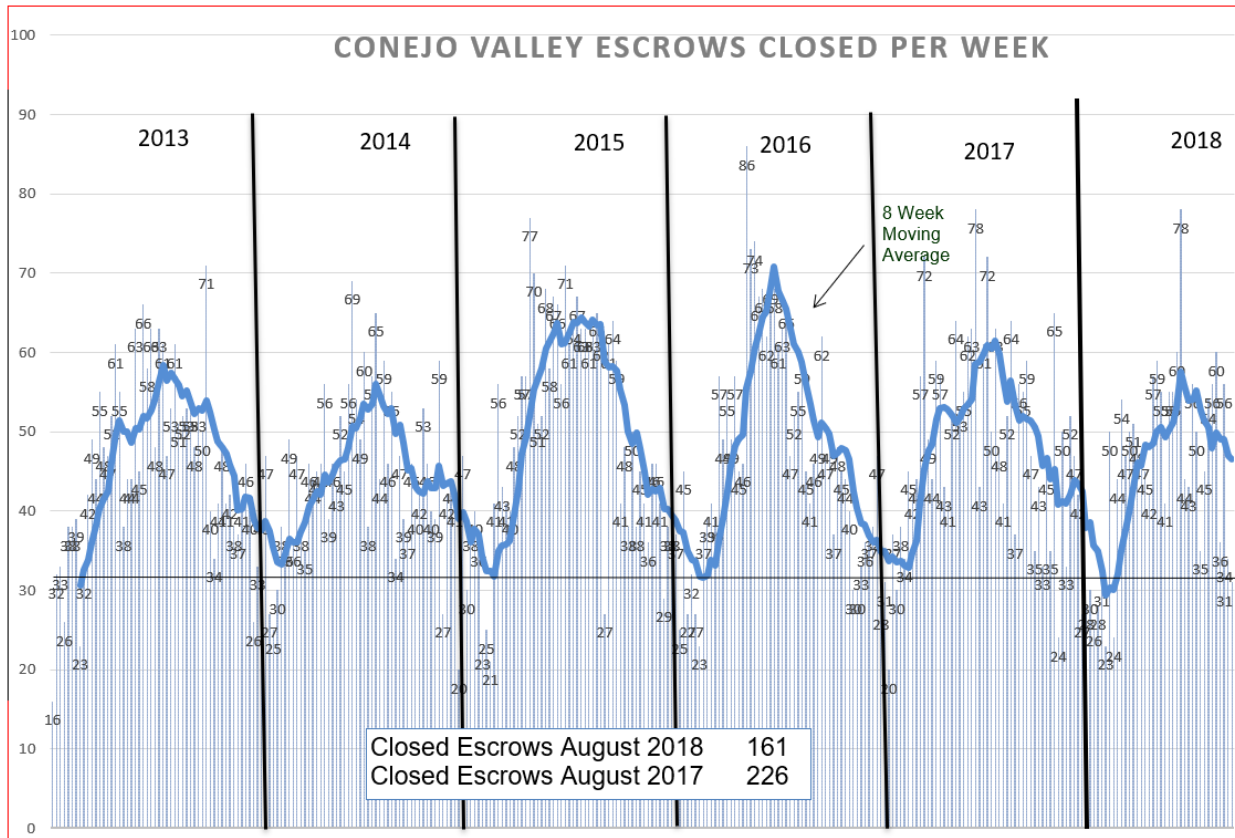
