | 2.86 | \$375k |
| O.C. \$500k-\$750k | 2,178 | 623 | 3.50 | 3.74 | 4.75 | 2.37 | 3.85 | \$618k |
| O.C. \$750k-\$1m | 972 | 222 | 4.38 | 4.56 | 4.87 | 3.81 | 6.25 | \$869k |
| O.C. \$1m-\$1.5m | 606 | 102 | 5.94 | 5.62 | 6.28 | 5.04 | 10.13 | \$1.3m |
| O.C. \$1.5m-\$2m | 335 | 45 | 7.44 | 7.20 | 11.97 | 8.93 | 23.20 | \$1.8m |
| O.C. \$2m-4m | 452 | 41 | 11.02 | 12.37 | 15.36 | 14.89 | 29.73 | \$2.9m |
| O.C. \$4m+ | 286 | 5 | 57.20 | 138.50 | 67.25 | 33.89 | 33.36 | \$8.3m |

Current Actives Vacant

19.1%

*Data tabulated from SoCalMLS. This data may not reflect all real estate activity in the market. Not all cities are listed but are included in the O.C. totals.

Due to Range Price listings, "All Homes," "Attached" and "Detached" totals do not add up and are slightly off.

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| | Number of Foreclosures | | | Attached | Number of Foreclosures | | |
|---|------------------------------|--------------------------------------|---------------------------------------|---|------------------------------|--------------------------------------|---------------------------------------|
| | Current Actives 2/17/2011 | & Short Sale Actives 2/17/2011 | % of Active Inventory 2/17/2011 | | Current Actives 2/17/2011 | & Short Sale Actives 2/17/2011 | % of Active Inventory 2/17/2011 |
| Aliso Viejo | 279 | 149 | 53.4% | All of O.C. | 4,408 | 2,027 | 46.0% |
| Anaheim | 641 | 391 | 61.0% | O.C. \$0-\$250k | 1,675 | 967 | 57.7% |
| Anaheim Hills | 185 | 69 | 37.3% | O.C. \$250k-\$500k | 2,002 | 958 | 47.9% |
| Brea | 98 | 40 | 40.8% | O.C. \$500k-\$750k | 429 | 84 | 19.6% |
| Buena Park | 180 | 103 | 57.2% | O.C. \$750k-\$1m | 151 | 24 | 15.9% |
| Corona Del Mar | 126 | 8 | 6.3% | O.C. \$1m+ | 180 | 2 | 1.1% |
| Costa Mesa | 227 | 83 | 36.6% | Detached | | | |
| Coto De Caza | 117 | 27 | 23.1% | All of O.C. | 6,237 | 2,030 | 32.5% |
| Cypress | 134 | 59 | 44.0% | O.C. \$0-\$250k | 165 | 121 | 73.3% |
| Dana Point | 258 | 62 | 24.0% | O.C. \$250k-\$500k | 2,066 | 1,127 | 54.5% |
| Dove Canyon | 26 | 9 | 34.6% | O.C. \$500k-\$750k | 1,744 | 533 | 30.6% |
| Foothill Ranch | 62 | 40 | 64.5% | O.C. \$750k-\$1m | 821 | 150 | 18.3% |
| Fountain Valley | 125 | 59 | 47.2% | O.C. \$1m-\$1.5m | 491 | 74 | 15.1% |
| Fullerton | 391 | 175 | 44.8% | O.C. \$1.5m-\$2m | 301 | 23 | 7.6% |
| Garden Grove | 352 | 163 | 46.3% | O.C. \$2m-\$4m | 423 | 17 | 4.0% |
| Huntington Beach | 626 | 203 | 32.4% | O.C. \$4m+ | 282 | 5 | 1.8% |
| Irvine | 746 | 226 | 30.3% | All Homes | | | |
| La Habra | 205 | 99 | 48.3% | All of O.C. | 10,678 | 4,078 | 38.2% |
| Ladera Ranch | 181 | 107 | 59.1% | O.C. \$0-\$250k | 1,850 | 1,088 | 58.8% |
| Laguna Beach | 292 | 37 | 12.7% | O.C. \$250-\$500k | 4,086 | 2,085 | 51.0% |
| Laguna Hills | 132 | 59 | 44.7% | O.C. \$500k-\$750k | 2,178 | 617 | 28.3% |
| Laguna Niguel | 322 | 138 | 42.9% | O.C. \$750k-\$1m | 972 | 174 | 17.9% |
| Laguna Woods | 373 | 21 | 5.6% | O.C. \$1m-\$1.5m | 606 | 76 | 12.5% |
| Lake Forest | 196 | 111 | 56.6% | O.C. \$1.5m-\$2m | 335 | 23 | 6.9% |
| Mission Viejo | 377 | 181 | 48.0% | O.C. \$2m-4m | 452 | 17 | 3.8% |
| Newport Beach | 459 | 63 | 13.7% | O.C. \$4m+ | 286 | 5 | 1.7% |
| Newport Coast | 128 | 10 | 7.8% | County High Shares - Account for 31% | | | |
| Orange | 484 | 192 | 39.7% | Foothill Ranch | 62 | 40 | 64.5% |
| Placentia | 134 | 67 | 50.0% | Rancho Santa Marg. | 239 | 154 | 64.4% |
| Portola Hills | 35 | 20 | 57.1% | Anaheim | 641 | 391 | 61.0% |
| Rancho Santa Marg. | 239 | 154 | 64.4% | Ladera Ranch | 181 | 107 | 59.1% |
| San Clemente | 390 | 123 | 31.5% | Santa Ana | 571 | 330 | 57.8% |
| San Juan | 169 | 52 | 30.8% | Buena Park | 180 | 103 | 57.2% |
| Santa Ana | 571 | 330 | 57.8% | Santa Ana | 571 | 330 | 57.8% |
| Seal Beach | 277 | 12 | 4.3% | Buena Park | 180 | 103 | 57.2% |
| Talega | 109 | 45 | 41.3% | Portola Hills | 35 | 20 | 57.1% |
| Tustin | 314 | 114 | 36.3% | Lake Forest | 196 | 111 | 56.6% |
| Villa Park | 31 | 3 | 9.7% | County Low Shares - Account for 2% | | | |
| Westminster | 138 | 50 | 36.2% | Seal Beach | 277 | 12 | 4.3% |
| Yorba Linda | 323 | 117 | 36.2% | Laguna Woods | 373 | 21 | 5.6% |
| All of O.C. | 10,678 | 4,078 | 38.2% | Corona Del Mar | 126 | 8 | 6.3% |
| Orange County Distressed Breakdown | | | | Newport Coast | 128 | 10 | 7.8% |
| | Current Actives | Pendings (Last 30 Days) | Market Time (In Months) | Villa Park | 31 | 3 | 9.7% |
| Total Foreclosures | 708 | 478 | 1.48 | Laguna Beach | 292 | 37 | 12.7% |
| Total Short Sale | 3,370 | 1,182 | 2.85 | <small>*Data tabulated from SoCalMLS. This data may not reflect all real estate activity in the market. Not all cities are listed but are included in the O.C. totals. Due to Range Price listings, "All Homes," "Attached" and "Detached" totals do not add up and are slightly off.</small> | | | |