

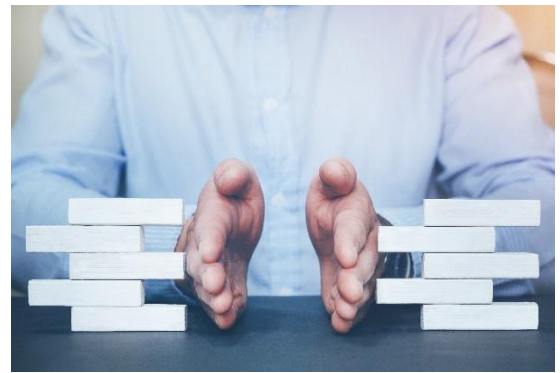
San Bernardino County Housing Report: Split Market

December 20, 2023

It is the telling of two different markets, the incredibly hot lower price ranges due to low inventory versus the sluggishness of the luxury market and longer market times.

Luxury is Much Slower

With an Expected Market Time of 160 days, more than five months, the luxury housing market in San Bernardino County is much slower than the lower ranges.



There is no wait time at the TSA security checkpoint at LAX. The drive-thru at Starbucks has no cars. The local favorite restaurant, typically booked for weeks ahead of time, has a table for two available for Friday night. It is sunny with no rain in the forecast, yet there is no wait when pulling up at the car wash. That just about sums up San Bernardino County's luxury housing market: there are simply not enough buyers compared to the number of sellers. Demand is low. There is no line of buyers waiting for another luxury home to be placed on the market.

The Los Angeles Times detailed how "Southern California home values near record despite the high cost of borrowing." CNBC touts that "Home prices kept rising even as mortgage rates surged." Yahoo Finance describes "Why the current housing market is a 'seller's paradise.'" It is understandable how luxury sellers have high expectations. The trouble is that these headlines describe the **overall market** and not luxury. Luxury today is a much different segment of housing.

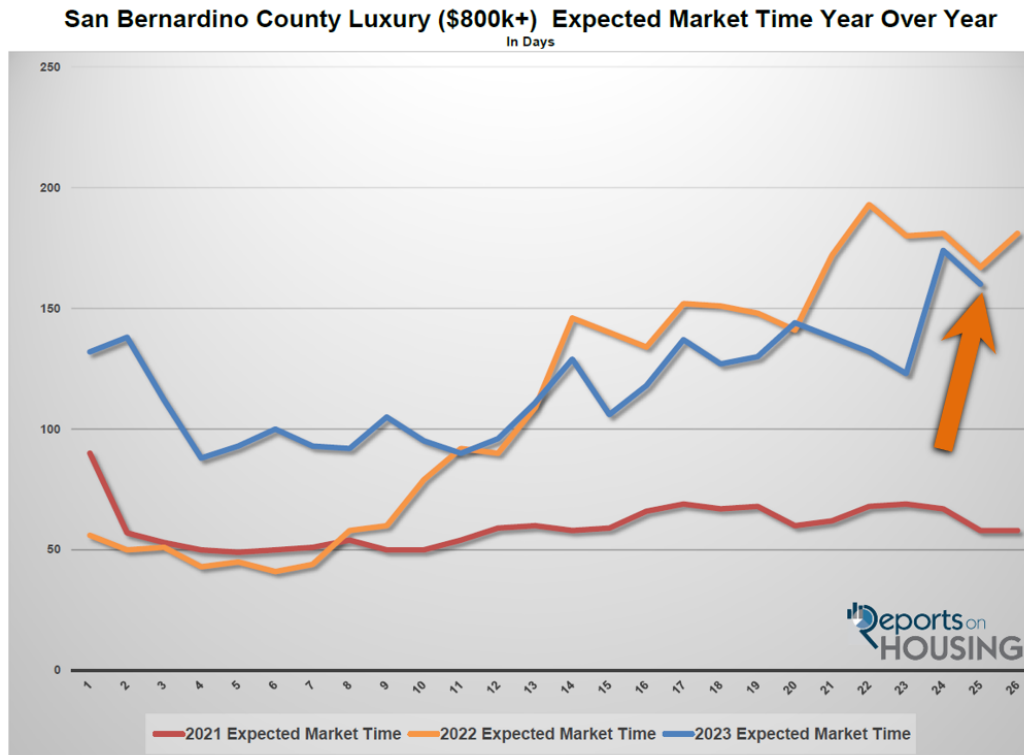
The headlines can be confusing. They seem to paint a strong housing market for all price ranges. They are NOT reporting on the luxury market. The housing market is split between luxury and the rest of the market. Luxury housing, the top 10% of closed sales, homes priced above \$800,000, is sluggish. Weekend open houses are not flooded with potential buyers. Multiple offers are not as common as the lower ranges. It is not unusual to go a week, or even weeks, without a single buyer touring a luxury home. There is not as much buyer competition.