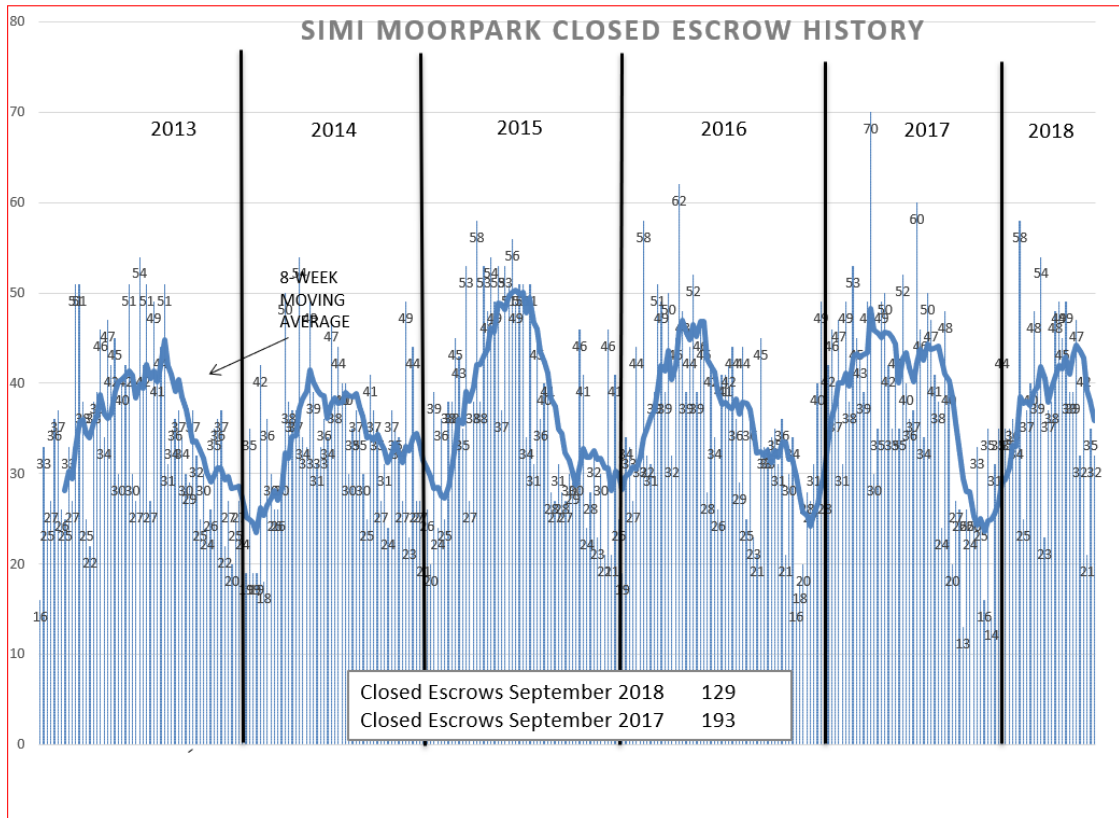


