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The Real Estate Report

Sales Prices Set New Highs, Again

The median sales price for single-family, re-sale homes set a new high in May for the sixth month in a row. It gained 32.2% year-over-year. That is the twentieth month in a row the median sales price has been higher than the year before.

The average sales price for single-family, re-sale homes also set a new high last month for the fifth month in a row. It rose 43.3% year-over-year.

Sales of single-family, re-sale homes in San Diego County were down 22.9% year-over-year. There were 1,043 homes sold last month. The average since January 2001 is 1,990.

Inventory fell 10.5% year-over-year. As of the 10th of June, there were only 2,179 homes for sale, compared to an average of 7,739.

Days of Inventory now stands at sixty-three. The average is 131.

Days on Market, or how long it took from when a home was listed for sale to when it went into

escrow, was twenty-three last month. The average since January 2001 is fifty-seven days.

The sales price to list price ratio stayed over 100%: it was 103.5%. The National Association of REALTORS® considers a ratio of 95% to indicate a balanced market.

The median sales price for re-sale condos also set a new high in May, for the fourth month in a row. It was up 26.4% year-over-year.

The average sales price for condos also set a new high, for the third month in a row. It was up 31.8% from last May.

The sales price to list price ratio for condos also stayed over 100%: it was 103%.

Condo sales were down 11.6% compared to last May.

Condos are selling in nineteen days, the average is fifty-five days.

Condo inventory rose 8.2% year-over-year. As of the 10th of June, there were 1,177 condos for sale.

Trends at a Glance

(Single-family Homes)

	May 21	Apr 21	May 20
Median Price:	\$860,000	\$815,000	\$650,500
Average Price:	\$1,131,320	\$1,115,420	\$789,693
Home Sales:	1,043	2,339	1,352
Pending Sales:	3,402	3,143	2,320
Active Listings:	2,179	2,086	2,434
(Condos/Town Homes)			
Median Price:	\$550,000	\$530,000	\$435,000
Average Price:	\$643,937	\$629,632	\$488,535
Condo Sales:	549	1,346	621
Pending Sales:	1,629	1,539	1,105
Active Listings:	1,177	1,103	1,088

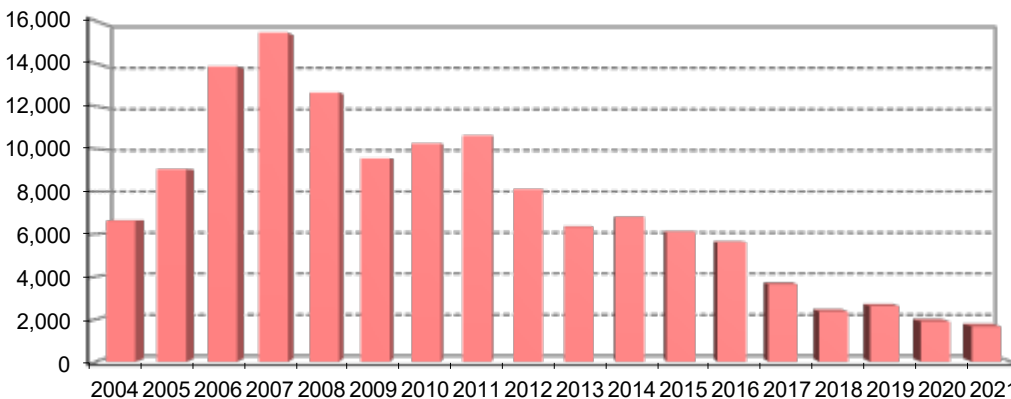
Days of Inventory now stands at sixty-four. The average is 123.

