

MONTHLY MARKET UPDATE
FOR
SEPTEMBER 2022

SIMI VALLEY STATS & INFORMATION

Are We in a Recession?

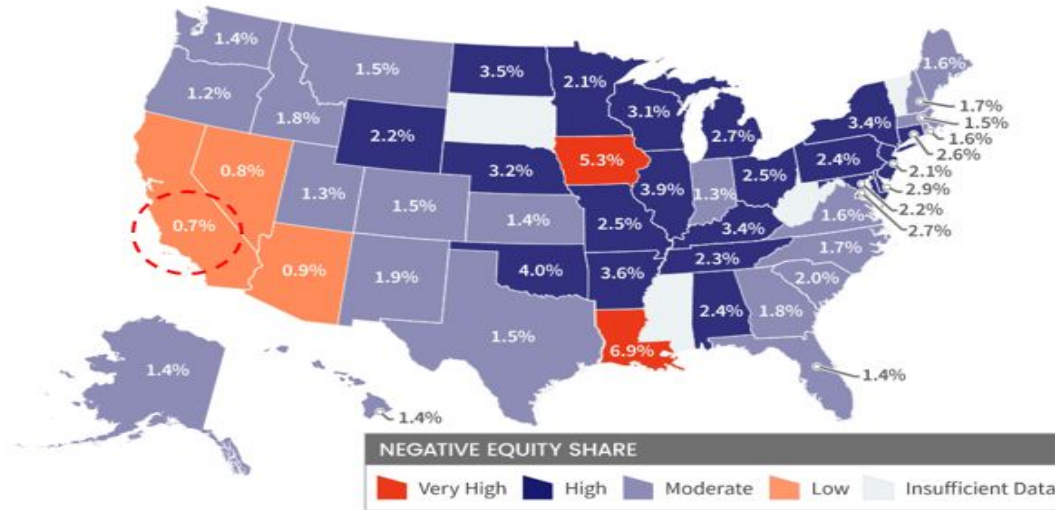
(the same question we asked in Aug)

The Fed wants things to slow down. Things are slowing down all over.

Many ask how this compares to 2008? What's different between then and now?

First up: Negative Equity. One reason there were so many foreclosures in 2008 was a lack of equity. That made it easier for homeowners to walk away from their homes. During The Great Recession, a negative equity position was experienced by 30% of all homeowners, resulting in foreclosures and REOs becoming the major market factor.

Don't expect a surge in supply from foreclosures, as negative equity share is still small



- Share of mortgaged residential properties with negative equity in the U.S. was 2.0% in Q122
- If home prices decline by 5%, 167,000 would fall underwater, and the share with negative equity would increase to 2.3%
- Negative equity over 30% in Q209 in the last housing crisis

SOURCE: CoreLogic, C.A.R. calculations

Today, California homeowners with no equity in their homes represent less than 1% of all California homeowners.

A downward price correction of 5% would raise the negative equity figure to only 2.3%. Versus 30% in 2008.

Homeowners today have a lot of “skin in the game”.

One reason for the improved equity position of California homeowners today is that, as we know, mortgage lenders have been much more conservative in lending than in 2006. Buyers with zero down payment represented only 2.8% of all buyers in 2021, versus 21.1% in 2006.

Today, less than 2% of homeowners have more than one mortgage, as compared to over 43% in 2006.

In 2006, a third of all mortgages were adjustable, whereas today 98% of mortgages are fixed rate, many of those at historically low fixed rates.

Surge in foreclosures not expected also because buyers have more “skin” in the game

