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The Real Estate Report

Median Sales Price For Homes Sets New High

The median sales price for single-family, re-sale homes in San Diego County set a new high for the third month in a row, reaching $640,000 in May. It was up 5.8% year-over-year.

The average sales price gained 5.4% over last May.

The median sales price for re-sale condominiums was up 7.8% year-over-year, while the average price gained 11.1%. Both prices were down from the highs set in April.

That's seventy-two months in a row the median price for both homes and condos has been higher than the year before.

Home sales, meanwhile, were down 10% from last May. Condo sales were down 11.7%, year-over-year.

Homes continue to sell quickly, taking only thirty days from coming onto the market to when they go under contract. The average since January 2001 is fifty-seven days. Condos are selling in twenty-four days, the average is fifty-five days.

The sales price to listing price ratio continues to tease the 100% level: 98.7%. The ratio for condos is 99.3%.

Inventory continues to be abysmal. It is just under one-half the average since 2001. As of the 10th of June, there were 3,797 homes for sale. We average 8,515!

Condo inventory is at 1,451 units for sale. The average is 9,603.

This is reflected in our Days of Inventory statistic which is fifty-three for homes. The average is one-hundred and forty-four.

There are forty Days of Inventory for condos. The average is one-hundred and thirty-two.

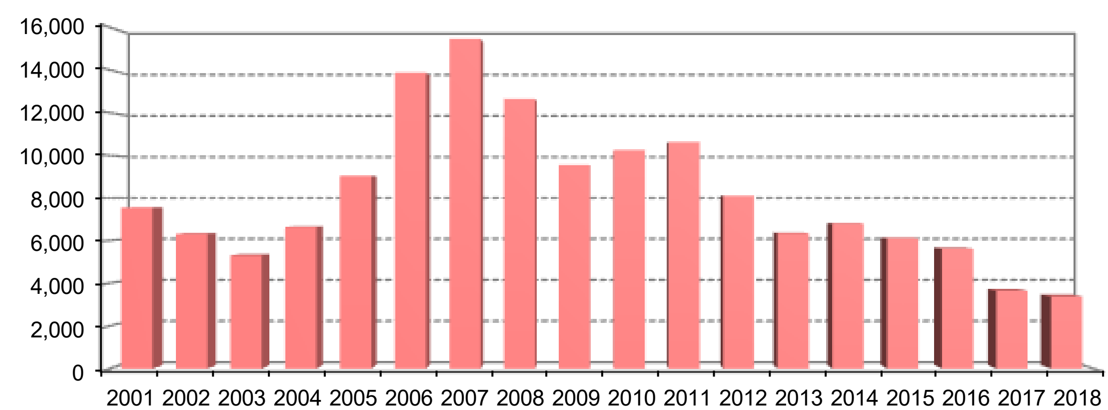
If you would like to know what's going on in your neighborhood, visit my on-line report and click on Recent Sales & Listings. That will tell you what is for sale and what has sold

You can visit my on-line report at: http://hribar.rereport.com

Trends at a Glance

(Single-family Homes)	May 18	Apr 18	May 17
Median Price:	$640,000	$631,000	$605,000
Average Price:	$805,788	$809,445	$764,232
Home Sales:	2,167	1,949	2,409
Pending Sales:	3,073	2,832	2,925
Active Listings:	3,797	3,795	3,682
(Condos/Town Homes)			
Median Price:	$420,000	$426,000	$390,000
Average Price:	$502,833	$507,168	$452,544
Condo Sales:	1,086	1,005	1,230
Pending Sales:	1,345	1,276	1,276
Active Listings:	1,451	1,406	1,246