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://sandycollins.rereport.com>

San Diego County
 Average Monthly Active Listings SFR

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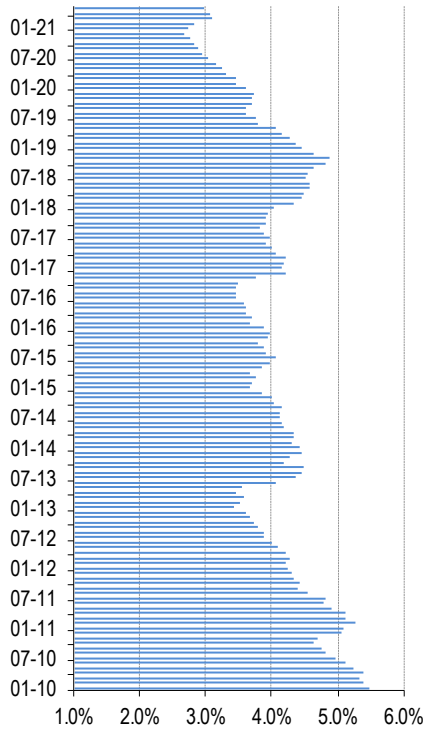
VISIT

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

Housing: Not So Fast

30-Year Fixed Mortgage Rates



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

May 28, 2021 -- The increasingly unfavorable conditions facing housing markets are starting to have the expected effects: sales of new and existing houses are slowing down. Softening sales aren't a result of a lack of demand, at least for the most part, but rather a lack of supply, and most especially, a lack of supply that is desirable and affordable to wide swaths of the homebuying audience.

We learned last week that sales of existing homes throttled back for a third consecutive month, falling another 2.7% in April. Actually, sales have been flat to falling now for about six months after hitting a recovery high of 6.73 million units at an annualized rate of sale last October; April's 5.85 million rate was about 13% below that mark. The culprit(s) for tempering sales? Some would blame firmer mortgage rates, but they are only running perhaps a third of a percentage point above all-time bottoms, so that's not really the issue. However, home prices rising by double-digits compared to a year ago -- and at nearly a 20% year-over-year clip in April -- is enough to put some buyers on the sidelines.

Perhaps the greatest issue is that there aren't many homes even to look at on the market, let alone purchase, as "for sale" inventories of existing homes remain razor thin (if improved somewhat from the

tightest levels of the winter). Just 2.4 months of homes for sale at the present sales pace were available in April and potential buyers face bidding wars, cash competition and need to make near-instant decisions whether to buy or not just to have a chance to buy. In addition, there's little time to even consider options, since listings are coming off the market in an average of slightly more than two weeks' time.

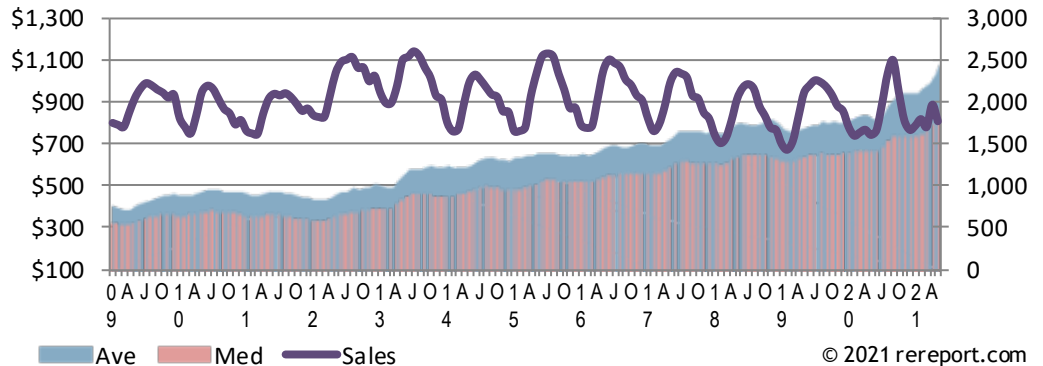
After some weeks or months of trying and having no success, some potential homebuyers simply become discouraged and step back from the market, hoping for more favorable conditions to emerge.

In some markets, new construction can help pick up the slack for a lack of existing homes to buy, but not everywhere. Locations where new homes can be built more than one at a time are often a greater distance from city centers, amenities and job markets. Work-from-home opportunities have attenuated the last issue to a degree, but only to a degree, and with pandemic restrictions fading and more companies talking about a return to the office, the waters are a little muddy when it comes to potential future commuting. This changing climate may give some buyers who might consider a brand-new home pause.

