

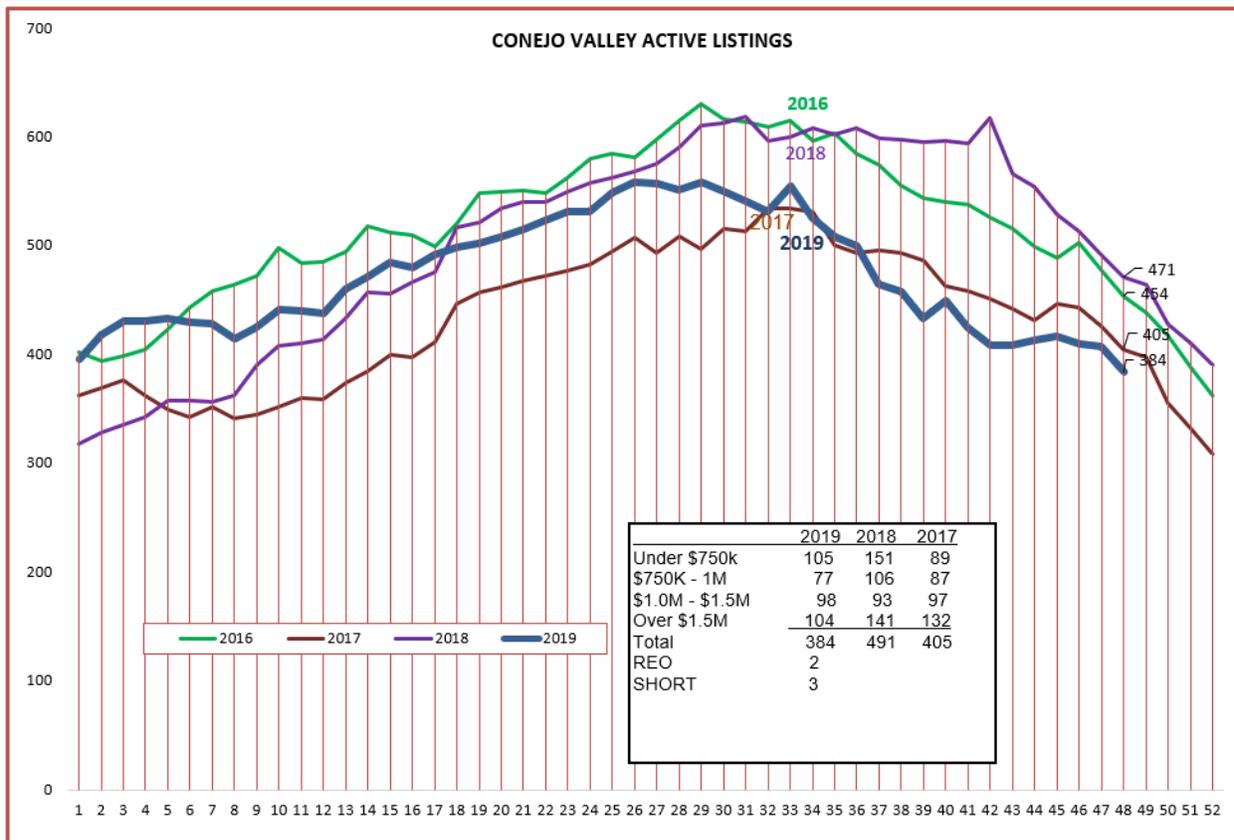
Has pricing hit a glass ceiling?

