



## The Ruth Mills Team

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# The Real Estate Report

## Prices Up, Sales Down to End the Year

Although the median price for single-family, re-sale homes in San Diego County slipped from the record high set in November, it was up 7.1% year-over-year.

That's sixty-seven months in a row the median price has been higher than the year before.

The median price for condominiums was up 11.4% year-over-year, again, that's also sixty-seven months in a row it has been higher than the year before.

Home sales, meanwhile, were down 14% from last December. For the year, home sales were off 6.4%. Condo sales were down 9.7%, year-over-year, and they were down 0.6% for the year.

Homes continue to sell quickly, taking only thirty-nine 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-eight days, whereas the average is fifty-five days.

The sales price to listing price ratio continues to tease the 100% level: 98.1%. The ratio for condos is 98.8%.

Inventory continues to be abysmal. It is less than one-third the average since 2001. As of the 10th of December, there were 2,488 homes for sale. We average 8,515!

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

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

### Trends at a Glance

(Single-family Homes)

	Dec 17	Nov 17	Dec 16
Median Price:	\$600,000	\$615,000	\$560,000
Average Price:	\$775,183	\$750,958	\$712,839
Home Sales:	1,683	1,766	1,957
Pending Sales:	1,934	2,462	1,947
Active Listings:	2,488	3,171	4,226

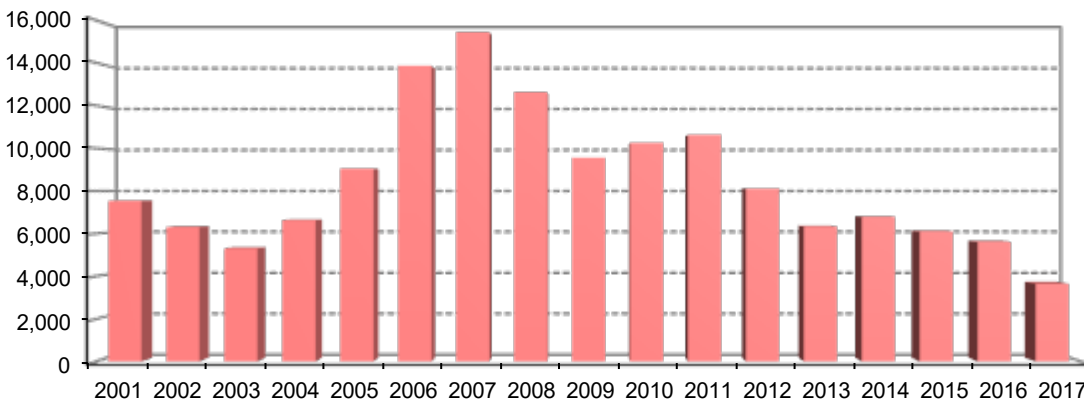
(Condos/Town Homes)

	Dec 17	Nov 17	Dec 16
Median Price:	\$406,608	\$407,000	\$365,000
Average Price:	\$475,147	\$476,909	\$442,068
Condo Sales:	836	860	926
Pending Sales:	923	1,161	829
Active Listings:	891	1,155	1,214

You can visit my on-line report at: <http://rmt.rereport.com>

**San Diego County**  
Average Monthly Active Listings SFR

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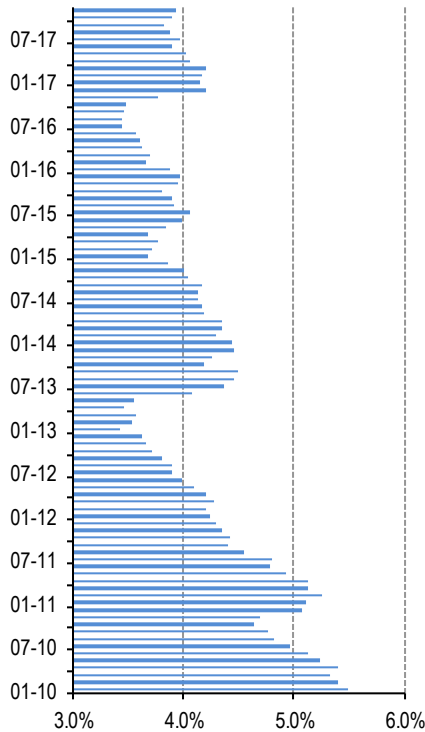
**VISIT**

<http://rmt.rereport.com>

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

# How Will the Tax Cut Affect Real Estate?

## 30-Year Fixed Mortgage Rates



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

The Tax Cuts and Jobs Act has been signed into law. There were some big "wins" in the final bill from the perspective of homebuyers, owners, and real estate investors. However the bill removes important incentives for homeownership and may have an adverse impact in some markets. According to the [National Association of Realtors](http://National Association of Realtors), home prices will grow at a slower pace of 1-3% nationally, though some local markets in high cost, higher tax areas will likely see price declines.