San Diego County
Average Monthly Active Listings SFR



VISIT
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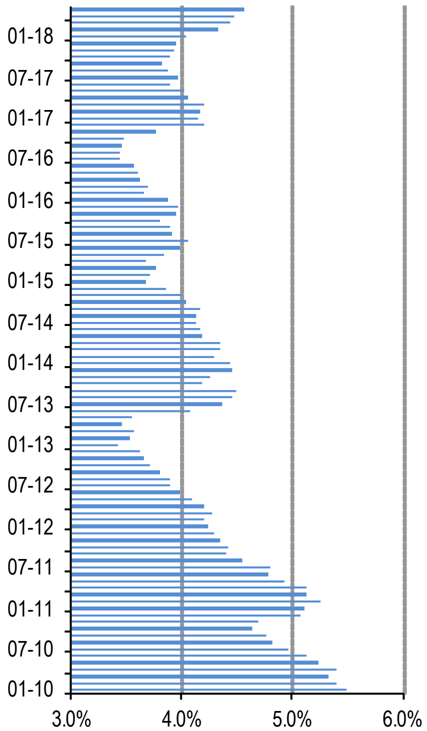
to search for recent sales & listings in your neighborhood, or where you're looking to buy.

Mortgage investors want to make it easier for gig economy workers to get loans

30-Year Fixed Mortgage Rates



The chart above shows the National monthly average for 30-year fixed rate mortgages as compiled by HSH.com. The average includes mortgages of all sizes, including conforming, "expanded conforming," and jumbo.

The two biggest sources of home-mortgage money in the country — investors Fannie Mae and Freddie Mac — are quietly working on ways to make qualifying for a home purchase easier for participants in the booming "gig" economy.

The gig economy refers to hundreds of income-earning activities that allow workers to set their own hours, work for as long or as little as they choose, and function as independent contractors or freelancers as opposed to salaried employees. Prominent examples include people who work as drivers for Uber or Lyft, assemble Ikea furniture through TaskRabbit and offer rooms in their homes on Airbnb.

Estimates vary, but anywhere from just under 20 percent to 30 percent or more of the U.S. workforce participates in some way in the gig economy. Last year, Intuit, which owns TurboTax, estimated that 34 percent of the workforce earned money in gig pursuits and projected that this could rise to 43 percent by 2020.

But when buying a home, the challenge for these workers is to make their gig-sourced earnings count as income for mortgage-qualification purposes. Lenders typically look for stable and continuing income streams: two years of documented income plus reasonable prospects that those earnings will continue for another several years. Lenders also routinely obtain tax-return transcripts from the Internal Revenue Service to confirm an applicant's self-reported income.

Gig income often doesn't fit neatly into these boxes. It can be sporadic and variable, depending on how much time an individual is able to devote to the work. Gig earnings can be substantial — thousands of dollars a month — but if that money can't qualify as "income" under existing mortgage-industry guidelines, it may not help in buying a home with a standard mortgage.

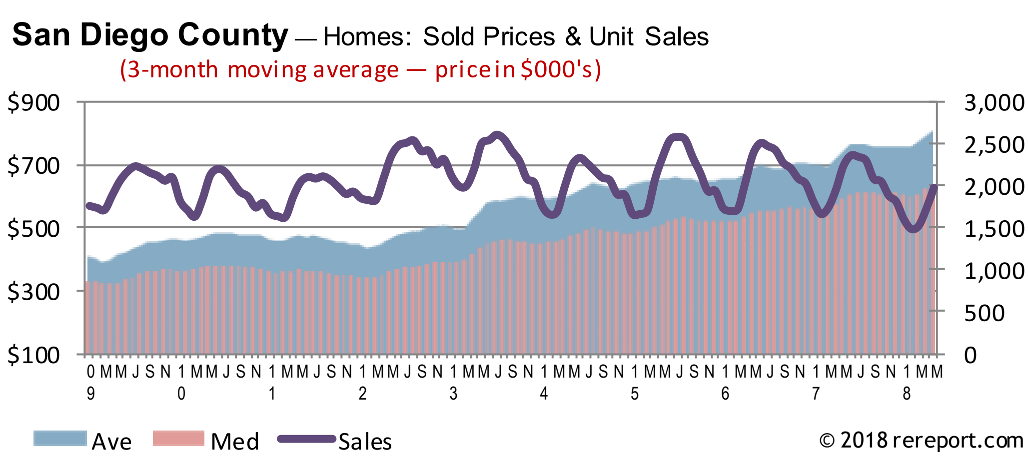
"We're seeing gig income becoming more and more prevalent, especially among the younger demographic — first-time buyers who have embraced things like Uber and Airbnb as a means to make money," John Meussner, executive loan officer for Mason-McDuffie Mortgage in San Ramon, Calif., told me.