Is this market becoming a leading indicator?

October 6, 2018 / Chuck Lech

This month I am going to begin with the Closed Escrows charts. There is a dramatic change that took place in September in both valleys. Comparing September 2018 to September 2017, the numbers have declined significantly. For the Conejo Valley, the number dropped from 226 to only 161. For Simi Valley and Moorpark, the number dropped from 193 to 129. I usually like to look at longer time frames of at least three months, but these moves are down 29% and 33%. If that trend continues, the market has slowed down suddenly. As I said, I don't like to make forecasts on a small amount of information, but this change is dramatic.





Next, let's look at the statistics page for these two valleys and see how the 3-month comparisons have changed. The number of sales for Conejo declined 14% from last year, and sales for Simi Moorpark declined 5%. Now you can understand why the one month numbers above concern me, down 29% and 33%. An anomaly, or portending the future?

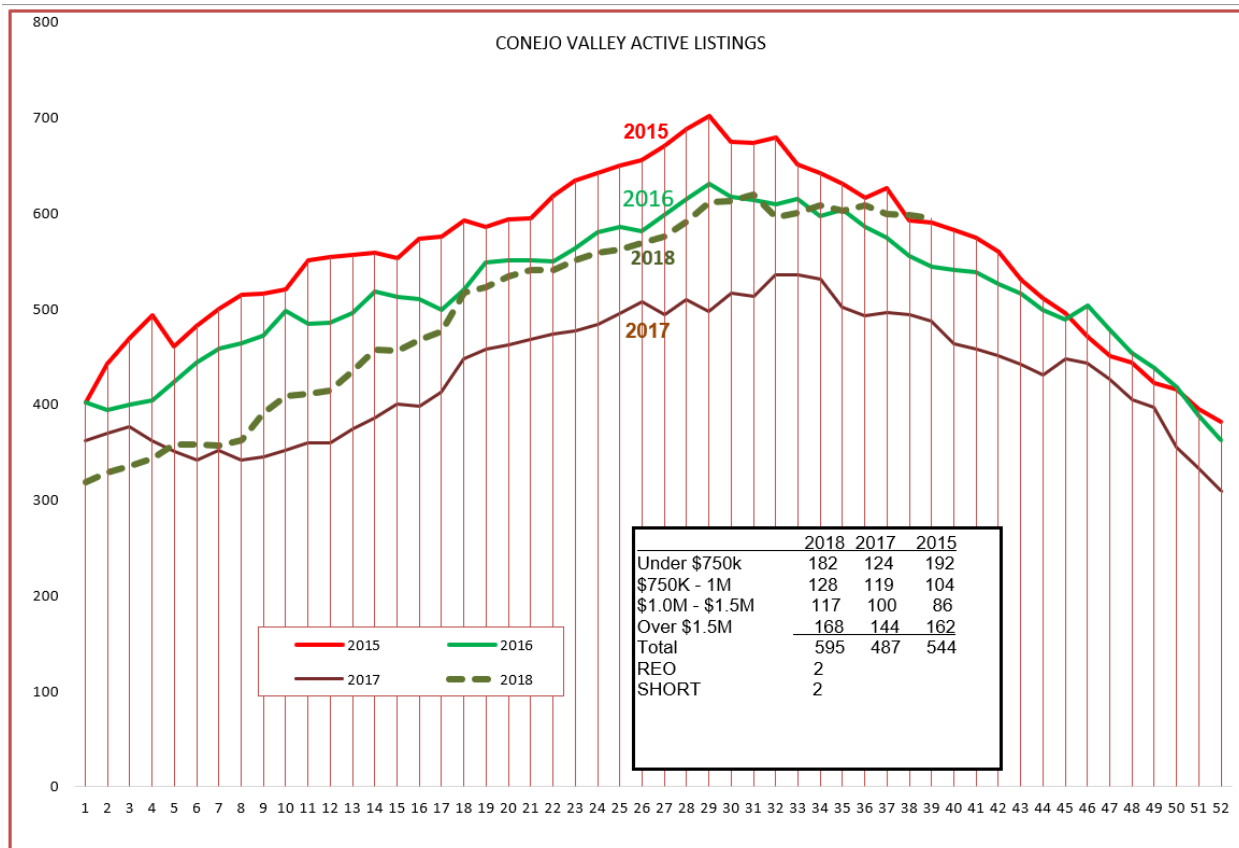
While the number of sales continues to decline, the number of active listings continues to increase. Year to year, for the same three-month periods, the inventory is up by 22% in the Conejo and a whopping 60% in Simi Moorpark.

