SEPTEMBER 2020

The COVID crisis real estate report for the Temecula-Murrieta-Corona regions

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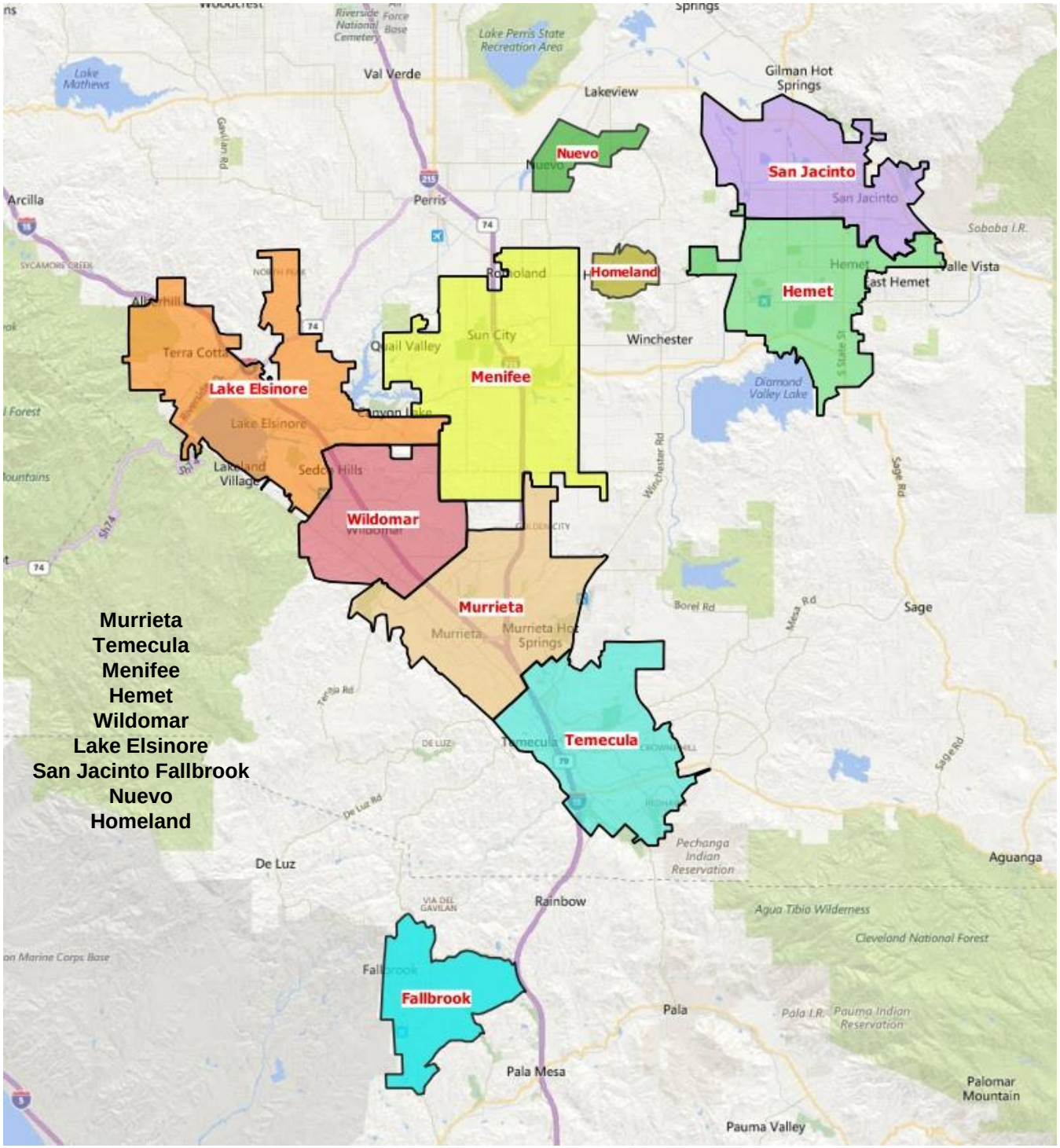

This free report is intended to assist fellow board members in assessing market conditions and making informed evaluations and/or appraisals in the selling or financing of their client properties. CalBRE #001069837

The Temecula-Murrieta-Corona COVID-19 Report

September 30th 2020

The COVID Crisis Real Estate Report for Temecula-Murrieta region temporarily replaces our normal Franklin Loan Center report. It was quickly recognized that a standard housing report would be insufficient to describe the rapidly changing market conditions due to the Coronavirus and general quarantine. So special shorter-term housing metrics were developed that we believe better indicate changing market conditions on a daily basis. A full explanation behind these shorter metrics is found on the last page.