Yet those earnings may not qualify for conventional mortgages.

Enter Fannie Mae and Freddie Mac.

Fannie recently surveyed 3,000 lending executives and found that gig income on applications is increas-

(Continued on page 4)



North San Diego County Coastal - May 2018												
SINGLE-FAMILY HOMES								% Change from Year Before				
	Prices							Prices				
Cities	Median	Average	Sale	Pend	Inve	DOI	SP/LP	Med	Ave	Sales	Pend	Inven3
SDC	$ 640,000	$ 805,788	2,167	3,073	3,797	53	98.7%	5.8%	5.4%	-10.0%	5.1%	3.1%
NCC	$ 735,000	$1,028,030	569	859	1,310	69	98.4%	8.9%	7.5%	-17.5%	0.8%	0.2%
Cardiff by the Sea	$1,825,000	$1,795,900	5	8	6	36	95.6%	36.6%	32.4%	-54.5%	-20.0%	-64.7%
Carlsbad	$ 957,800	$1,049,568	66	117	144	63	98.6%	4.1%	3.9%	-51.1%	-34.6%	-21.3%
Carmel Valley	$1,268,880	$1,372,400	55	54	59	32	99.1%	5.7%	-4.2%	-6.8%	-19.4%	-11.9%
Del Mar	$2,095,000	$3,847,330	15	18	64	128	93.6%	1.0%	82.0%	7.1%	-14.3%	10.3%
Encinitas	$1,165,000	$1,291,080	30	36	57	57	99.3%	24.3%	13.9%	-6.3%	-5.3%	-3.4%
Fallbrook	$ 565,000	$ 615,737	54	96	187	104	98.6%	11.2%	7.1%	15.9%	-19.4%	-15.2%
La Jolla	$1,910,000	$2,452,260	31	51	139	135	96.9%	-22.2%	-11.6%	0.0%	13.3%	-10.9%
Oceanside	$ 588,750	$ 595,470	132	167	184	42	99.1%	9.0%	8.7%	-17.0%	-4.6%	11.5%
Rancho Santa Fe	$1,762,500	$2,082,250	20	74	188	282	95.1%	-16.1%	-3.5%	-25.9%	37.0%	-20.3%
San Marcos	$ 635,000	$ 640,821	70	122	121	52	98.8%	5.8%	6.2%	-17.6%	24.5%	22.2%
Solana Beach	$1,910,000	$1,650,710	7	9	15	64	95.4%	32.2%	-15.9%	-36.4%	-25.0%	-34.8%
Vista	$ 545,000	$ 566,394	83	106	146	53	98.8%	2.5%	6.8%	-13.5%	0.0%	12.3%