The San Bernardino County housing market has cooled noticeably since the spring. From the beginning of May to today, the overall market slowed from an Expected Market Time (the number of days between coming on the market and pending status) of 51 to 97 days. On average, it takes 46 more days to sell a home. Yet, the differences are staggering in splitting the market between non-luxury and luxury. For homes priced below \$800,000, this range has decelerated from 46 to 90 days, adding 44 days, well over a month, to the Expected Market Time. Yet, the luxury market moved from 105 days in the Spring to 160 days today, an extra 55 days. The lower ranges take almost three months to sell today compared to over five months for luxury.

Price Ranges	Expected Maket Time 5/4/2023	Expected Maket Time Today	Difference Since April 2023	Expected Maket Time 12/8/2022	YOY Change
\$0 - \$800k	46 Days	90 Days	+44 Days	113 Days	-23 Days
\$800k+	105 Days	160 Days	+55 Days	167 Days	-7 Days
Overall	51 Days	97 Days	+46 Days	118 Days	-21 Days

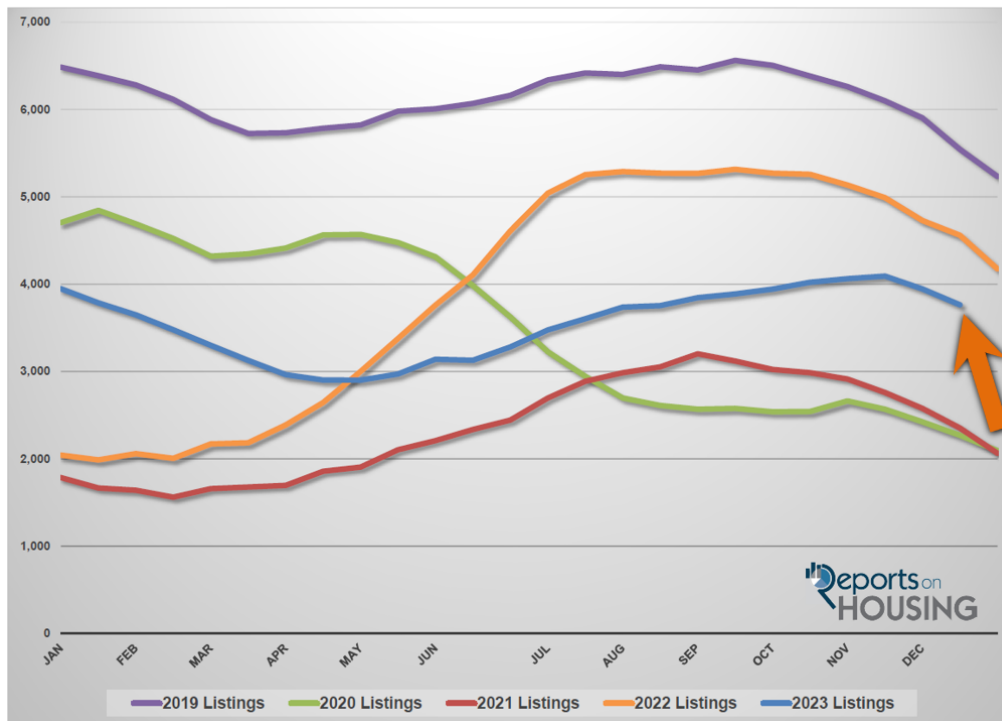


Compared to last year's 118-day Expected Market Time, the overall market is 21 days faster. The lower ranges are 23 days faster than last December's 113 days. Luxury was 167 days last year, 7 days slower than today's 160 days level. Thus, the housing market is stronger this December compared to last year.