DECEMBER 16, 2019 / CHUCK LECH

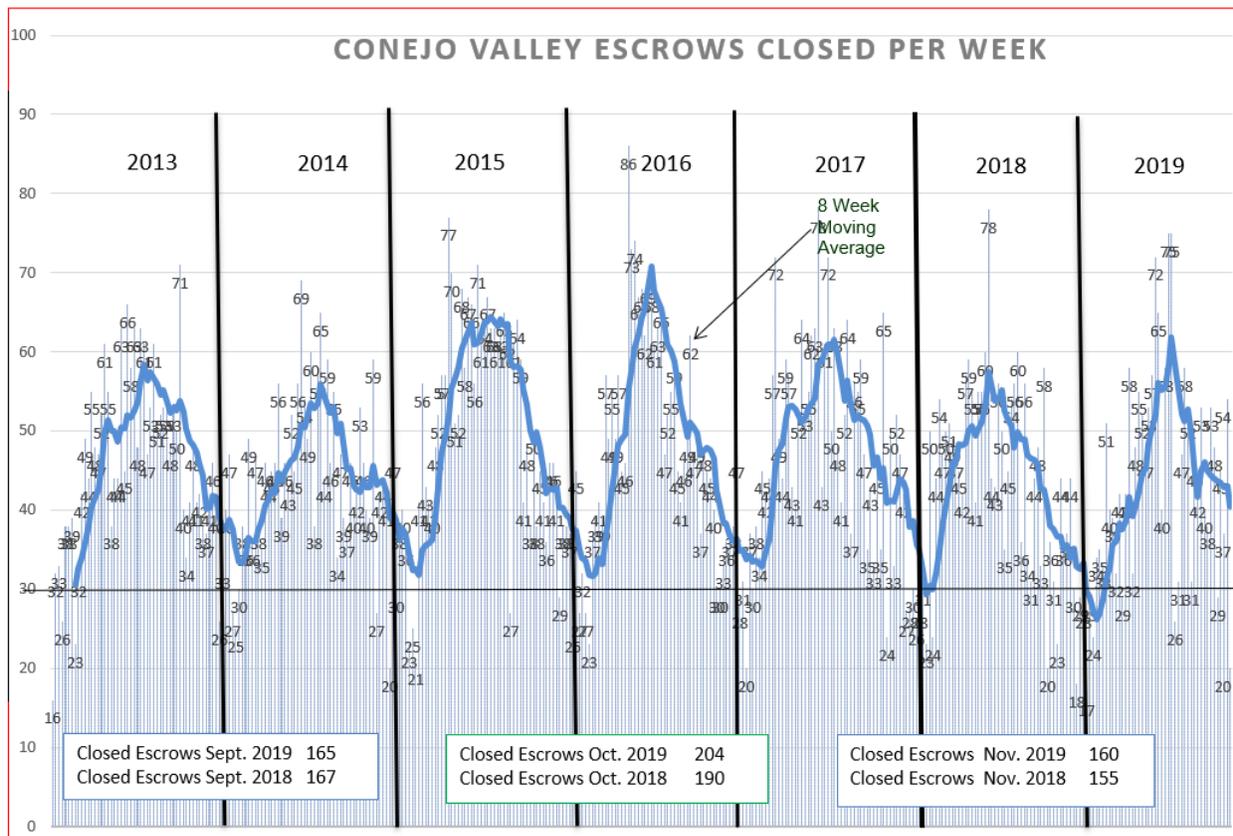
Except for the apparent repeal of the law of supply and demand, everything seems to be progressing well.

You remember that supply, demand and pricing are all interrelated. If supply goes up, prices go down. If demand goes up, prices go up. However, where the housing market is concerned, there seems to be a disconnect.

Let's look at the supply side, Conejo first. The curve is progressing as expected, inventory growing into the summer months and then getting lower and lower as we approach the year-end holidays. It looks like we will finish with the lowest inventory in the past few years.



How about demand? The chart of Closed Escrows should give us the best indication of how many buyers were really serious and actually purchased a home. It has been a good year, one in which the top end of the market progressed slowly, but ended the year strong. Looking at the monthly boxes in the chart below, sales are very similar to last year.