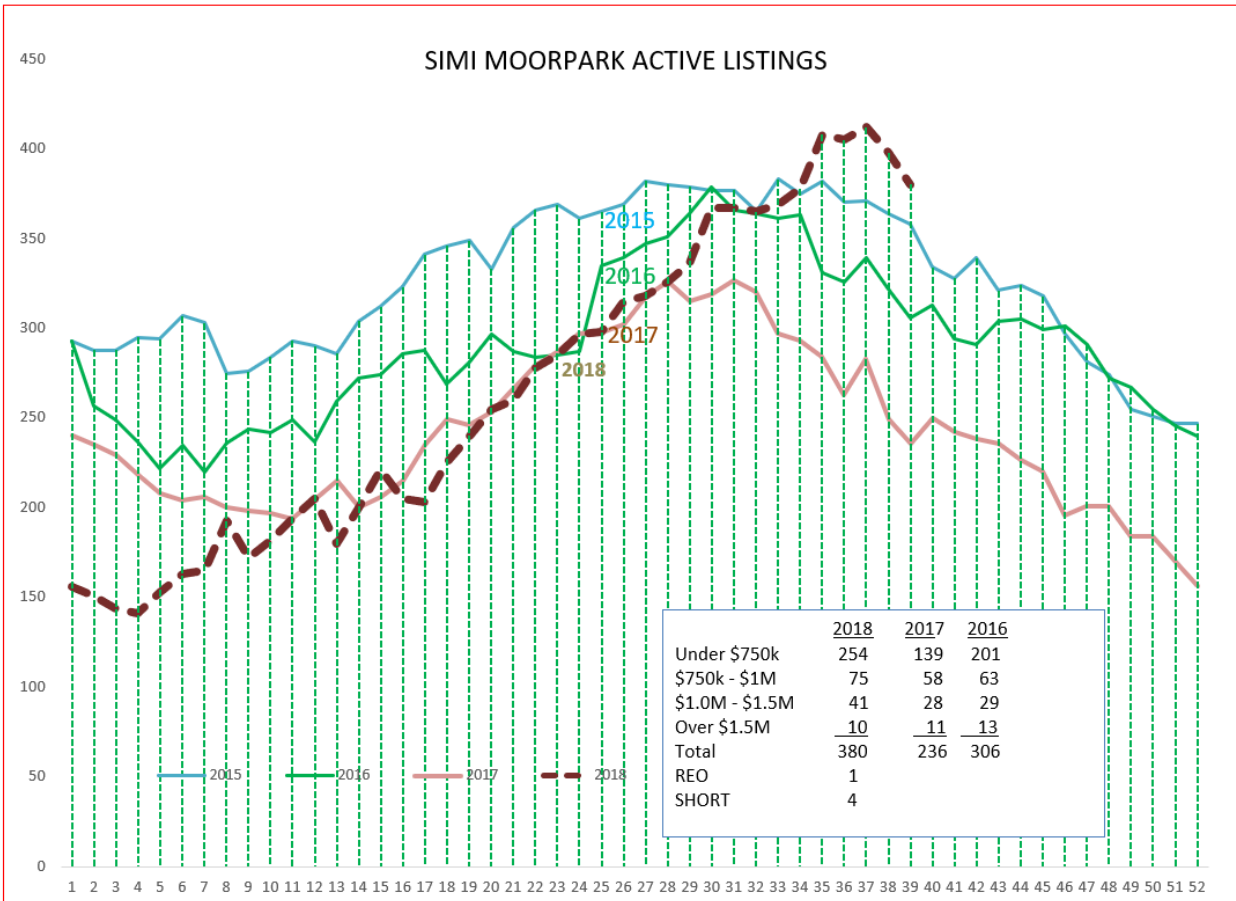
Don't worry about bubbles. Pricing has not gone wild. Prices are up only 3-4% in the Conejo Valley, 5-7% in Simi Moorpark. Overall inflation is being reported at 3-4%, so these increases are not out of line.

STATS CONEJO VALLEY	10/4/2018		
	2018	2017	SAME 3 MONTH PERIOD
	7/1/18 - 9/30/2018	7/1/17 - 9/30/2017	Comment vs Same Period Last Yr.
Total Active Residential Listings	595	487	Up 22%
Median Sold Price	\$ 786,000	\$ 762,000	Up 3%
Average Sold Price	\$ 942,713	\$ 909,696	Up 4%
Average Days On MLS	47	42	6 weeks to sell
Number of sales	613	714	Down 14%
Total Dollar Value of Solds	\$ 577,883,069	\$ 649,522,944	Down 11%
Months of Inventory	2.9	2.0	Nearing 3 months inventory
Listings under \$750,000	182		
Avg Monthly Sales under \$750,000	92		
Months of under \$750,000 Inventory	1.97		VERY TIGHT INVENTORY
Bracket Sales for Last 3-Month Period	2018	2017	
Total Number of Sales	613	714	Down 14%
Under \$750,000	274	343	Down 20%
\$750,000 - \$1,000,000	166	190	Down 13%
\$1,000,000 - \$1,500,000	106	110	Down 4%
Over \$1,500,000	67	71	Down 6%