Year-over-year comparisons are much more relevant today. Last year, there were 1,266 new sellers, significantly fewer than today. It will be much easier to isolate when more sellers finally enter the fray.

San Bernardino County Active Listing Inventory Year Over Year



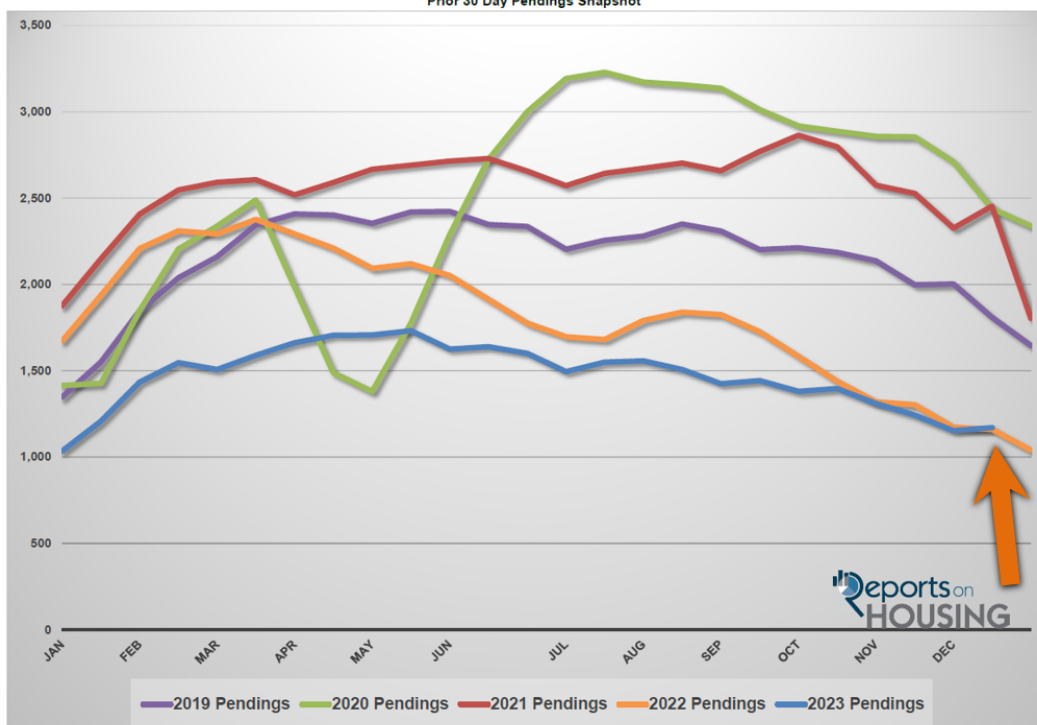
Demand

Demand increased by 1% in the past couple of weeks.

Demand, a snapshot of the number of new pending sales over the prior month, increased from 1,153 to 1,170 in the past couple of weeks, up 17 pending sales, or 1%, its first rise since October. Although current demand levels are extremely low, demand is higher year-over-year for the first time since June 2021. The rise in demand is due to rates dropping from 8% a couple of months ago to 6.65% today. Rates just dropped to levels last seen in May. Demand is tracking last year's low anemic levels but is not plunging like it typically does at the end of the year. This is because current demand readings

San Bernardino County Demand Year Over Year

Prior 30 Day Pending Snapshot



are at inherent levels. There are always buyers willing to purchase in every market, regardless of the time of year. Expect demand to fall to its lowest level upon ringing in 2024. Demand will quickly rise starting in mid-January, the Winter Market.

Last year, demand was at 1,161, **1% lower than today, or 9 fewer pending sales**. The 3-year average before COVID (2017 to 2019) was 1,719 pending sales, **47% more than today, or an additional 549**.

With demand increasing and supply plunging, the Expected Market Time (the number of days to sell all San Bernardino County listings at the current buying pace) decreased from 103 to 97 days in the past couple of weeks. Last year, the Expected Market Time was 118 days, significantly slower than today. The 3-year average before COVID was 100 days, similar to today.