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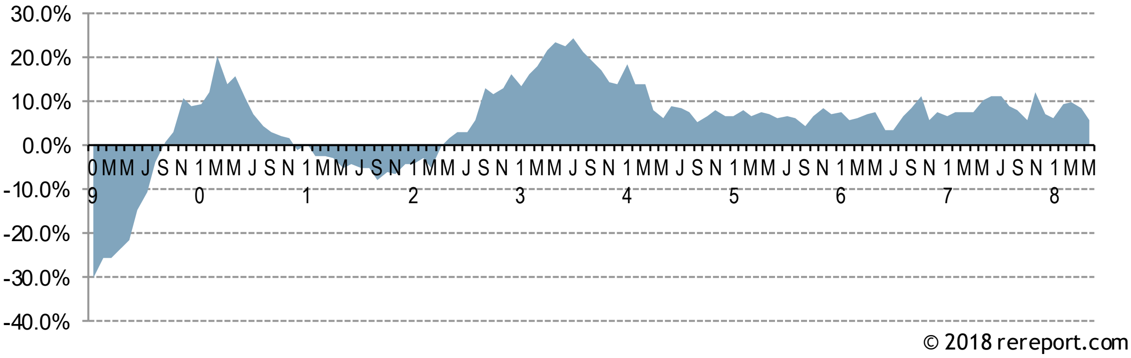
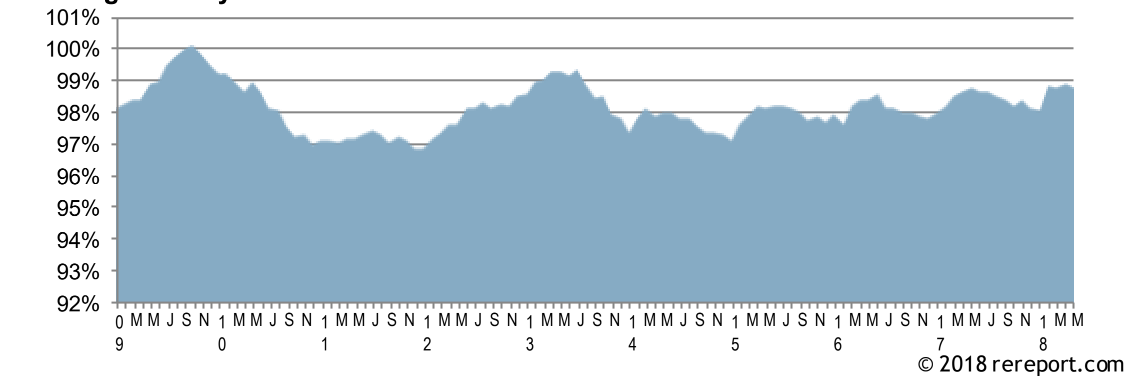
San Diego County Homes: Year-Over-Year Median Price Change



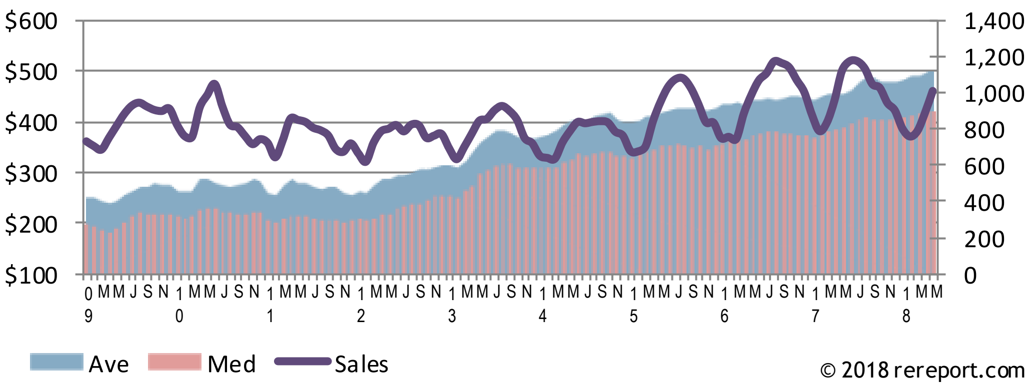
If your house is currently listed with another broker this is not intended as a solicitation of that listing.

San Diego County Homes: Sales Price/List Price Ratio



San Diego County — Condos: Sold Prices & Unit Sales

(3-month moving average — price in $000's)