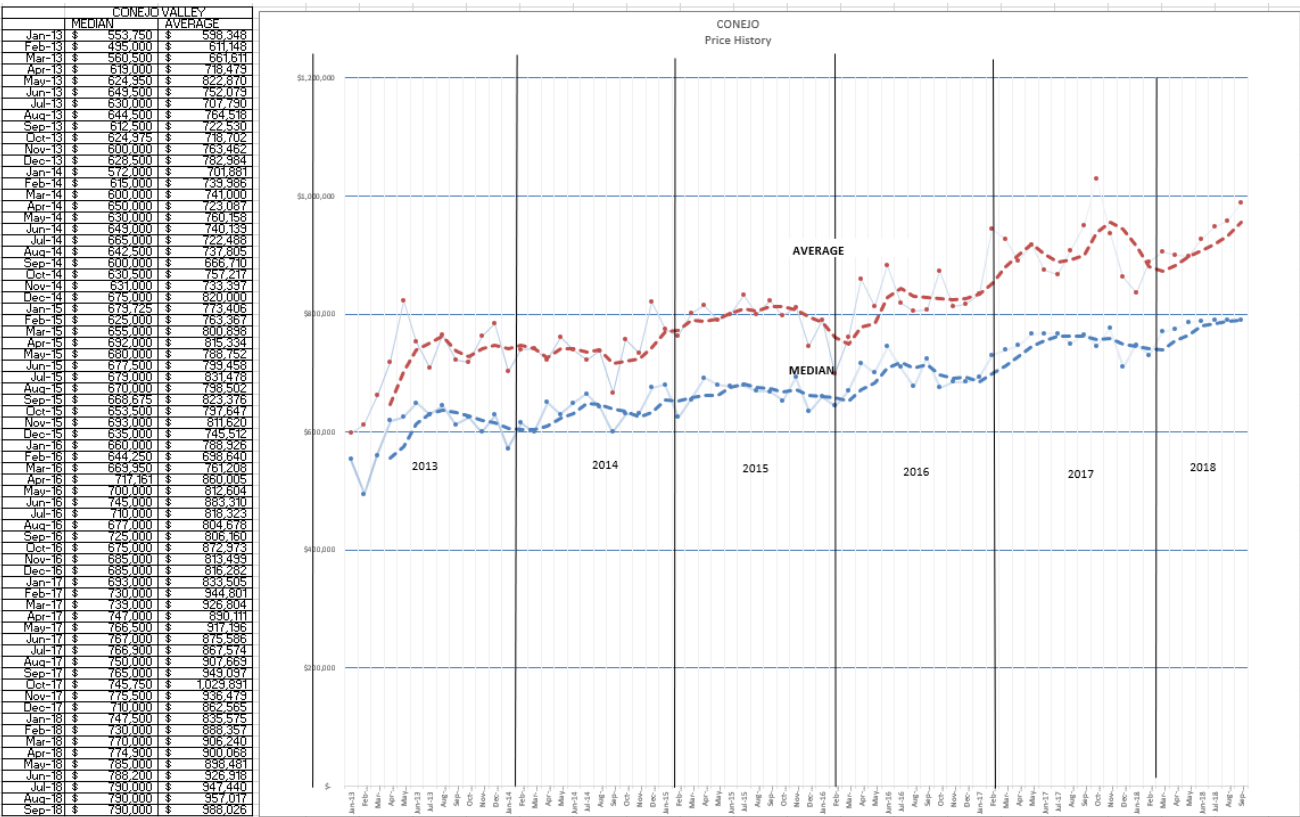
STATS SIMI MOORPARK	10/5/2018		
	2018	2017	
	7/1/18--9/30/18	7/1/17--9/30/18	Comments--Same Period Last Yr.
Total Active Residential Listings	398	249	Up 60%
Median Sold Price	\$ 585,000	\$ 556,500	Up 5%
Average Sold Price	\$ 628,538	\$ 588,140	Up 8%
Average Days On MLS	41	39	5 weeks to sell
Number of sales	482	508	Down 5%
Total Dollar Value of Solds	\$ 302,955,316	\$ 298,775,120	Up 2%
Months of Inventory	2.3	1.3	Inventory Growing Strongly
Listings under \$750,000	272		
Avg Monthly Sales under \$750,000	141		
Months of under \$750,000 Inventory	1.93		<u>VERY TIGHT INVENTORY</u>
Bracket Sales for Last 3-Month Period	2018	2017	
Total Number of Sales	563	605	Down 7%
Under \$750,000	445	493	Down 10%
\$750,000 - \$1,000,000	90	81	Up 12%
\$1,000,000 - \$1,500,000	21	26	Down 19%
Over \$1,500,000	7	5	Up 40%

The graph of active inventory listings shows the 22% increase from 2017, and in fact increases from all previous four years. The Conejo inventory is now the highest for this month over the past four years, while the Simi Moorpark inventory, although very high, has finally turned the corner, as expected this time of year. And by the way, both short sales and REOs continue to be minimal.