Luxury End

The luxury market slowed in the past couple of weeks.

In the past couple of weeks, the luxury inventory of homes priced above \$800,000 decreased from 647 to 603 homes, down 44 homes, or 7%. Luxury demand decreased by 19 pending sales, down 14%, and now sits at 113. With demand plunging faster than supply, the overall Expected Market Time for luxury homes priced above \$800,000 increased from 147 to 160 days. At 160 days, the luxury market is far from instant and is much slower than the lower ranges. Careful pricing and plenty of patience are the best approaches to today’s luxury market.

Year over year, luxury demand is up by 2 pending sales or 2%, and the active luxury listing inventory is down by 14 homes or 2%. Last year’s Expected Market Time was 167 days, slightly slower than today.

For homes priced between \$800,000 million and \$1 million, the Expected Market Time in the past two weeks decreased from 124 to 112 days. For homes priced between \$1 million and \$1.5 million, the Expected Market Time increased from 125 to 185 days. For homes priced above \$1.5 million, the Expected Market Time increased from 275 to 304 days. At 304 days, a seller would be looking at placing their home into escrow around **October 2024**.

SAN BERNARDINO COUNTY MARKET BREAKDOWN			
PRICE RANGES & MARKET SPEED	MARKET TIME	% OF CURRENT INVENTORY	% OF CURRENT DEMAND
\$0-\$300k 	117 Days	12%	10%
\$300k-\$500k 	83 Days	37%	43%
\$500k-\$650k 	100 Days	22%	22%
\$650k-\$800k 	77 Days	12%	15%
\$800k-\$1m 	112 Days	7%	6%
\$1m-\$1.5m 	185 Days	5%	3%
\$1.5m+ 	304 Days	5%	1%



Victor Valley

The Victor Valley housing market improved in the past couple of weeks.

In the past two weeks, the inventory of homes in Victor Vally decreased by 19 homes, and now sits at 957. Victor Valley demand in the past couple of weeks decreased from 316 to 312 pending sales, down 9%. With supply falling faster than demand, the overall Expected Market Time for Victor Valley decreased from 93 to 92 days, its first decrease since September. The Expected Market Time has risen from 41 days in May to 92 days today. That translates to an additional 51 days slower since the spring.

Year over year, the High Desert inventory is down by 388 homes, or 29%. Demand is down by 26 pending sales, or 8%. The Expected Market Time last year was 119 days, significantly slower than today.

The median sales price in November was \$420,000, remaining unchanged from October, and the sales-to-list price ratio was 100%. The median price in October 2022 was \$395,000, 6% less than today.

Victor Valley Report	CURRENT ACTIVES	DEMAND (LAST 30 DAYS PENDING)	MARKET TIME (IN DAYS)	MARKET TIME 2-WEEKS AGO	MARKET TIME 4-WEEKS AGO	MARKET TIME 1-YEAR AGO	UNITS SOLD NOV 2023	MEDIAN SALES PRICE NOV 2023	SALES TO LIST PRICE RATIO
12/14/2023									
Adelanto	67	22	91	103	81	134	29	\$399k	101%
Apple Valley	208	65	96	95	92	127	74	\$407k	99%
Helendale	32	16	60	140	104	138	14	\$408k	100%
Hesperia	154	57	81	84	84	112	76	\$447k	101%
Lucerne Valley	44	8	165	161	137	145	6	\$307k	100%
Oak Hills	23	6	115	81	79	140	4	\$410k	100%
Phelan	52	25	62	55	69	113	23	\$450k	96%
Pinon Hills	26	13	60	113	76	323	7	\$380k	101%
Victorville	325	92	106	94	86	121	103	\$425k	101%
Wrightwood	26	8	98	101	79	675	4	\$398k	97%
ALL VICTOR VALLEY	957	312	92	86	83	119	340	\$420k	100%