### "WINS" FOR REAL ESTATE

The final bill did not modify the current law on the exclusion on the gain of sale of a principal residence. The current law states that, to qualify for at \$250,000 (single) or \$500,000 (married) exclusion on the gain of sale of a primary residence, a homeowner must have resided in a property for 2 out of the previous 5 years. The Senate-passed bill would have stipulated that homeowners must live in their home for 5 out of the past 8 years to qualify. The change would have likely further restricted housing supply in an already constrained market locally and nationwide.

Interest remains deductible on second homes, but is subject to the \$1 million / \$750,000 limits (see below). The House-passed bill would have eliminated the deduction for second homeowners. This will be

particularly important for the demand-side of the Santa Cruz real estate market, where second-home buyers have been trending upwards over the past two decades.

The final bill allows an itemized deduction of up to \$10,000 for the total state and local property taxes and income or sales tax. While less favorable for homeowners than the previous law, this was a major improvement from the House and Senate bills which proposed complete elimination of state and local taxes.

### CAP ON MORTGAGE INTEREST DEDUCTION

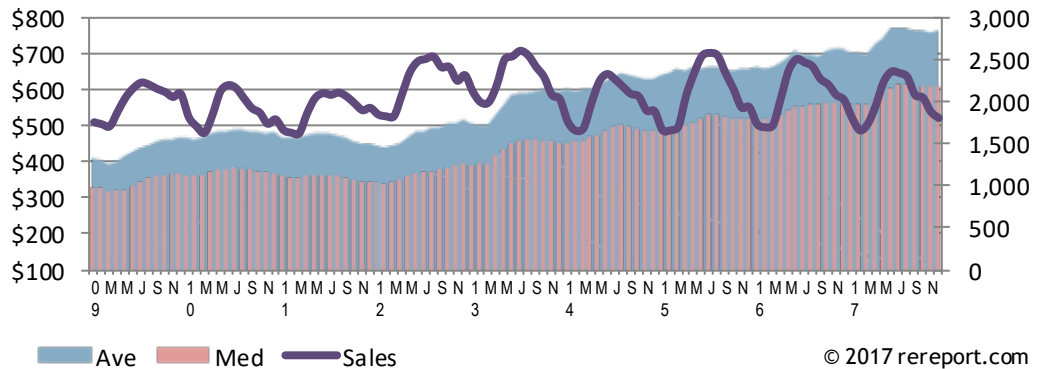
The Tax Cuts and Jobs act reduces the limit on deductible mortgage debt to \$750,000 for new loans taken out after 12/14/17. Current loans of up to \$1 million are grandfathered in and are not subject to the new \$750,000 cap. Capping the deductions could contribute to slower home value growth in the priciest communities by limiting some buyers' purchasing power. Santa Cruz is one such community, and will be disproportionately affected.

Interest paid on home equity loans (second mortgages) through 12/31/25 will not be deductible unless the proceeds are used to substantially improve the resi-

(Continued on page 4)