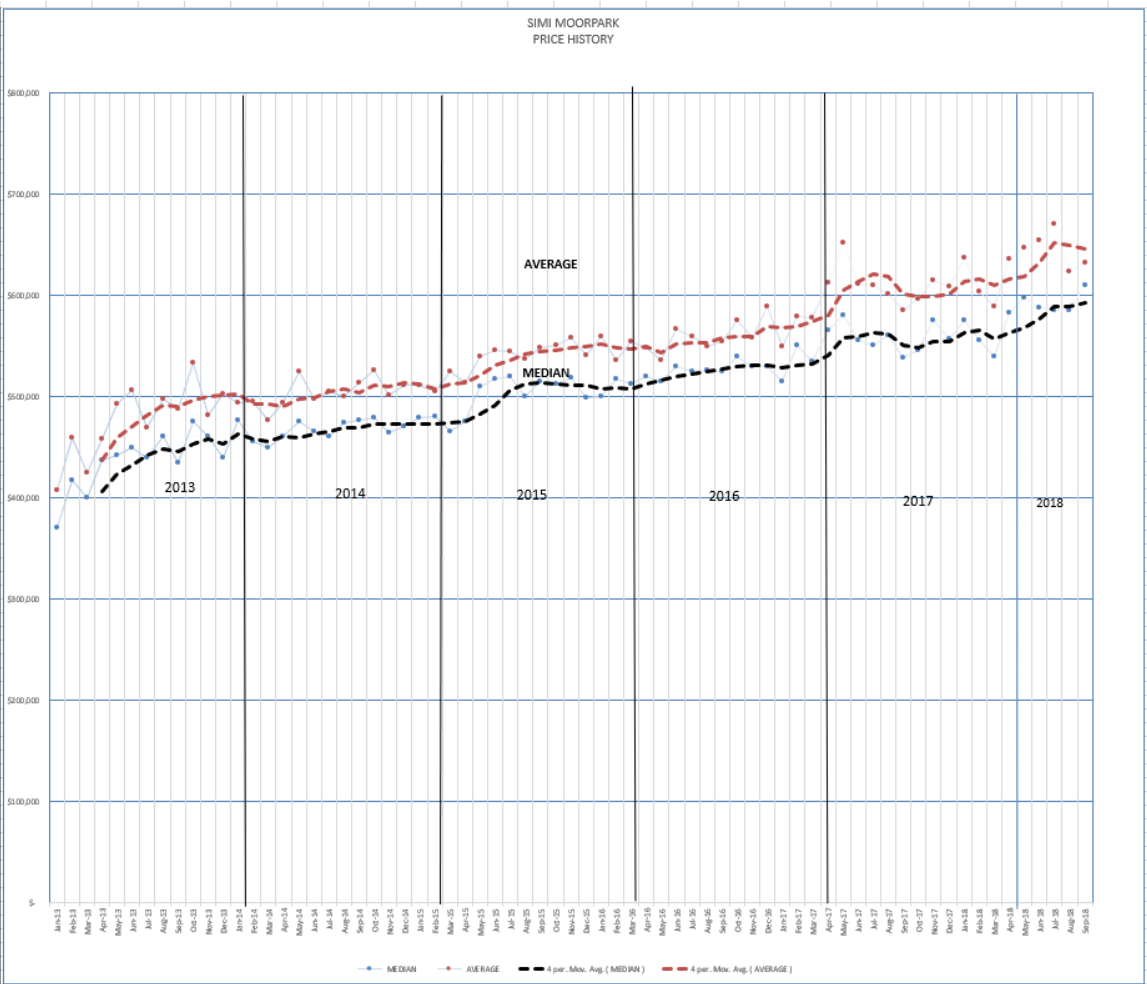




Finally, let's look at how prices are charting. The red and blue dotted lines are averages of the preceding 4 points, smoothing out the series of dots that are harder to interpret. For Conejo, the presence of those red dots above the Average line indicated that the average prices are going up, while the blue Median line is leveling out. Similar things are going on in Simi Moorpark.