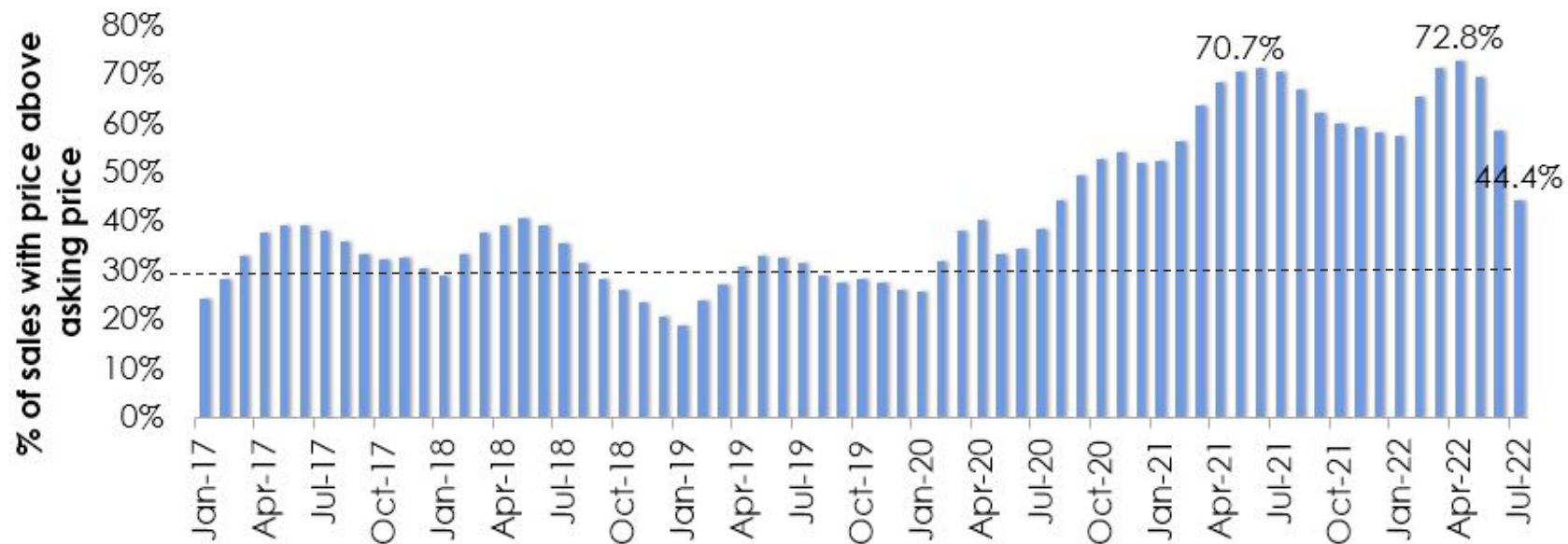
	2006	2017	2018	2019	2020	2021
% of buyers with 20% or more down payment	43.2%	42.9%	44.2%	48.8%	44.9%	45.6%
Median <u>Downpayment</u> (% to Price)	11.8%	17.6%	18.0%	19.8%	18.6%	18.7%
% of buyers with zero down payment	21.1%	6.0%	7.3%	8.8%	8.5%	2.8%
% of cash buyers	11.0%	21.5%	22.9%	19.7%	17.4%	18.6%
% of home buyers with a second mortgage	43.4%	3.9%	4.2%	3.7%	3.1%	1.9%
% of buyer with ARM	32.6%	5.1%	4.0%	4.2%	3.0%	2.1%

Asking Price?

Next up is a graph of the percentage of sales are occurring above the asking price. Going back six years, to 2017, the average was around 30%. During the pandemic, we were up around 70%, but have recently dropped significantly to 44%. Things are slowing down.

We know the seasonal cycle of discounting is more prevalent in the winter months, with less discounting in the busy summer months. The past two pandemic years have seen overbidding become the norm, but recent figures show overbids are coming down to their historical averages.

Share of homes sold above asking price back to “normal”



SERIES: Sales with sold price above asking price (Existing SFH)
SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®

STATS SIMI MOORPARK	9/4/2022		Versus Same Period Last Year
	2022	2021	
	6/1/2022-8/31/2022	6/1/2021-8/31/2021	
Total Active Residential Listings	277	142	Up 95%
Median Sold Price	\$ 830,000	\$ 760,000	Up 9%
Average Sold Price	\$ 896,736	\$ 814,844	Up 10%
Average Days On MLS	26	17	4 weeks to sell
Number of sales	439	697	Down 37%
Total Dollar Value of Solds	\$ 393,667,104	\$ 567,946,268	Down 31%
Months of Inventory	1.9	0.6	Sales -37%, Inventory +95%