## San Diego County — Homes: Sold Prices & Unit Sales

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

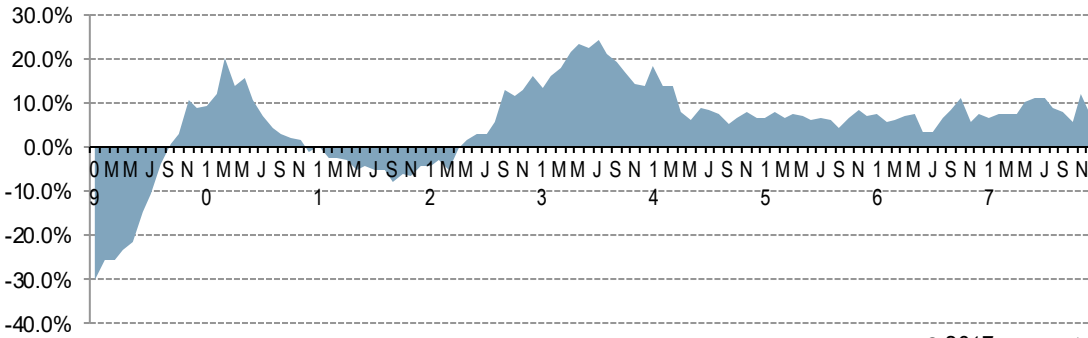


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North San Diego County Coastal - December 2017													
SINGLE-FAMILY HOMES										% Change from Year Before			
Cities	Prices							Prices					
	Median	Average	Sale	Pend	Inve	DOI	SP/LP	Med	Ave	Sales	Pend	Inven3	
SDC	\$ 600,000	\$ 775,183	1,683	1,934	2,488	44	98.1%	7.1%	8.7%	-14.0%	-0.7%	-41.1%	
NCC	\$ 690,000	\$1,027,630	461	521	811	53	97.9%	8.9%	9.2%	-14.6%	-1.3%	-41.2%	
Cardiff by the Sea	\$1,270,000	\$1,314,810	4	5	11	83	96.5%	-6.4%	-12.7%	-20.0%	-16.7%	-21.4%	
Carlsbad	\$ 932,500	\$1,017,890	132	141	211	40	98.8%	5.0%	12.9%	-9.6%	-11.9%	-21.3%	
Carmel Valley	\$1,205,000	\$1,405,120	33	26	27	25	98.0%	18.1%	15.8%	-10.8%	-29.7%	-64.0%	
Del Mar	\$2,370,000	\$2,725,330	15	24	41	82	96.6%	22.6%	-28.1%	87.5%	300.0%	-32.8%	
Encinitas	\$1,035,000	\$1,136,500	24	22	26	33	98.2%	2.0%	-2.7%	-22.6%	-8.3%	-60.0%	
Fallbrook	\$ 610,000	\$ 636,668	44	60	105	72	98.1%	11.2%	7.1%	15.9%	-19.4%	-15.2%	
La Jolla	\$2,440,000	\$2,869,140	21	28	113	161	95.4%	31.9%	12.5%	-19.2%	3.7%	-32.3%	
Oceanside	\$ 526,000	\$ 551,880	103	120	97	28	99.0%	5.5%	5.9%	-11.2%	15.4%	-41.9%	
Rancho Santa Fe	\$2,230,000	\$2,687,890	27	36	167	186	94.2%	-6.7%	-4.7%	28.6%	-16.3%	-32.1%	
San Marcos	\$ 617,875	\$ 633,621	58	64	64	33	98.7%	7.5%	11.7%	-20.5%	-4.5%	-29.7%	
Solana Beach	\$1,500,000	\$2,983,330	3	6	15	150	90.1%	-50.8%	6.7%	-57.1%	0.0%	-34.8%	
Vista	\$ 535,000	\$ 536,560	69	68	85	37	98.5%	9.7%	2.0%	-28.1%	-12.8%	-32.0%	

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

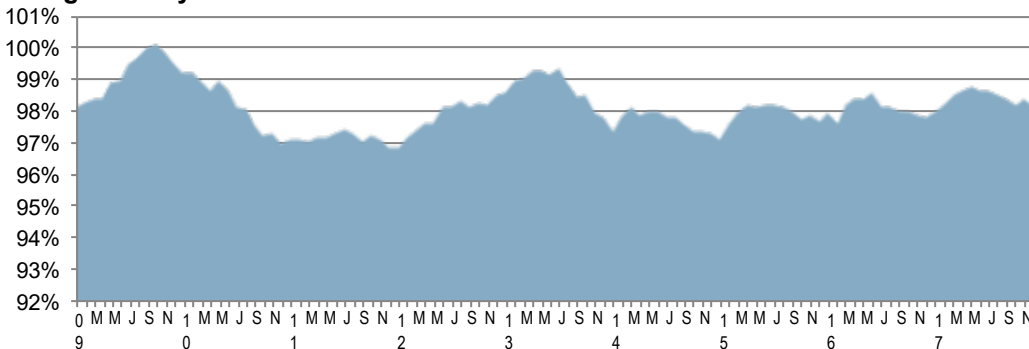


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*If your house is currently listed with another broker this is not intended as a solicitation of that listing.*

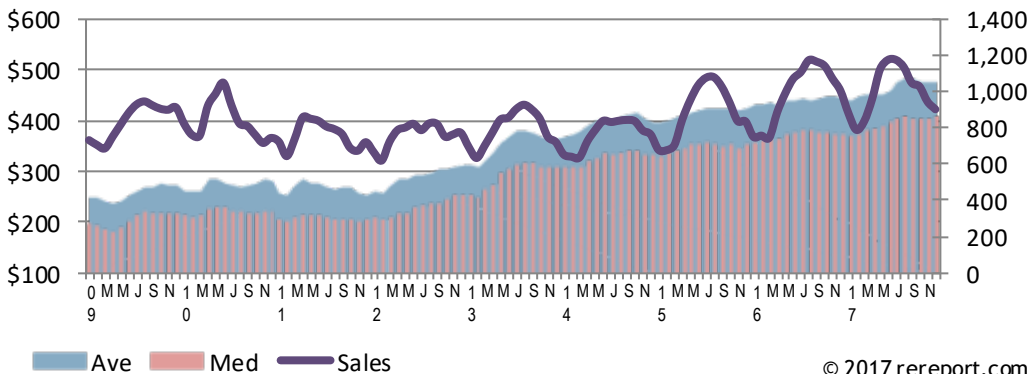
**San Diego County Homes: Sales Price/List Price Ratio**



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**San Diego County — Condos: Sold Prices & Unit Sales**

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



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**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 of properties actively for sale as of the last day of the month.