North San Diego County Coastal - April 2018												
CONDOS								% Change from Year Before				
	Prices							Prices				
Cities	Median	Average	Sale	Pend	Inve	DOI	SP/LP	Med	Ave	Sales	Pend	Inven3
SDC	$ 426,000	$ 507,168	1,005	1,276	1,406	41	99.4%	10.6%	12.8%	-5.5%	-0.7%	9.9%
NCC	$ 557,500	$ 631,260	264	288	415	46	99.2%	15.5%	12.4%	-11.4%	-3.4%	8.1%
Cardiff by the Sea	$ 633,250	$ 701,188	8	3	11	40	100.2%	-41.9%	-35.7%	300.0%	-50.0%	37.5%
Carlsbad	$ 569,522	$ 607,732	52	65	86	49	98.7%	11.7%	6.6%	-16.1%	-12.2%	-20.4%
Carmel Valley	$ 655,000	$ 630,442	19	28	15	23	100.5%	10.1%	9.0%	-24.0%	3.7%	-16.7%
Del Mar	$ 982,500	$ 914,875	8	8	16	58	97.1%	-22.0%	-31.1%	100.0%	14.3%	33.3%
Encinitas	$ 725,000	$ 833,864	13	22	13	29	99.4%	19.3%	23.7%	-27.8%	29.4%	-31.6%
La Jolla	$ 807,500	$1,007,490	45	52	79	51	99.4%	29.2%	20.6%	12.5%	33.3%	-2.5%
Oceanside	$ 365,000	$ 453,279	90	84	148	48	98.6%	5.8%	18.5%	4.7%	15.1%	14.7%
Rancho Santa Fe	$ 770,000	$ 770,000	1	6	2	58	100.0%	-5.8%	0.9%	-66.7%	50.0%	-75.0%
San Marcos	$ 487,000	$ 468,677	22	19	25	33	99.8%	8.2%	8.9%	-29.0%	-44.1%	4.2%
Solana Beach	$ 970,000	$1,083,150	7	15	21	87	99.3%	15.8%	14.7%	-53.3%	-21.1%	90.9%
Vista	$ 336,000	$ 351,000	13	13	20	45	100.3%	16.3%	24.2%	-13.3%	-18.8%	5.3%

Table Definitions

Median Price
The price at which 50% of prices were higher and 50% were lower.

Average Price
Add all prices and divide by the number of sales.

SP/LP
Sales price to list price ratio or the price paid for the property divided by the asking price.

DOI
Days of Inventory, or how many days it would take to sell all the property for sale at the current rate of sales.

Pend
Property under contract to sell that hasn't closed escrow.

Inven
Number pf properties actively for sale as of the last day of the month.

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ingly common, but 95 percent said it's difficult under current guidelines to use these earnings to approve borrowers' applications. Two of every 3 lenders said better treatment of this income would either "significantly" or "somewhat" improve "access to credit" for many buyers.

Fannie and Freddie are actively pursuing projects that would do just that. The tricky part for both companies: Whatever solutions they develop must still produce high-quality loans with low risks of default at the end of the process, and ideally must be automatable — that is, borrower information could be entered into Fannie's and Freddie's electronic underwriting systems at the application stage.

Freddie's efforts come under its "borrower of the future" initiative. Terri Merlino, vice president and chief credit officer for single-family business, told me the company is studying automated solutions "outside the box" to validate income from different sources for self-employed and gig-economy earners. Neither Freddie nor Fannie was able to discuss details on what they're considering, but Freddie confirmed its partnership with high-tech software company LoanBeam, which provides automated verifications of multiple income streams of self-employed and other borrowers.

Meussner hopes that Fannie and Freddie take a more realistic perspective on gig earnings.

"If someone is pulling income from Uber for only six months" — which won't qualify under the two-years standard — "they may have been doing similar things for years beforehand" for a different company. "That should be [the] primary focus rather than the exact employer and position that generated the income." After all, Meussner said, "if someone can make similar income over the course of years doing various things in various places [in the gig economy], it could be argued they're more dependable than someone with a long history with a salaried position in a field that is being disrupted by tech, in which case the loss of a job would be devastating financially."

You can bet Fannie and Freddie are listening to recommendations like this.

Bottom line: If you make money in the gig economy, be aware that your earnings may not be "income" for conventional mortgage purposes. But sometime soon, if pilot programs and research now underway at Freddie Mac and Fannie Mae are successful, they just might.