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Where have all the sellers gone?

We are seeing the effects of pent up demand: lines of agents with clients sometimes 10 to 15 deep to get into an open house and multiple offers on listings. We heard a story from one of our clients that they had 23 offers on their new listing in 24 hours. In a market the size of ours, a healthy supply of homes on the market is 1500 to 2000. We currently have less than 900 properties on the market. Historically our best selling and buying season is in the Spring. People are generally ready to move this time of year for a number of reasons. Whether they got their tax returns, the kids are out of school etc. etc. Anyway, that's when we have the most listings and the most buyers. We are heading into the summer months, but this market is still behaving like a Spring market, except for not having the usual number of listings. So where are the sellers? My business partner Mike and I have been debating for a few weeks now.

Are people afraid of listing because of the Pandemic, anxiety of having people walk through their home, maybe the homeowner has underlying health issues? To put that worry at ease, the California Association of Realtors put COVID-19 procedures in place that are just short of wearing hazmat suits when showing a home. Virtual showings have become the new norm, Zillow announced a 40% increase in online viewings in March alone.

Or maybe the sellers don't know this market is hot. The lack of supply may come from a belief that you should not sell your house during a recession for fear of not getting a good price. What folks must realize

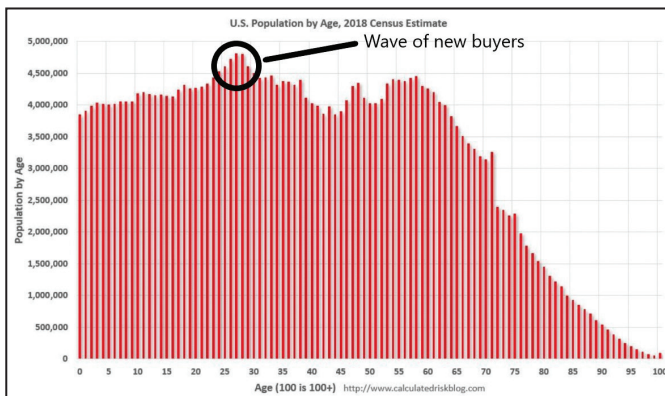
is that this is a whole different recession than the last one, which was caused by real estate. Since the 2008 recession, real estate has been a very healthy segment of the overall economy. Granted the demand was suppressed in March and April, but it came back with a vengeance in May and June, which is typical for this time of year. These historic interest rates are definitely driving demand. If you look at the Interest Rate Chart you can see the difference of affordability between 1980 and today. This is a spectacular opportunity for a buyer to get a comfortable payment for a home they really want. Remember, **a Buyer buys a payment**. At the same time it's an incredible opportunity for a seller to get what they want because of historic low interest rates. Why are those interest rates important to the seller you ask, because **a Buyer buys a payment**.

Or maybe this supply problem has been years in the making. Our new construction is not even at a tenth of what it was in 2005 and 2006. We are definitely not building enough homes to keep up with demand. If you take a look at the U.S. population chart, you can see the wave of new buyers that will be entering the market. The millennials will be driving the housing market for the foreseeable future. And like I said last month they may be leaving those urban areas looking for the suburbs. Here is another number to think about, our housing population is roughly 100,000 to 110,000. Since 2008 we have transacted over 50,000 homes. That's half the housing population that has changed hands. We no longer just stay in our homes for 5 to 7 years anymore. We are staying in our homes longer. My wife and I have lived in our home for 18 years. Whatever the case may be, you can tell by the latest market update chart, that we are in dire need of supply. So if you don't sell now, when do you sell?

Weekly Market Update

Apple Valley, Adelanto, Barstow, Helendale, Hesperia, Lucerne Valley, Oak Hills, Phelan, Pinon Hills, Victorville, Wrightwood

	2/24-3/1	4/20-4/26	4/27-5/3	5/4-5/10	5/11-5/17	5/18-5/24	5/25-5/31	6/1-6/7
Total Listings	1,165	1,107	1,029	1,057	973	1,027	934	898
New Listings	162	128	111	139	132	147	123	172
Solds	156	110	112	91	115	91	109	124
Pendings	177	136	112	129	154	154	174	178
Price Reduce	45	47	49	71	50	51	45	43
Price Increase	6	18	10	17	14	15	14	11
Back On Market	59	45	48	43	49	47	57	49
Expired	56	22	45	15	16	18	15	26
Cancelled	18	19	11	12	16	12	9	15
Withdrawn	4	10	9	10	10	8	8	15



Interest Rates Impact on Affordability

Desired Monthly Mortgage Payment of \$1,500/month

Year	1980	1990	2000	2007	2010	Today
Average Rate	13.75%	10%	8%	6.37%	4.70%	3.25%
Price of Home Able to Afford	\$161,250	\$213,750	\$255,000	\$301,250	\$361,250	\$431,250

*Mortgage Payment is Principal & Interest Only & 20% Down Payment

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