All calculations are made from MLS data available at the time of the calculation as there is no way to allow for a slow response time of some agents to update the status of a listed home. Because of this, summary sales calculations made today may differ from the same summary calculation made later.

The Franklin Loan Center

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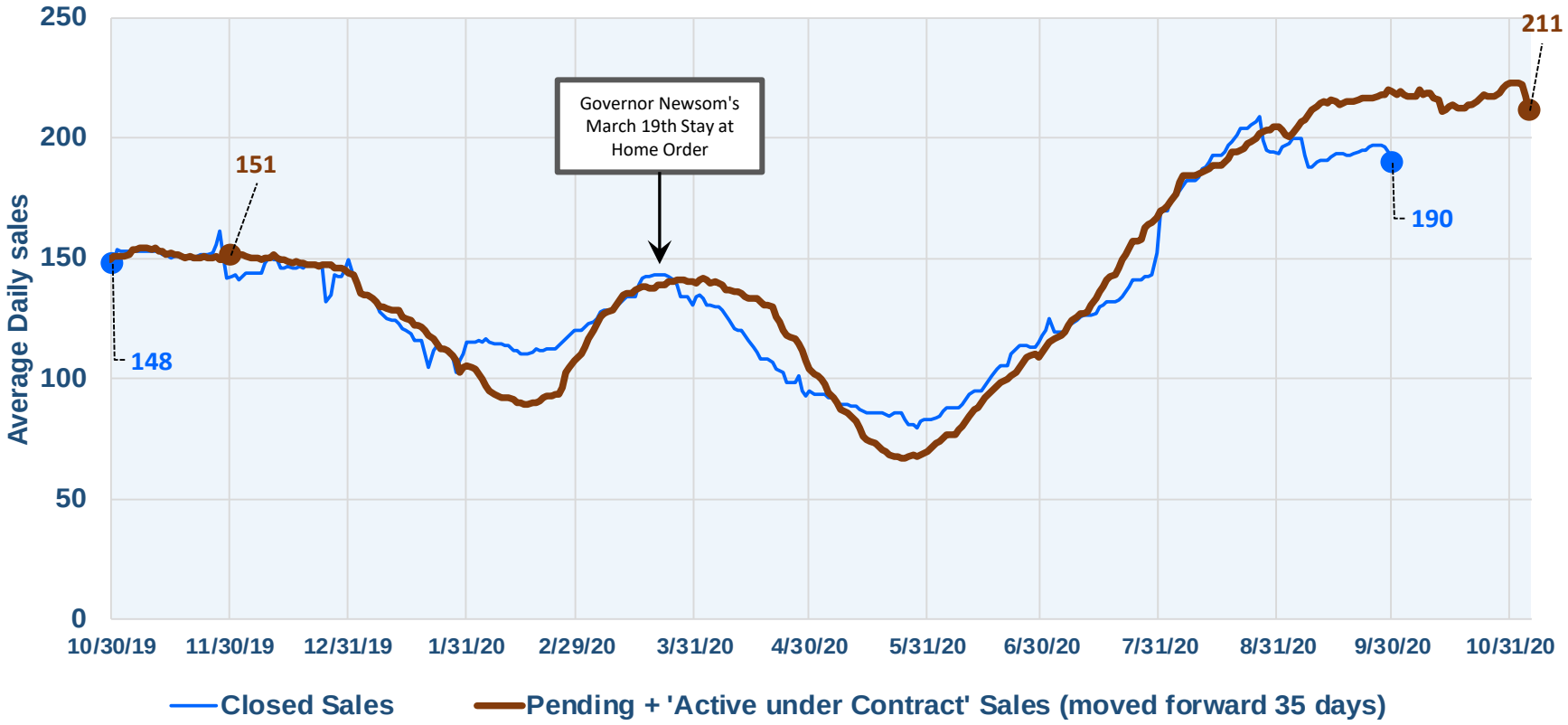
Los Angeles County