Let's look at these statistics together on one page. Inventory lower by 19%. Months of inventory, how long it would take to sell our inventory based on the current rate of sales, a very low two months worth. Only 5 weeks worth of inventory for homes priced below \$750,000. Total number of sales up by 5%. Lower inventory should mean higher prices. Higher sales should mean higher prices. But the Median price, compared to last year, is the same. The Average Sold price, compared to last year, is much higher, up 7%. The second half of the year saw the return of higher priced home sales, creating that increasing spread between the Median and Average Sold price. The total number of units sold (the bottom half of the chart below) in each pricing category increased, again

comparing the past three months with those same three months a year ago, with the biggest increase in homes priced between \$750,00 AND \$1,000,000.

STATS CONEJO VALLEY	12/10/2019		
	2019	2018	
	9/1/2019 - 11/30/19	9/1/2018 - 11/30/18	Versus Same Period Last Yr.
Total Active Residential Listings	384	474	Down 19%
Median Sold Price	\$ 789,950	\$ 787,500	Same
Average Sold Price	\$ 1,014,875	\$ 945,019	Up 7%
Average Days On MLS	53	55	8 weeks to sell
Number of sales	540	512	Up 5%
Total Dollar Value of Solds	\$ 548,032,500	\$ 483,849,728	UP 13%
Months of Inventory	2.1	2.8	Inventory much lower, sales same
Listings under \$750,000	105		
Avg Monthly Sales under \$750,000	81		
Months of under \$750,000 Inventory	1.29		VERY TIGHT INVENTORY
Bracket Sales for Last 3-Month Period	2019	2018	
Total Number of Sales	539	512	Up 5%
Under \$750,000	241	234	Up 3%
\$750,000 - \$1,000,000	143	128	Up 12%
\$1,000,000 - \$1,500,000	96	91	Up 5%
Over \$1,500,000	59	59	Same

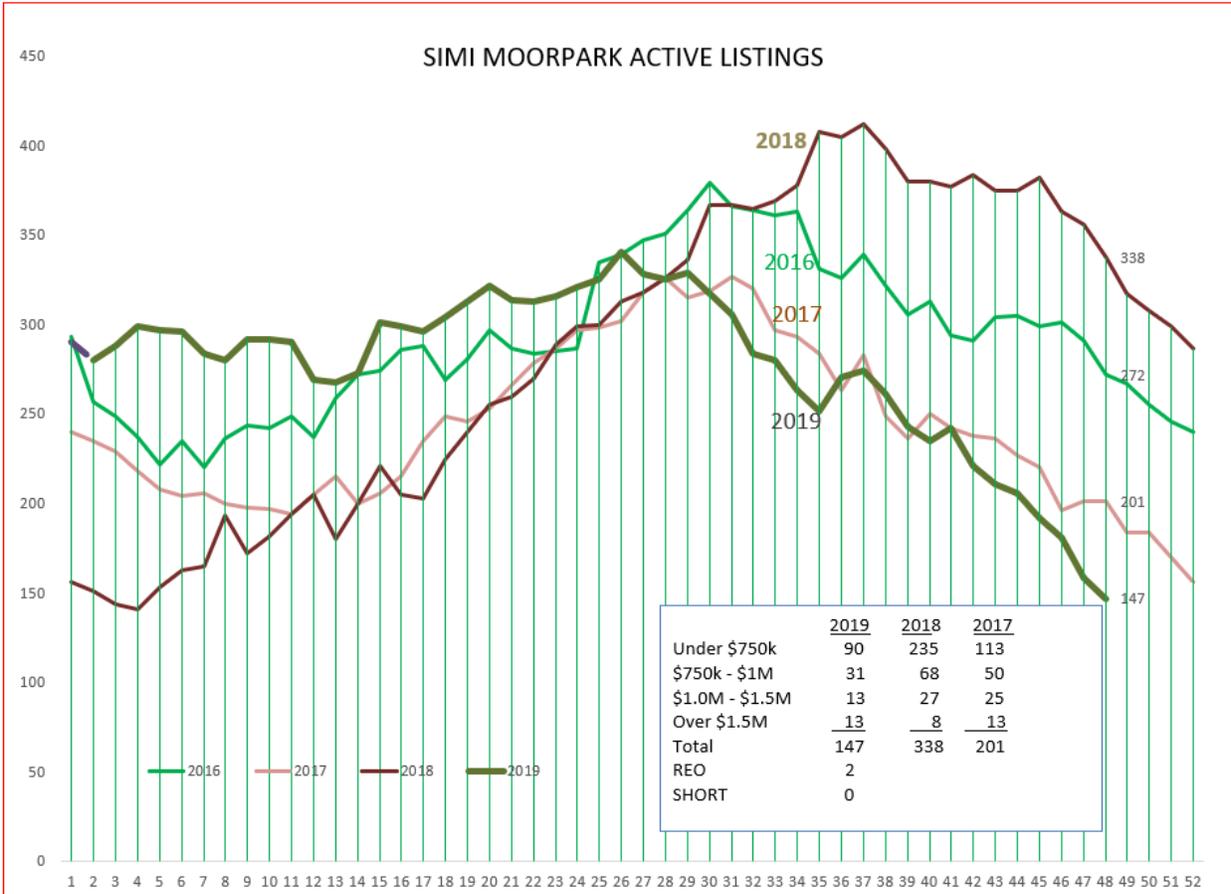
Finally, looking at the graph below, you can see how the Median price has flattened, while the Average price has recently soared. High priced sales are responsible for the Average Price increasing, and distancing itself from the Median price. However, the Median price should also have increased, and it has not. Seasonal pressure? Maybe.