**North San Diego County Coastal - December 2017**

CONDOS												
Prices									% Change from Year Before			
Cities	Median	Average	Sale	Pend	Inve	DOI	SP/LP	Med	Ave	Sales	Pend	Inven3
SDC	\$ 406,608	\$ 475,147	836	923	891	32	98.8%	11.4%	7.5%	-9.7%	11.3%	-26.6%
NCC	\$ 479,000	\$ 553,662	213	219	236	33	98.6%	13.8%	2.6%	-9.0%	14.1%	-26.0%
Cardiff by the Sea	\$1,060,000	\$1,060,000	2	3	1	15	95.8%	53.6%	53.6%	100.0%	200.0%	-83.3%
Carlsbad	\$ 569,522	\$ 607,732	52	65	86	49	98.7%	11.7%	6.6%	-16.1%	-12.2%	-20.4%
Carmel Valley	\$ 605,500	\$ 571,214	14	16	3	6	99.3%	3.5%	2.8%	7.7%	-15.8%	-75.0%
Del Mar	\$ 789,500	\$1,060,250	8	5	15	56	96.7%	-13.2%	-0.4%	60.0%	66.7%	-11.8%
Encinitas	\$ 490,000	\$ 556,885	13	12	3	7	99.5%	-7.0%	1.2%	18.2%	71.4%	-82.4%
La Jolla	\$ 710,250	\$ 822,800	18	36	61	102	98.2%	5.2%	-13.0%	-50.0%	5.9%	-3.2%
Oceanside	\$ 370,000	\$ 422,759	73	68	99	41	98.2%	12.8%	14.5%	1.4%	28.3%	32.0%
Rancho Santa Fe	\$ -	\$ -	0	1	5	0	0.0%	18.9%	18.9%	100.0%	0.0%	-50.0%
San Marcos	\$ 457,000	\$ 432,850	27	33	6	7	99.2%	25.2%	19.3%	8.0%	94.1%	-64.7%
Solana Beach	\$ 750,000	\$ 816,150	10	7	11	33	97.9%	41.3%	7.2%	66.7%	-30.0%	10.0%
Vista	\$ 385,000	\$ 383,182	11	19	10	27	97.9%	23.8%	18.8%	-42.1%	72.7%	-23.1%

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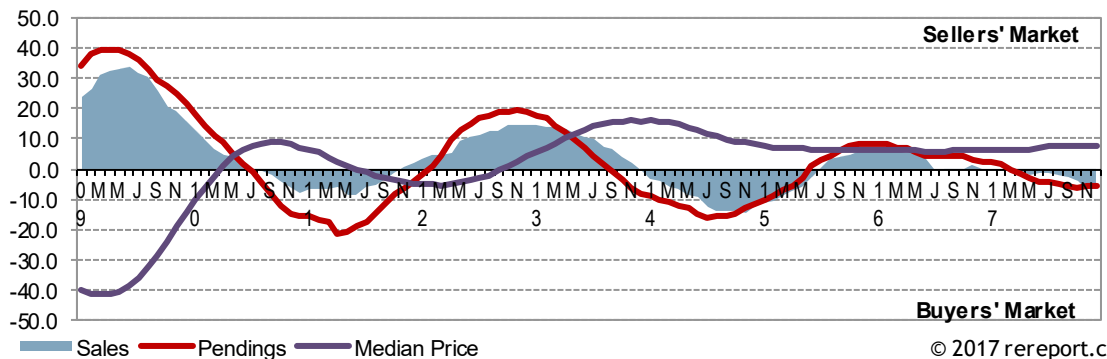
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dence. Typically, this kind of deduction is important for financing major home renovations, so eliminating it could contribute to underinvestment in home repair and updates.

The standard deduction will be doubled from \$6,350 to \$12,000 for single filers and from \$12,700 to \$24,000 for couples filing jointly. This change will have a significant impact on the number of homeowners that decide to take advantage of the mortgage interest deduction. Ac-

ording to a study by Zillow, itemizing and claiming mortgage interest deduction will only be advantageous for 14.4% of homes nationwide, a steep decline from the previous 44% of all homes. This reduces the incentive to buy a home and may hurt housing-demand.

**San Diego County Homes: Momentum**



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