Average Daily Sales

1 year



Average Daily Sales

(To show how well the Temecula and Corona regions are doing compared to other regions, the first two charts graph closed and pending sales in Los Angeles County and Orange County. Because average escrow times in these two counties are between 30 to 35 days, by moving pending and "active under contract" sales forward by 35 days, pending sales becomes a tremendous forecasting tool for closed sales). The three-month surge in sales in Los Angeles County, which began in June, continues to top out at a high level. Pending sales are now averaging 211 units a day versus 151 a year ago, which is 40% higher. It has been this way for two months now and we expect sales to remain around current levels.

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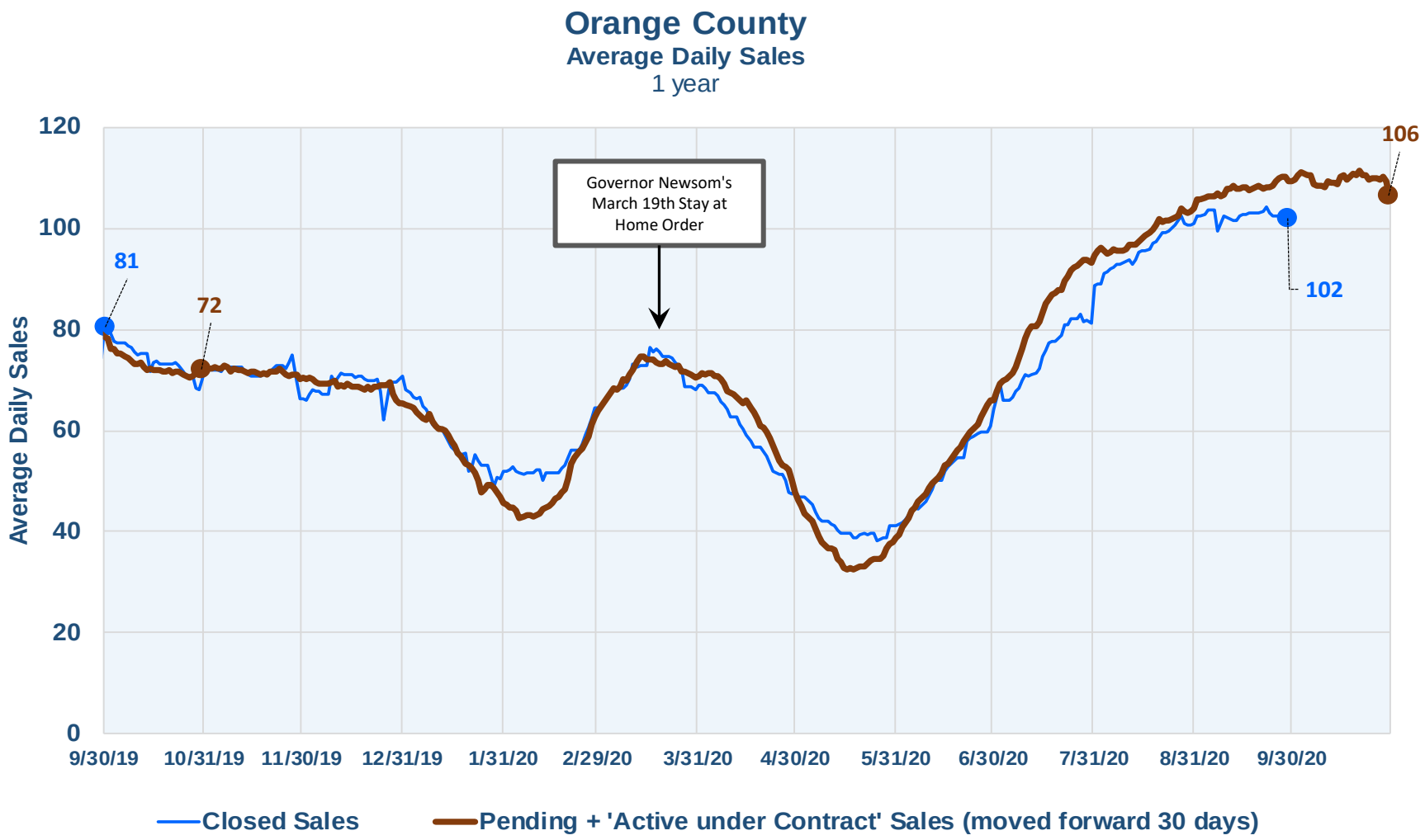