(Continued on page 4)

San Diego County — Homes: Sold Prices & Unit Sales

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

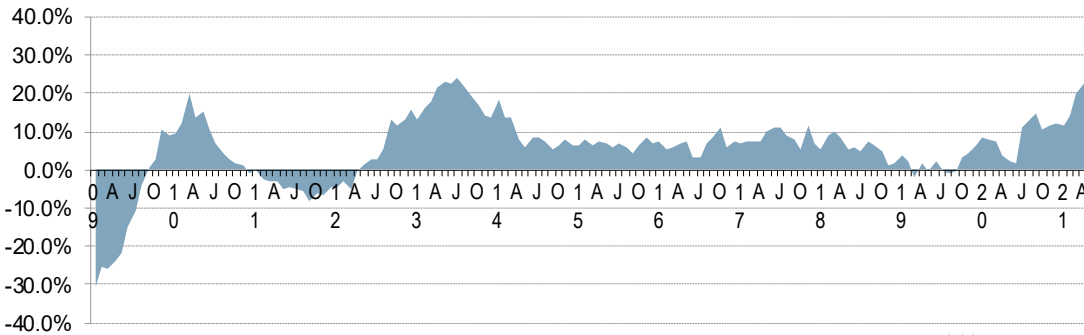


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North San Diego County Coastal - May 2021												
SINGLE-FAMILY HOMES								% Change from Year Before				
Prices								Prices				
Cities	Median	Average	Sale	Pend	Inve	DOI	SP/LP	Med	Ave	Sales	Pend	Inven3
SDC	\$ 860,000	\$1,131,320	1,043	3,402	2,179	63	103.5%	32.2%	43.3%	-22.9%	46.6%	-10.5%
NCC	\$1,399,000	\$1,901,800	109	387	342	94	103.2%	82.9%	81.5%	-64.7%	-36.0%	-56.2%
Cardiff by the Sea	\$2,075,000	\$2,075,000	1	5	7	210	104.3%	55.4%	45.3%	-66.7%	66.7%	-56.3%
Carlsbad East	\$2,250,000	\$2,250,000	1	8	3	90	102.3%	144.6%	139.4%	-88.9%	-71.4%	-62.5%
Carlsbad South	\$1,500,000	\$1,693,330	3	11	4	40	108.3%	25.3%	25.3%	-50.0%	133.3%	-33.3%
Carlsbad West	\$1,452,500	\$1,451,250	4	22	20	150	104.9%	23.5%	75.7%	25.0%	23.1%	11.5%
Carmel Valley	\$1,655,000	\$1,684,870	15	35	24	48	107.8%	13.8%	3.8%	-37.5%	-16.7%	-46.7%
Del Mar	\$3,063,570	\$5,007,510	5	17	22	132	97.1%	97.4%	166.5%	-50.0%	30.8%	-33.3%
Encinitas	\$1,418,000	\$1,702,000	3	17	17	170	101.4%	28.8%	-0.1%	-85.7%	-22.7%	-59.5%
Fallbrook	\$ 772,000	\$ 843,143	14	45	34	73	100.7%	36.6%	26.1%	-63.2%	-27.4%	-62.2%
La Jolla	\$3,295,000	\$3,874,900	17	45	108	191	96.1%	61.5%	36.1%	88.9%	32.4%	54.3%
Oceanside	\$ 710,000	\$ 756,294	17	64	24	42	103.6%	13.6%	14.0%	-79.5%	-52.2%	-80.8%
Rancho Santa Fe	\$3,005,000	\$2,963,200	10	40	45	135	101.4%	25.5%	25.4%	-23.1%	42.9%	-55.9%
San Marcos	\$ 843,000	\$ 814,250	8	54	15	56	112.8%	16.8%	14.8%	-77.1%	-28.9%	-80.5%
Solana Beach	\$3,000,000	\$3,000,000	1	5	5	150	100.0%	131.4%	131.4%	0.0%	-16.7%	-54.5%
Vista	\$ 695,000	\$ 704,333	9	19	14	47	108.5%	17.9%	8.8%	-75.0%	-79.1%	-82.7%

