

Orange County Housing Report: A Dive Into Housing's Strengths



August 24, 2020

The housing market is firing on all cylinders and it appears as if the Autumn Market is going to be the hottest in years.

Strong Fundamentals

With a low supply, fierce demand, low mortgage rates, and a strong demographic of first-time buyers, the housing market is on strong footing.

It is that time of the year. There are Halloween costumes at Costco. The kids are back in school, online for now. Mornings are a lot darker with the sun rising later. The official start to autumn is not until Tuesday, September 22, but signs are beginning to emerge that the seasons are about to change.

As for Orange County housing, the Autumn Market typically starts at the end of August when the kids head back to school. With the Spring and Summer Markets in the rearview mirror, many families back off their pursuit in purchasing a home. Similarly, fewer homeowners enter the fray and many unsuccessful sellers pull their homes off the market. With the kids back in school, the timing just is not the best for families. Moving can be disruptive while the kids are focusing on their education.

Yet, 2020 has been nothing close to ordinary or typical. What should have been the Spring Market, March through May, turned into one of the slowest springs in memory. The “Stay at Home” order and initial shock and anxiety of the Coronavirus kept buyers from buying and homeowners from selling. As the real estate industry adapted becoming an essential service, and the shock of the virus that included social distancing, sanitizing, and donning a mask waned, housing surged. The Summer Market became the Spring Market in 2020. It appears as if the Autumn Market is going to be the Summer Market in 2020, not quite as hot as June, July, and August, but still quite busy with homes flying off the market and generating multiple offers. All signs point to an extraordinary September, October, and first half of November.

Supply and Demand: The active listing inventory is at its lowest August level since tracking began in 2004, and current demand is at its highest level since 2012. Year over year, the active inventory is down by 41% and demand (the number of pending sales over the prior month) is up by 30%. In taking a deeper look, the hottest price ranges are between \$500,000 and \$1 million. From \$500,000 to \$750,000, there are 927 fewer FOR-SALE signs compared to last year, 54% less, yet demand is up by 120, 13% more. Between \$750,000 and \$1 million, there are 606 fewer active

	YOY Inventory Change	YOY % Change		YOY Demand Change	YOY % Change
\$0 - \$500k	-371	 -35%	\$0 - \$500k	-7	 -1%
\$500k - \$750k	-927	 -54%	\$500k - \$750k	+120	 +13%
\$750k - \$1m	-606	 -43%	\$750k - \$1m	+291	 +52%
\$1m - \$1.25m	-279	 -40%	\$1m - \$1.25m	+129	 +73%
\$1.25m - \$1.5m	-212	 -38%	\$1.25m - \$1.5m	+84	 +76%
\$1.5m+	-592	 -31%	\$1.5m+	+158	 +66%
Overall	-2,987	 -41%	Overall	+775	 +30%