Average Daily Sales

Orange County shows almost an identical recovery pattern to Los Angeles County. In Orange County pending sales are 47% above a year ago, while closed sales are 26% higher. Like LA County, sales in OC also appear to be topping out at a high level

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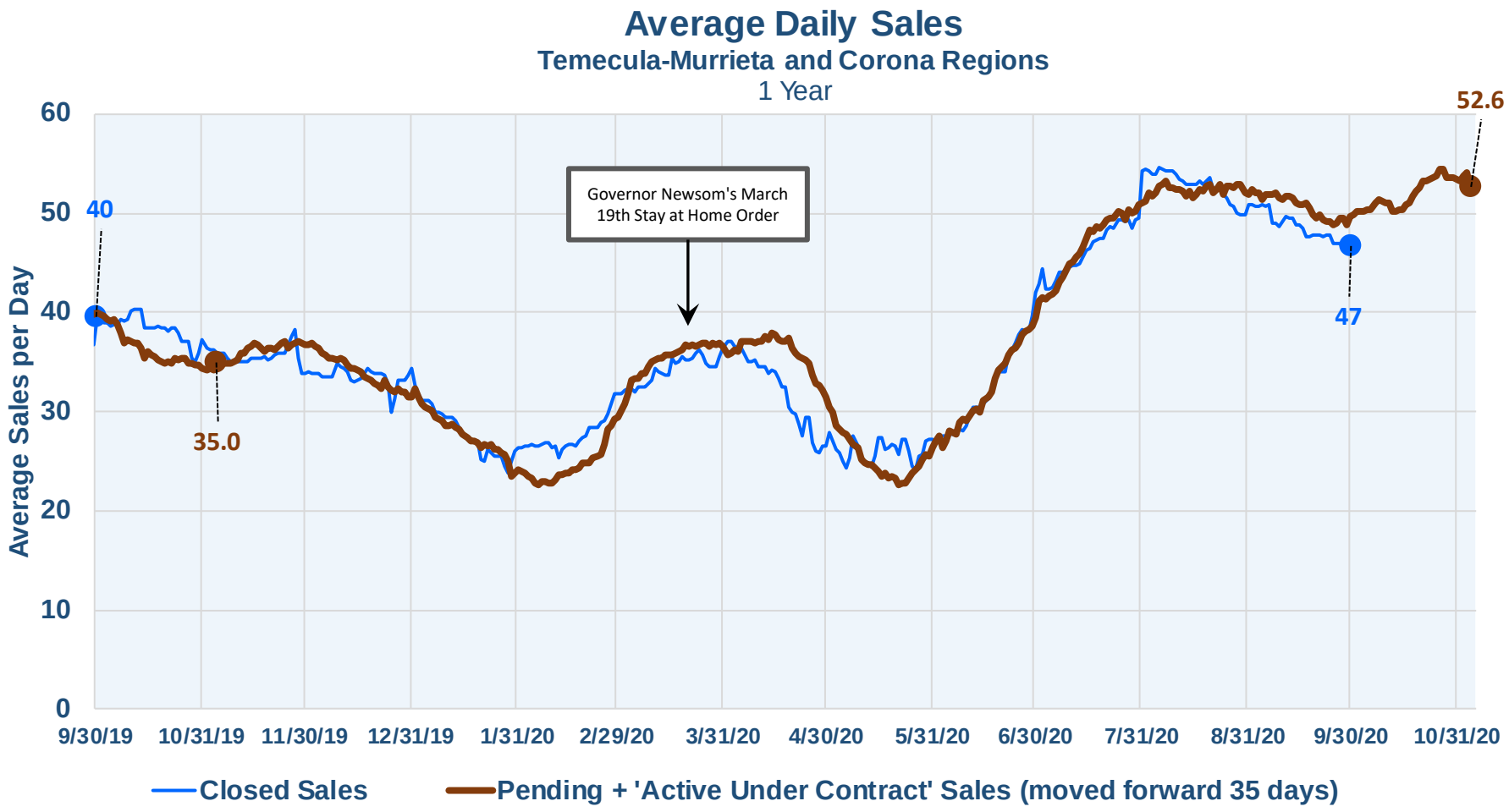