CONEJO VALLEY		
	MEDIAN	AVERAGE
Jan-12	\$ 553,750	\$ 598,348
Feb-12	\$ 495,000	\$ 411,448
Mar-12	\$ 560,500	\$ 611,611
Apr-12	\$ 619,000	\$ 718,479
May-12	\$ 624,950	\$ 832,670
Jun-12	\$ 649,500	\$ 752,079
Jul-12	\$ 620,000	\$ 707,790
Aug-12	\$ 644,500	\$ 764,818
Sep-12	\$ 612,500	\$ 722,530
Oct-12	\$ 624,975	\$ 718,702
Nov-12	\$ 600,000	\$ 763,462
Dec-12	\$ 625,500	\$ 732,654
Jan-14	\$ 572,000	\$ 701,881
Feb-14	\$ 615,000	\$ 739,586
Mar-14	\$ 600,000	\$ 741,000
Apr-14	\$ 650,000	\$ 753,097
May-14	\$ 630,000	\$ 760,485
Jun-14	\$ 649,000	\$ 740,439
Jul-14	\$ 655,000	\$ 722,480
Aug-14	\$ 642,500	\$ 737,505
Sep-14	\$ 600,000	\$ 666,710
Oct-14	\$ 630,500	\$ 751,417
Nov-14	\$ 619,000	\$ 733,297
Dec-14	\$ 675,000	\$ 820,000
Jan-15	\$ 619,125	\$ 775,406
Feb-15	\$ 625,000	\$ 763,267
Mar-15	\$ 655,000	\$ 800,898
Apr-15	\$ 692,000	\$ 815,234
May-15	\$ 680,000	\$ 732,182
Jun-15	\$ 677,500	\$ 799,485
Jul-15	\$ 679,000	\$ 831,473
Aug-15	\$ 670,000	\$ 795,502
Sep-15	\$ 665,975	\$ 823,376
Oct-15	\$ 683,500	\$ 747,647
Nov-15	\$ 692,000	\$ 811,620
Dec-15	\$ 625,000	\$ 745,517
Jan-16	\$ 660,000	\$ 739,925
Feb-16	\$ 644,250	\$ 698,640
Mar-16	\$ 669,500	\$ 761,610
Apr-16	\$ 719,161	\$ 840,005
May-16	\$ 700,000	\$ 816,604
Jun-16	\$ 745,000	\$ 883,210
Jul-16	\$ 700,000	\$ 802,225
Aug-16	\$ 677,000	\$ 804,672
Sep-16	\$ 725,000	\$ 806,460
Oct-16	\$ 675,000	\$ 832,973
Nov-16	\$ 685,000	\$ 812,499
Dec-16	\$ 685,000	\$ 816,282
Jan-17	\$ 692,000	\$ 823,505
Feb-17	\$ 730,000	\$ 944,011
Mar-17	\$ 739,000	\$ 926,304
Apr-17	\$ 747,000	\$ 890,111
May-17	\$ 744,500	\$ 817,196
Jun-17	\$ 767,000	\$ 875,588
Jul-17	\$ 766,900	\$ 867,574
Aug-17	\$ 750,000	\$ 901,669
Sep-17	\$ 765,000	\$ 949,097
Oct-17	\$ 745,750	\$ 1,029,091
Nov-17	\$ 775,500	\$ 935,479
Dec-17	\$ 760,000	\$ 882,545
Jan-18	\$ 747,500	\$ 835,575
Feb-18	\$ 730,000	\$ 888,257
Mar-18	\$ 770,000	\$ 906,240
Apr-18	\$ 774,900	\$ 900,063
May-18	\$ 755,000	\$ 893,481
Jun-18	\$ 783,200	\$ 925,918
Jul-18	\$ 790,000	\$ 947,440
Aug-18	\$ 775,000	\$ 957,017
Sep-18	\$ 775,000	\$ 988,026
Oct-18	\$ 800,000	\$ 949,896
Nov-18	\$ 750,000	\$ 945,302
Dec-18	\$ 760,000	\$ 990,409
Jan-19	\$ 752,500	\$ 922,295
Feb-19	\$ 760,000	\$ 924,259
Mar-19	\$ 780,000	\$ 991,026
Apr-19	\$ 747,000	\$ 862,269
May-19	\$ 800,000	\$ 930,176
Jun-19	\$ 820,000	\$ 912,404
Jul-19	\$ 802,500	\$ 1,067,888
Aug-19	\$ 806,000	\$ 981,129
Sep-19	\$ 785,000	\$ 1,024,662
Oct-19	\$ 825,000	\$ 927,855
Nov-19	\$ 767,500	\$ 1,108,283