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

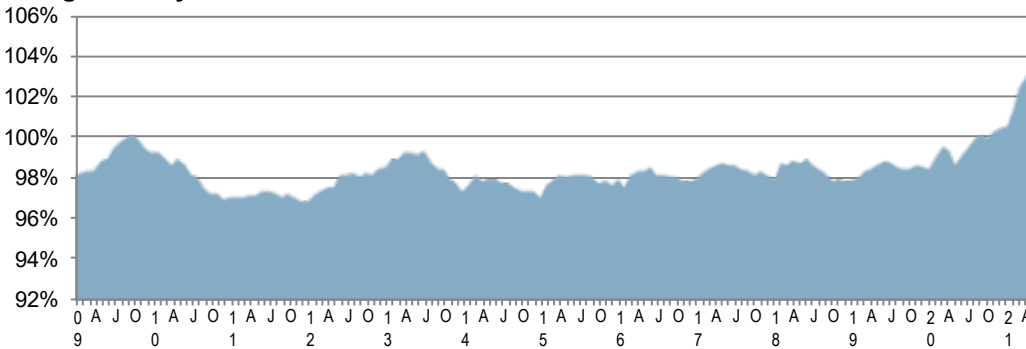


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If your house is currently listed with another broker this is not intended as a solicitation of that listing.

San Diego County Homes: Sales Price/List Price Ratio



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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

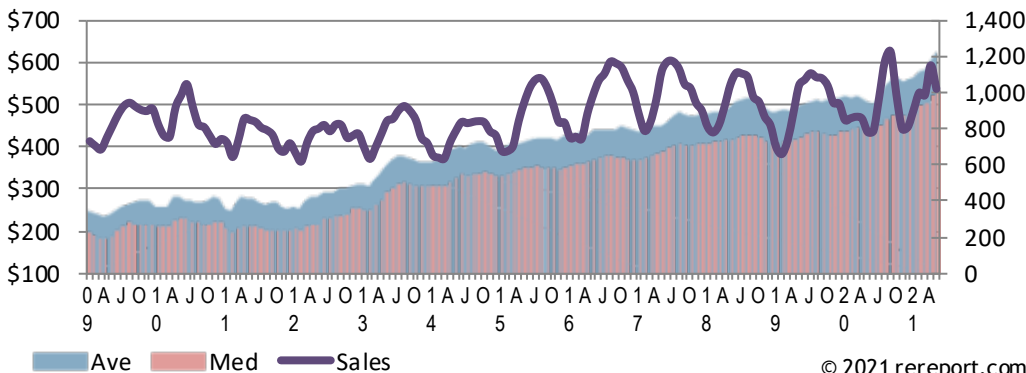
Property under contract to sell that hasn't closed escrow.