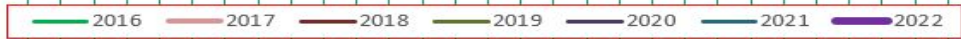
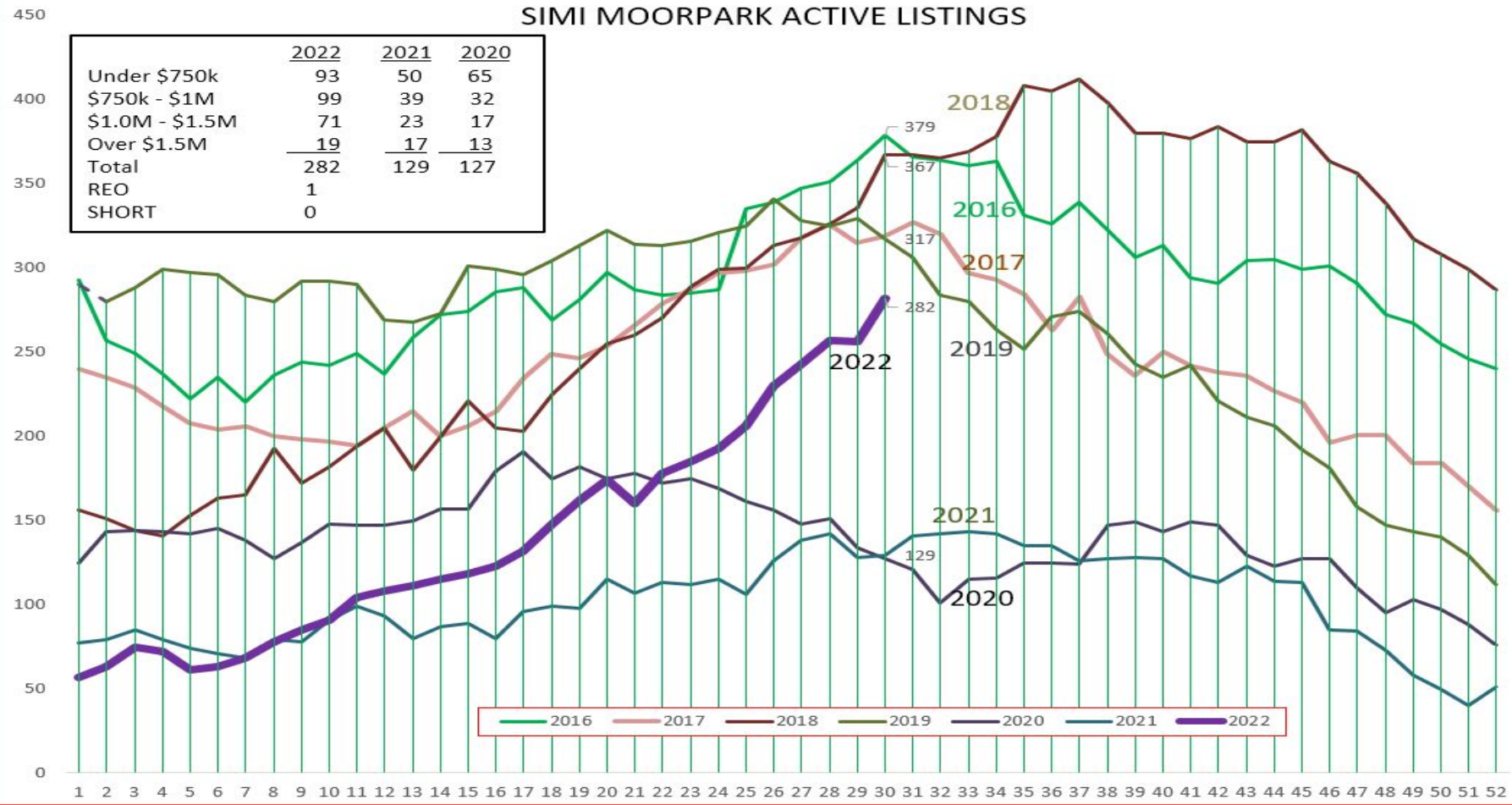
Listings under \$750,000 102
 Avg Monthly Sales under \$750,000 50
Months of under \$750,000 Inventory 2.05