SIMI/MOORPARK		
	MEDIAN	AVERAGE
Jan-13	\$ 370,000	\$ 408,010
Feb-13	\$ 417,000	\$ 458,707
Mar-13	\$ 333,350	\$ 425,341
Apr-13	\$ 437,000	\$ 458,536
May-13	\$ 442,000	\$ 432,537
Jun-13	\$ 443,000	\$ 505,647
Jul-13	\$ 440,000	\$ 468,910
Aug-13	\$ 460,000	\$ 437,204
Sep-13	\$ 435,000	\$ 488,000
Oct-13	\$ 475,000	\$ 532,818
Nov-13	\$ 460,000	\$ 481,000
Dec-13	\$ 440,000	\$ 502,890
Jan-14	\$ 476,500	\$ 493,506
Feb-14	\$ 455,000	\$ 494,605
Mar-14	\$ 443,000	\$ 477,000
Apr-14	\$ 460,000	\$ 493,894
May-14	\$ 475,000	\$ 525,960
Jun-14	\$ 465,500	\$ 497,437
Jul-14	\$ 460,000	\$ 505,090
Aug-14	\$ 474,100	\$ 500,180
Sep-14	\$ 476,000	\$ 513,636
Oct-14	\$ 473,500	\$ 526,450
Nov-14	\$ 464,000	\$ 500,868
Dec-14	\$ 463,950	\$ 510,698
Jan-15	\$ 473,500	\$ 511,431
Feb-15	\$ 473,350	\$ 504,967
Mar-15	\$ 465,000	\$ 524,326
Apr-15	\$ 475,000	\$ 513,261
May-15	\$ 510,000	\$ 539,347
Jun-15	\$ 517,250	\$ 545,638
Jul-15	\$ 580,000	\$ 544,870
Aug-15	\$ 500,000	\$ 571,236
Sep-15	\$ 514,750	\$ 548,618
Oct-15	\$ 512,000	\$ 550,218
Nov-15	\$ 517,300	\$ 558,443
Dec-15	\$ 498,000	\$ 540,112
Jan-16	\$ 500,000	\$ 553,323
Feb-16	\$ 517,500	\$ 535,376
Mar-16	\$ 512,750	\$ 554,333
Apr-16	\$ 519,800	\$ 548,573
May-16	\$ 515,000	\$ 536,278
Jun-16	\$ 530,000	\$ 566,415
Jul-16	\$ 525,000	\$ 558,642
Aug-16	\$ 526,250	\$ 543,796
Sep-16	\$ 524,375	\$ 554,515
Oct-16	\$ 523,375	\$ 575,111
Nov-16	\$ 523,850	\$ 558,451
Dec-16	\$ 523,500	\$ 588,451
Jan-17	\$ 515,000	\$ 543,361
Feb-17	\$ 550,000	\$ 579,443
Mar-17	\$ 535,000	\$ 578,043
Apr-17	\$ 565,000	\$ 611,896
May-17	\$ 573,350	\$ 651,621
Jun-17	\$ 555,000	\$ 610,833
Jul-17	\$ 550,000	\$ 609,521
Aug-17	\$ 560,000	\$ 600,525
Sep-17	\$ 538,500	\$ 585,616
Oct-17	\$ 545,000	\$ 596,587
Nov-17	\$ 575,250	\$ 614,067
Dec-17	\$ 595,500	\$ 601,912
Jan-18	\$ 575,000	\$ 638,368
Feb-18	\$ 555,000	\$ 602,913
Mar-18	\$ 538,000	\$ 589,222
Apr-18	\$ 582,500	\$ 635,306
May-18	\$ 597,000	\$ 646,354
Jun-18	\$ 588,000	\$ 653,352
Jul-18	\$ 585,000	\$ 670,386
Aug-18	\$ 585,000	\$ 623,610
Sep-18	\$ 610,000	\$ 632,187



So what of the future? Charts do not determine prices. Willing sellers and willing buyers determine prices. But the buyers have been outgunned by the sellers for quite some time. The balance of power is definitely shifting. Prices will trend downwards as this correction takes place, and then activity will pick up as more buyers move in to take advantage of better pricing.

Have a wonderful October.

Chuck