Average Daily Total Sales

Escrow times in the Temecula and Corona regions average about 35 days, so by moving "pending+active under contract" sales forward 35 days, they become a wonderful forecasting tool for where closed sales will be in a month. The chart if suggesting that closed sales, which are averaging 47 units a day, and 17% above a year ago levels, should probably move higher by another 14%.

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Average Weekly Pending Sales
ALL HOMES

CITY	September 30th	March 19th	% Change	Year Ago	% Change
Corona	**55.3**	39.3	40.8%	44.0	25.6%
Eastvale	**19.8**	8.8	125.7%	13.0	51.9%
Fallbrook	**22.8**	15.0	51.7%	14.3	59.6%
Hemet	**42.0**	30.8	36.6%	27.3	54.1%
Homeland	**0.8**	0.3	200.0%	0.3	200.0%
Lake Elsinore	**31.5**	22.5	40.0%	17.8	77.5%
Menifee	**47.5**	40.0	18.8%	35.3	34.8%
Murrieta	**66.5**	41.0	62.2%	37.0	79.7%
Nuevo	**0.0**	1.8	-100.0%	2.3	-100.0%
San Jacinto	**17.3**	14.5	19.0%	13.0	32.7%
Temecula	**58.0**	34.8	66.9%	32.5	78.5%
Wildomar	**6.8**	8.3	-18.2%	8.5	-20.6%
Total	**368.0**	**256.8**	**43.3%**	**245.0**	**50.2%**

Weekly Pending Sales - by City

This table shows average pending sales in the twelve regional cities. While pending sales in the region are higher by 50.2% year over year, a few cities have marked increases. The two large cities of Temecula and Murrieta have pending sales which are 78% and 79% higher than last year.