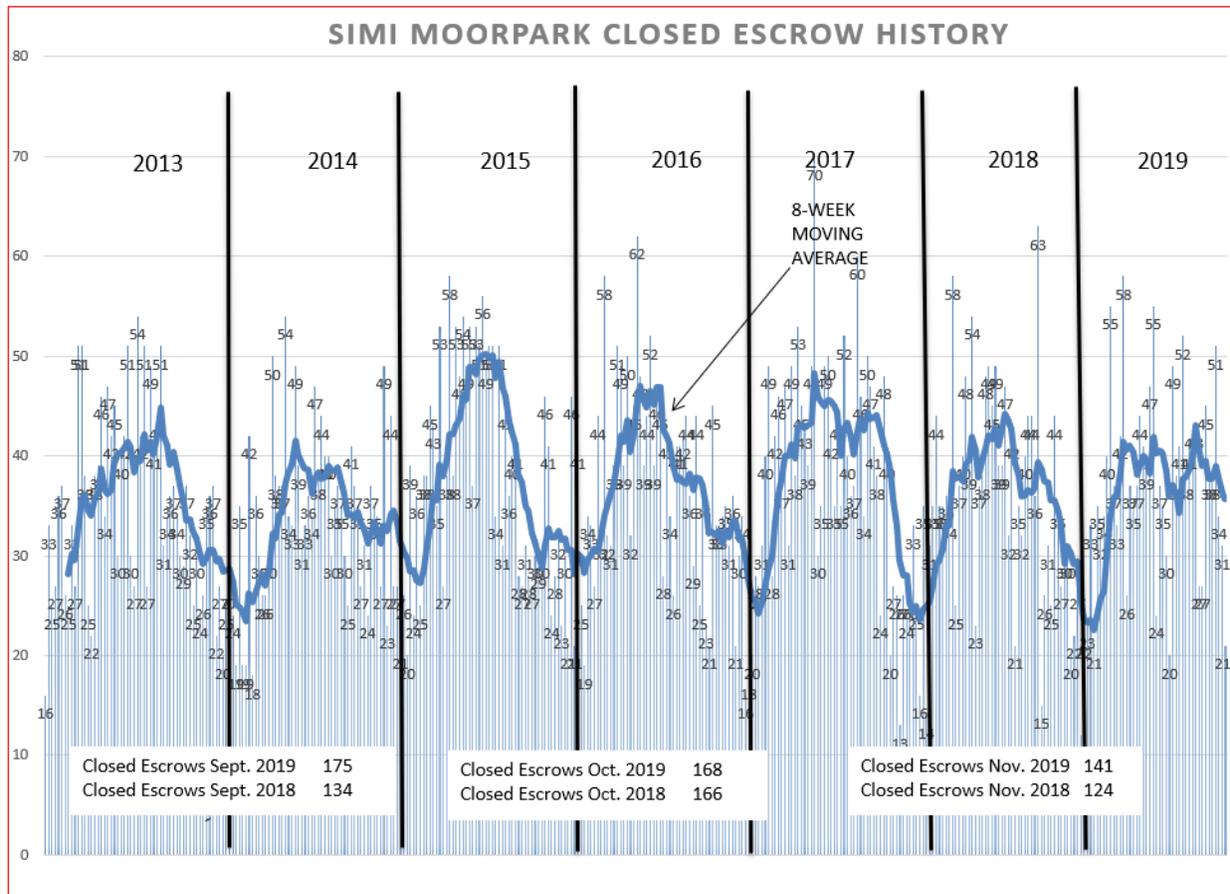


For the Conejo Valley, we are looking at a good market, spread throughout the range of prices.

Now let's look at Simi Valley/Moorpark. First, the inventory. Historically low, at least in this century. 2012 (114 listings to end the year) was the previous year of lowest inventory, and we appear on track to challenge that record.



Sales in Simi/Moorpark continue at an elevated pace, refusing to taper off as the year ends. Sales have been higher than last year, in spite of the lack of inventory.

