



Laguna Beach Real Estate

December 2016 Sales Report

Boyd Roberts

Gallery Real Estate



YouTube : *"Boyd Roberts Laguna Beach December 2016"*

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December's Action: Median closed sales finished out at an even \$2,000,000, up \$100,000 from November. Notably, the median price per square foot of closed sales dropped 16%, the number of active listings dropped 20%, and a leading indicator – the median price of pending deals – declined further to just under \$1,600,000.

2016 in Review: Median closed sales finished a little lower than December's at an even \$1,800,000. It is interesting to note the peculiar way that we arrived at this annual record high: buyers spent the whole year buying the lower end. In fact, the median price of actively listed homes, routinely, was priced \$1M or more, higher than the previous month's median sold price. For example, as of January 1st, the median price of all active homes was \$2,895,000, while December's sold median was \$2,000,000.

My Take: Short term, I think prices will correct. That pipeline of lower priced pending deals will probably close soon. Long term, I continue to think that prices are going way up. Certainly, with only a 6-month supply of homes currently for sale, sellers are not flooding the market with homes. Affordability, valuation, and rising interest rate arguments, to date, have not trumped strong demand.

2016 Transaction of the Year: 1101 Marine Drive, the iconic twin points property set between Shaw's Cove and Crescent Bay Beaches is a classic example of over pricing. Originally listed in May 2015 – just as world stock markets were at significant long term highs -- it was priced to fail at \$75,000,000. The Chinese stock market soon collapsed and the listing floundered. The sellers dropped their price to \$65,000,000 in October and again to \$45,000,000 in November. It was not pretty, but it eventually did sell at a record \$45,000,000 early in 2016. Dismiss it as theoretical – all that you like – but overpricing is a real problem. Buyers will not take an overpriced home seriously. It will become illiquid. The Twin Points property, likely, could have sold for millions more, if the seller had simply started from a much lower price.

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ACTIVES (As of January 1, 2017)

Total	164 Listings
Median Price	\$ 2,895,000
Median CDOM	118 Days
Median Price per Square Foot	\$ 1,135

PENDINGs/Under Contract (P/U) (As of January 1, 2017)

Total	38 Listings
Median Price	\$ 1,599,000
Median CDOM	83 Days
Median Price per Square Foot	\$ 861

SOLDs (December, 2016)

Total	27 Closings
Total Requiring a Price Reduction	23 Closings
% of Closings at a Reduced Price	86%
Average Price Reduction	\$ 151,593
Average Price Reduction as a %	5 %
Median Price	\$ 2,000,000
Median CDOM	129 Days
Median Price per Square Foot	\$ 868

Total Supply of Actives at this Rate of Sales	6.07 Months
Difference Between Active Median Price and P/U Median Price	+ \$ 1,296,000
Difference Between Active Median Price and Sold Median Price	+ \$ 895,000
Difference Between P/U Median Price and Sold Median Price	- \$ 401,000

More SOLDs (Most Recent 3 Full Months: 10/1/2016 – 12/31/2016)

Total	86 Closings
Total Requiring a Price Reduction	72 Closings
Median Price	\$ 1,915,350
Median CDOM	109 Days
Median Price per Square Foot	\$ 984
Total Supply of Actives at this Rate of Sales	5.72 Months

More SOLD Median Price History (Full Calendar Months)

<u>Month/Year</u>	<u>Median Price</u>	<u># of Sales</u>
Last 6 Full Months (7/1/2016 – 12/31/2016)	\$1,825,000	185
Last 12 Full Months (1/1/2016-12/31/2016)	\$1,800,000	370

More Median Price History (Full Calendar Years)

<u>Year</u>	<u>Median Price</u>	<u># of Sales</u>	<u>Year</u>	<u>Median Price</u>	<u># of Sales</u>
2000	\$ 665,000	562	2008	\$1,535,000	204
2001	\$ 775,000	437	2009	\$1,185,000	274
2002	\$ 785,000	527	2010	\$1,200,000	334
2003	\$ 971,000	542	2011	\$1,100,000	329
2004	\$1,275,000	514	2012	\$1,250,000	435
2005	\$1,505,000	428	2013	\$1,525,000	422
2006	\$1,625,000	322	2014	\$1,785,000	411
2007	\$1,629,000	281	2015	\$1,700,000	384
			2016	\$1,800,000	370

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