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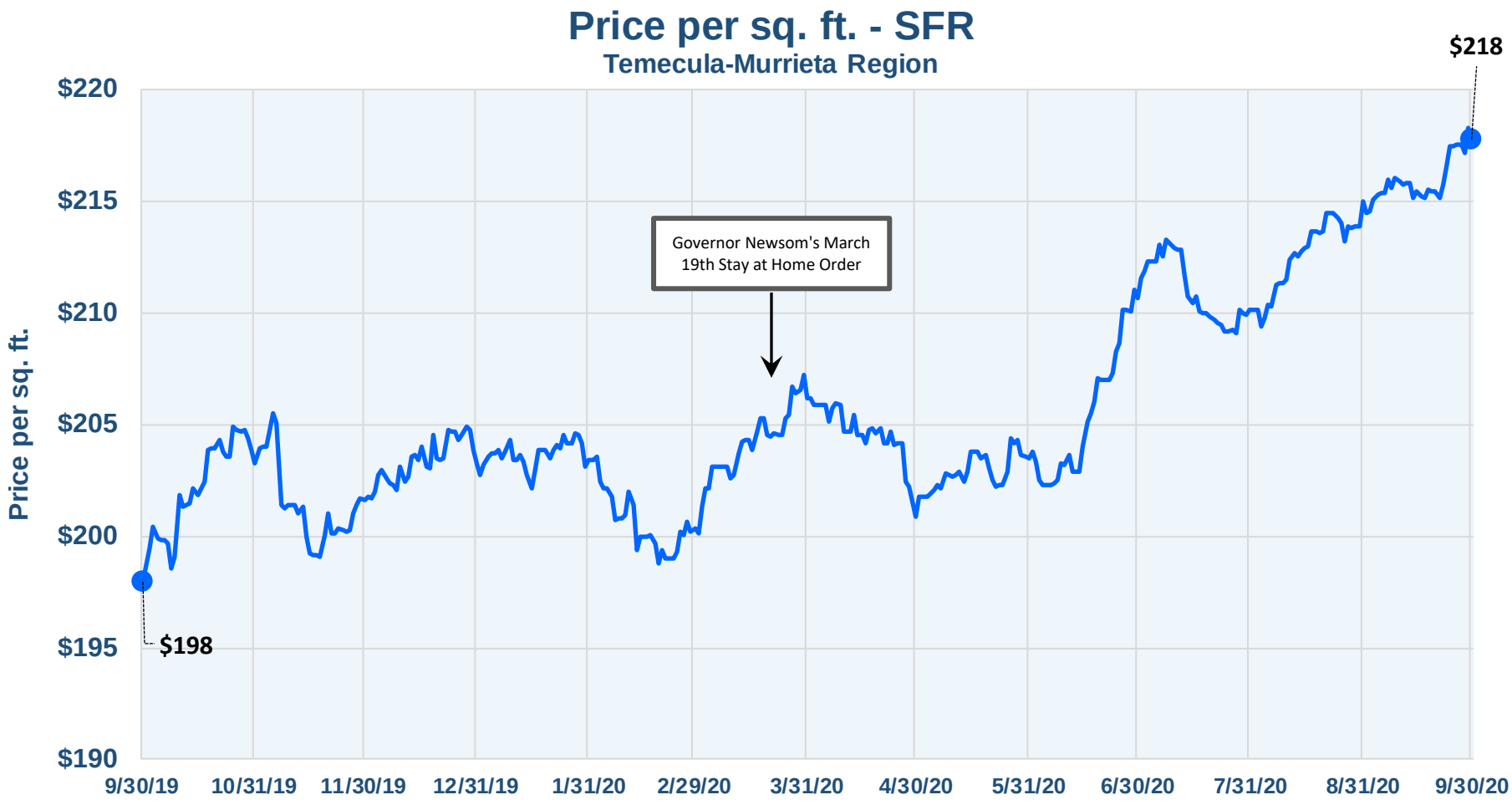

Average Price per sq. ft. - SFR

As of September 30th, the average price per sq. ft. of a detached home in the Temecula-Murrieta region was $218, which is up 10% from a year ago. The chart clearly shows that prices have been steadily rising since mid June. It is the combination of increasing demand (sales) and low inventory that is driving home prices higher. We expect this trend of higher prices to continue. Average prices from ten cities in the Temecula-Murrieta region are included in this regional price.

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Price per sq. ft. - SFR

CITY	September 30th	March 19th	%Change	Year Ago	%Change
Corona	**$281**	$258	8.8%	$260	7.9%
Eastvale	**$218**	$212	3.2%	$206	6.1%
Fallbrook	**$292**	$283	3.1%	$259	12.6%
Hemet	**$186**	$171	8.7%	$168	10.6%
Homeland	**$82**	$237	-65.4%	$82	-0.4%
Lake Elsinore	**$214**	$204	5.2%	$187	14.4%
Menifee	**$207**	$191	8.5%	$194	6.8%
Murrieta	**$224**	$207	8.2%	$196	14.0%
Nuevo	**$240**	$187	28.3%	$199	20.8%
San Jacinto	**$162**	$174	-6.7%	$157	3.1%
Temecula	**$249**	$235	6.1%	$234	6.5%
Wildomar	**$212**	$207	2.1%	$194	9.2%
Regional Average	**$218**	**$205**	**6.1%**	**$198**	**10.0%**

Average Price per sq. ft. - by City

Four of the largest cities in the region – Murrieta, Lake Elsinore, Hemet and Fallbrook - show year over year double digit price increases. Again, because of low inventory and rising homebuyer demand, we expect this trend of double-digit price increases to expand to more and more cities.