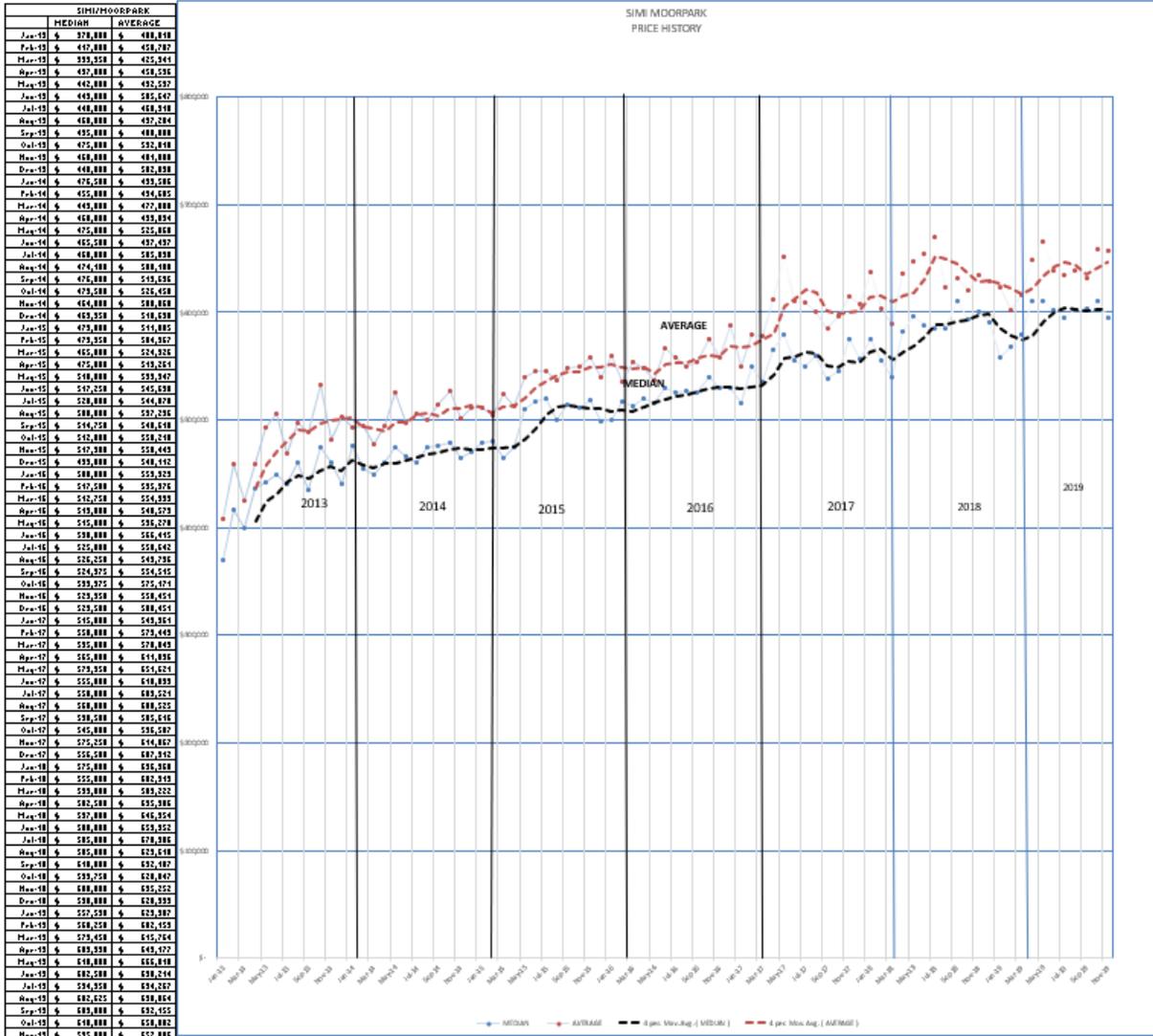


The numbers in the comparison chart below show the extremes that Simi/Moorpark has been experiencing. Inventory is down 57% from last year, and sales are up 16%. But look at prices, up only 1-2%. As I proposed last month, I believe affordability and desirability are fighting it out in Simi/Moorpark. Prices have hit the glass ceiling.

STATS SIMI MOORPARK	12/10/2019		Versus Same Period Last Yr.
	2019	2018	
	9/1/2019--11/30/2019	9/1/2018--11/30/2018	
Total Active Residential Listings	147	338	Down 57%
Median Sold Price	\$ 602,250	\$ 599,000	Up 1%
Average Sold Price	\$ 646,825	\$ 632,855	Up 2%
Average Days On MLS	43	49	6 weeks to sell
Number of sales	490	424	Up 16%
Total Dollar Value of Solds	\$ 316,944,250	\$ 268,330,520	Up 18%
Months of Inventory	0.9	2.4	Inventory Very Low, Sales Higher
Listings under \$750,000	90		
Avg Monthly Sales under \$750,000	130		
Months of under \$750,000 Inventory	0.69		<u>VERY TIGHT INVENTORY</u>
Bracket Sales for Last 3-Month Period	2019	2018	
Total Number of Sales	490	424	Up 16%
Under \$750,000	391	336	Up 16%
\$750,000 - \$1,000,000	80	61	Up 31%
\$1,000,000 - \$1,500,000	20	26	Down 6 units
Over \$1,500,000	4	1	Up 3 units

The pricing chart below is populated with monthly sales prices, not averages over three months.

The Median price has flattened at \$600,000.



The Simi/Moopark market is frankly exciting. Lots going on, with buyers begging for more inventory. There is less than one month worth of inventory overall, and only 2-3 weeks worth of inventory for the under-\$750,000 price range.

I wish you personally a happy and healthy new year. Prospects for the market are for continued health in 2020.

Chuck