Inven

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

San Diego County — Condos: Sold Prices & Unit Sales

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



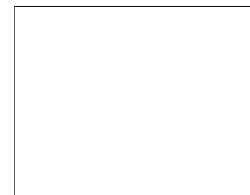
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North San Diego County Coastal - May 2021													
CONDOS									% Change from Year Before				
Cities	Prices			Sale	Pend	Inve	DOI	SP/LP	Prices				
	Median	Average							Med	Ave	Sales	Pend	Inven3
SDC	\$ 550,000	\$ 643,937	549	1,629	1,177	64	103.0%	26.4%	31.8%	-11.6%	47.4%	8.2%	
NCC	\$ 672,500	\$ 813,837	66	167	133	60	103.1%	34.6%	38.5%	-49.2%	-33.7%	-58.0%	
Cardiff by the Sea	\$1,150,000	\$1,150,000	1	5	1	30	116.2%	37.7%	-6.7%	-80.0%	150.0%	-85.7%	
Carlsbad East	\$ 522,000	\$ 579,667	3	0	3	30	106.4%	-19.4%	-11.3%	-62.5%	-62.5%	-85.0%	
Carlsbad South	\$ 520,000	\$ 520,000	1	8	2	60	99.0%	-16.1%	-22.8%	-75.0%	-20.0%	-50.0%	
Carlsbad West	\$ 800,000	\$ 829,532	7	11	11	47	104.5%	19.8%	28.8%	0.0%	-54.2%	-64.5%	
Carmel Valley	\$ 888,500	\$ 865,500	4	15	11	83	103.5%	39.9%	28.7%	-42.9%	7.1%	-50.0%	
Del Mar	\$1,388,000	\$1,388,000	2	3	2	30	99.6%	164.3%	86.6%	25.0%	0.0%	-84.6%	
Encinitas	\$1,201,000	\$1,086,250	4	6	4	30	104.5%	96.9%	79.2%	-42.9%	-57.1%	-71.4%	
La Jolla	\$ 900,000	\$ 968,606	16	35	49	92	98.5%	22.4%	-3.1%	128.6%	66.7%	-5.8%	
Oceanside	\$ 502,500	\$ 506,656	16	46	29	54	105.4%	24.8%	6.4%	-72.4%	-46.5%	-65.5%	
Rancho Santa Fe	\$ -	\$ -	0	1	0	0	0.0%	44.9%	44.9%	0.0%	-66.7%	-66.7%	
San Marcos	\$ 635,000	\$ 651,100	5	9	9	54	105.2%	37.3%	43.3%	-58.3%	-72.7%	-65.4%	
Solana Beach	\$1,335,000	\$1,601,330	3	8	5	50	97.2%	23.4%	52.8%	-25.0%	60.0%	-61.5%	
Vista	\$ 582,413	\$ 562,706	4	16	4	30	106.9%	40.3%	33.3%	-60.0%	-23.8%	-81.8%	

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(Continued from page 2)

But the new construction market is now starting to suffer from surging prices, too. Rising costs for lumber and other materials is inflating the cost of a new home, and supplies of labor and fixtures and more remain an issue due to the effects of the pandemic (and perhaps those stemming from attempts to ameliorate the effects of the pandemic, too). As recently as March, the median cost of a brand-new house (\$334,200) was nearly the same as that for an existing home (\$326,300), and prices for new stock were in a comparatively flat pattern relative to existing home prices.

That's no longer the case, with new home prices shooting up by 11.4% on a month-to-month basis (\$372,400) and about 20% higher than they were last April. Pandemic effects play a role to a degree in the size of the annual jump, but just a little. So with prices leaping for new homes almost as fast as existing, it's reasonable to expect sales to temper, and they did, falling 5.9% to an 863,000 annual rate of sale. Unlike the existing market, homes available to buy aren't much of an issue, as there reasonable levels of inventory available -- about 4.4 months at the present sales

pace -- with the 316,000 units available the highest number in a year's time.

Where existing home sales reflect demand anywhere from a month or two prior to the month in which they are reported (e.g. April's sales reflect demand in February and March), sales of new homes are recorded in the month when the contract is signed, so demand for new homes cooled in April. The National Association of Realtors has a similar as-contracted tally for existing homes called the Pending Home Sales Index; April's 4.4% decline in the PHSI to a level last seen a year ago in May suggests that sales of existing homes will likely be sluggish in May and June. Often, once the "spring homebuying season" passes, home sales tend to tail off a bit for the summer, but more likely this year is that they'll only flatten out a bit more from where we are at the moment. Even if they should, there's really nothing especially concerning about home sales in the 5.5 million or so range, even if this number is considerably lower than it could be in more favorable inventory and price conditions.

So even as the rest of the economy comes up to full (or fuller) recovery speed, the housing market may not be able to produce much by way of gains, but 2021 will turn out to be a very solid

year even if it can only hold present levels. While there's no immediate indication that the Fed will be making any moves anytime soon, the more time moves forward, the closer to the day we get when they will start making changes. As we approach this shift (whenever it may be) this at least for a time will produce higher interest rates, and that may temper sales a bit more.

So housing markets are settling after a strong set of gains. Odds favor that sales will pick up again once inventory levels improve (existing) or lumber and materials inflation subside (new construction) and home price increases throttle back again. It would be better if these things happened sooner than later, because later at some point will come with higher mortgage rates, although they won't be high enough (perhaps a 4% level or higher) to do any kind of real damage to demand for an extended period yet.