San Bernardino Housing Summary

- The active listing inventory in the past couple of weeks decreased by 181 homes, down 5%, and now sits at 3,764 homes, its largest decrease of the year. In November, 34% fewer homes came on the market compared to the 3-year average before COVID (2017 to 2019), 844 less. Last year, there were 4,560 homes on the market, **796 more homes, or 21% higher**. The 3-year average before COVID (2017 to 2019) was 5,671 or 51% more.
- Demand, the number of pending sales over the prior month, increased by 17 pending sales in the past two weeks, up 1%, and now totals 1,170. Last year, demand was at 1,161 pending sales, **1% less than today**. Demand is higher year-over-year for the first time since June 2021. The 3-year average before COVID (2017 to 2019) was 1,719, or **47% more**.
- With demand increasing and supply plunging, the Expected Market Time, the number of days to sell all San Bernardino listings at the current buying pace, decreased from 103 to 97 days in the past couple of weeks. It was 118 days last year, significantly slower than today.
- For homes priced below \$300,000, the Expected Market Time decreased from 131 to 117 days. This range represents 12% of the active inventory and 10% of demand.
- For homes priced between \$300,000 and \$500,000, the Expected Market Time decreased from 89 to 83 days. This range represents 37% of the active inventory and 43% of demand.
- For homes priced between \$500,000 and \$650,000, the Expected Market Time decreased from 103 to 100 days. This range represents 22% of the active inventory and 22% of demand.
- For homes priced between \$650,000 and \$800,000, the Expected Market Time decreased from 88 to 77 days. This range represents 12% of the active inventory and 15% of demand.

- For homes priced between \$800,000 million and \$1 million, the Expected Market Time in the past two weeks decreased from 124 to 112 days. For homes priced between \$1 million and \$1.5 million, the Expected Market Time increased from 125 to 185 days. For homes priced above \$1.5 million, the Expected Market Time increased from 275 to 304 days.
- The luxury end, all homes above \$800,000, account for 16% of the inventory and 10% of demand.
- Distressed homes, both short sales and foreclosures combined, made up only 1.2% of all listings and 1.8% of demand. There are 23 foreclosures and 21 short sales available to purchase today in all of San Bernardino County, with 44 total distressed homes on the active market, down two from two weeks ago. Last year there were 47 total distressed homes on the market, similar to today.
- There were 1,286 closed residential resales in November, down 3% from November 2022's 1,330 closed sales. November marked a 12% decrease compared to October 2023. The sales-to-list price ratio was 99.4% for all of San Bernardino County. Foreclosures accounted for just 0.7% of all closed sales, and short sales accounted for 0.2%. That means that 99.1% of all sales were good ol' fashioned sellers with equity.

Have a great week.



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SOUTHERN CALIFORNIA HOUSING REPORT

ALL PROPERTIES 12/14/2023	CURRENT ACTIVES	DEMAND (LAST 30 DAYS PENDING)	MARKET TIME (IN DAYS)	MARKET TIME 2-WEEKS AGO	MARKET TIME 4-WEEKS AGO	MARKET TIME 1-YEAR AGO	MARKET TIME 2-YEARS AGO
Los Angeles County	8,050	2,799	86	88	85	99	35
Orange County	2,079	1,113	56	60	60	76	21
Riverside County	5,138	1,682	92	91	88	115	26
San Bernardino County	4,560	1,161	118	121	115	33	27
San Diego County	2,803	1,319	64	68	67	73	21
Ventura County	658	326	61	57	60	69	20
SOCAL TOTALS	23,288	8,400	83	81	79	78	25

DISTRESSED PROPERTIES 12/14/2023	CURRENT ACTIVES	DEMAND (LAST 30 DAYS PENDING)	MARKET TIME (IN DAYS)	MARKET TIME 2-WEEKS AGO	MARKET TIME 4-WEEKS AGO	MARKET TIME 1-YEAR AGO	MARKET TIME 2-YEARS AGO
Los Angeles County	64	21	91	138	93	118	57
Orange County	9	2	135	240	180	120	40
Riverside County	36	22	49	62	69	174	36
San Bernardino County	44	21	63	197	88	83	102
San Diego County	19	7	81	75	38	102	26
Ventura County	3	2	45	45	40	180	15
SOCAL TOTALS	175	75	70	126	85	130	46