SALES DECLINING
INVENTORY GROWING

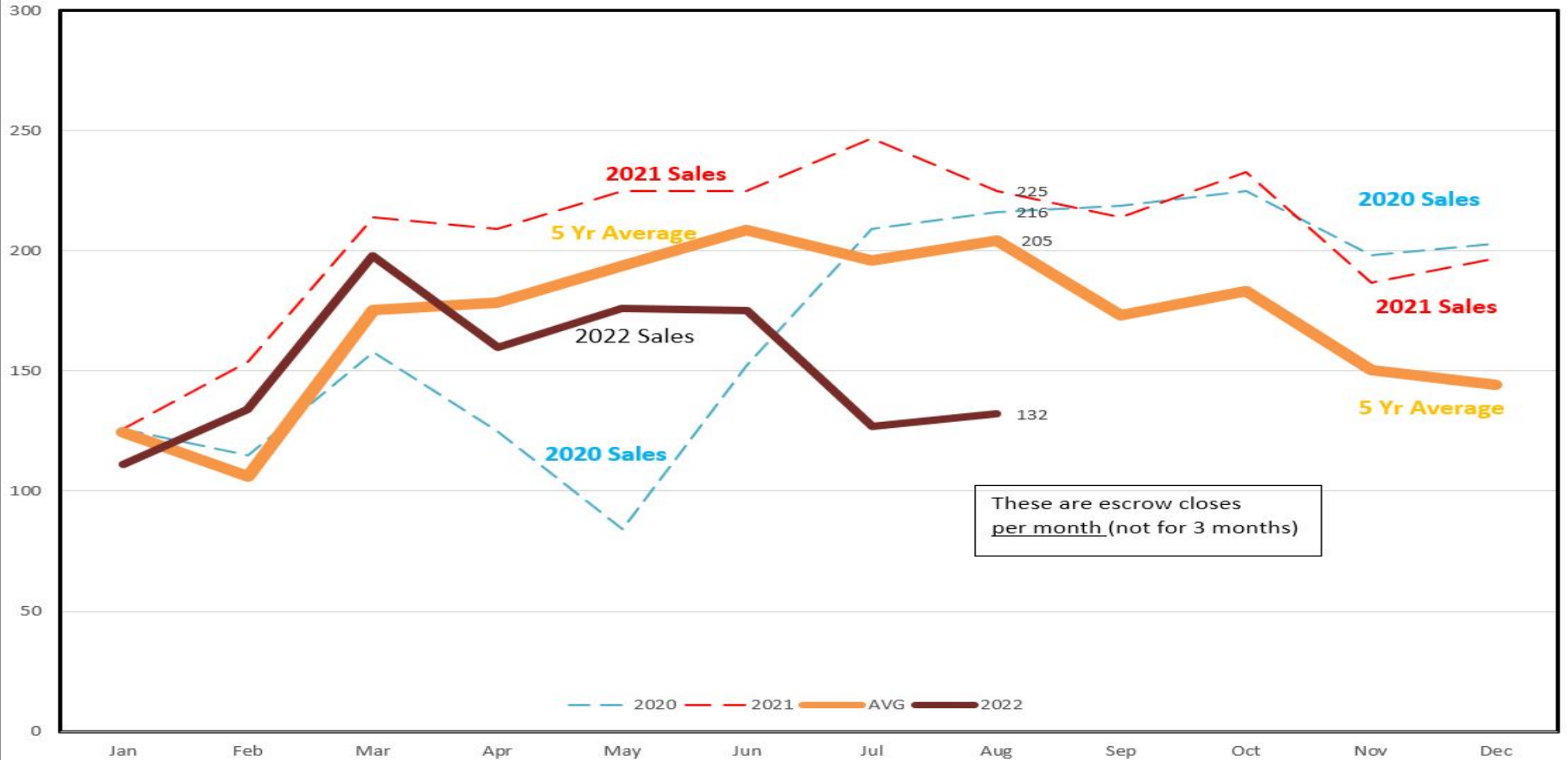
Bracket Sales for Last 3-Month Period	2022	2021	
Total Number of Sales	439	697	Down 37%
Under \$750,000	144	324	Down 56%
\$750,000 - \$1,000,000	190	249	Down 24%
\$1,000,000 - \$1,500,000	85	100	Down 15%
Over \$1,500,000	20	24	Down 17%

SIMI MOORPARK ACTIVE LISTINGS

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Under \$750k	93	50	65
\$750k - \$1M	99	39	32
\$1.0M - \$1.5M	71	23	17
Over \$1.5M	<u>19</u>	<u>17</u>	<u>13</u>
Total	282	129	127
REO	1		
SHORT	0		



Simi Moorpark Closed Escrows



<https://altos.re/r/7fe7efb9-448f-4f26-8fc8-6bc4e00bb893>