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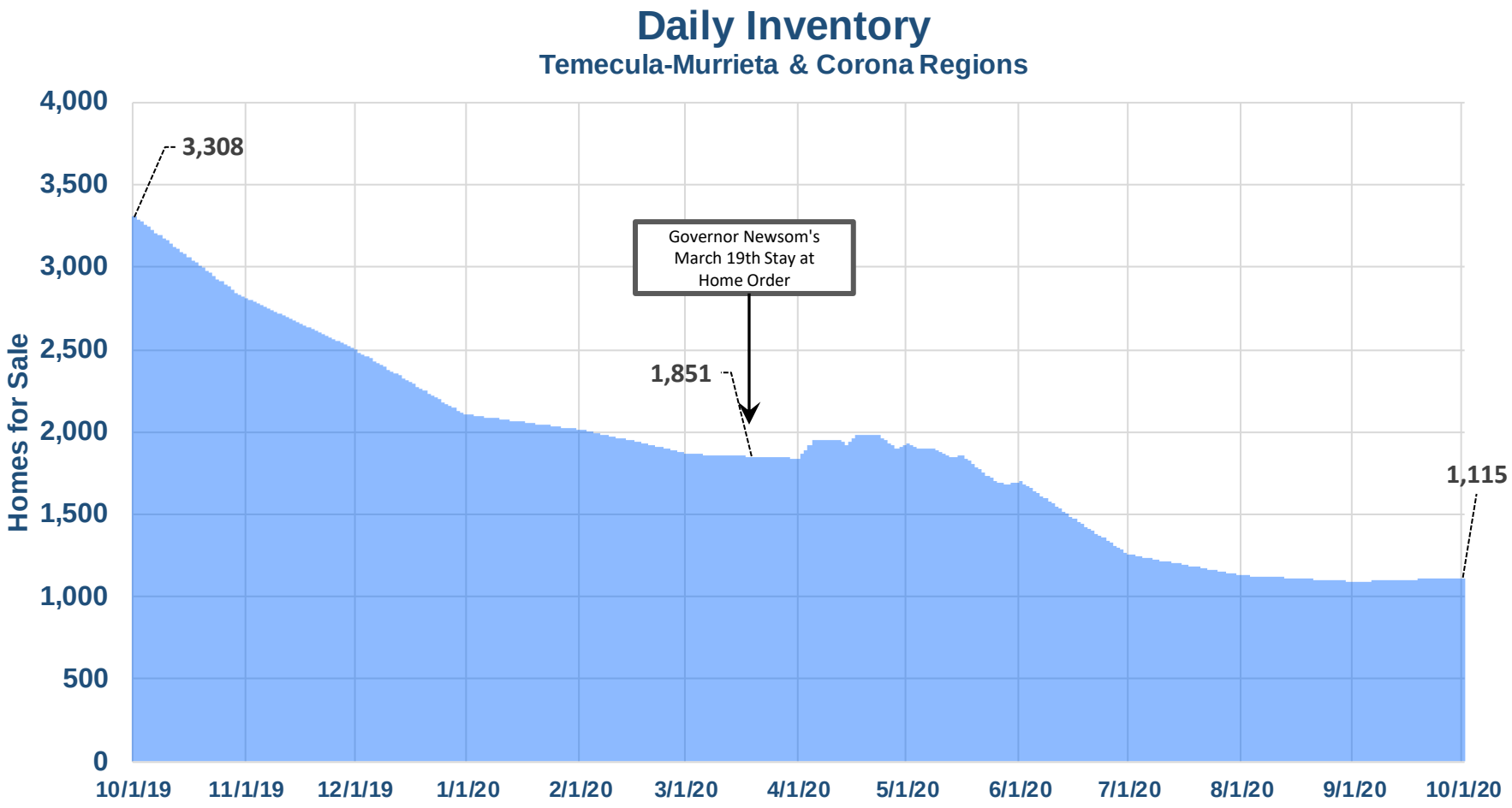

Daily Inventory

This chart plots daily inventory and on October 1st there were only 1,115 units for sale in the two regions. This compares to 3,308 listings a year ago, which is a decline of 66%! Since the start of the March 19th quarantine, inventory has fallen 738 units. However, it appears that the one-year decline in inventory might be stabilizing around current low levels.

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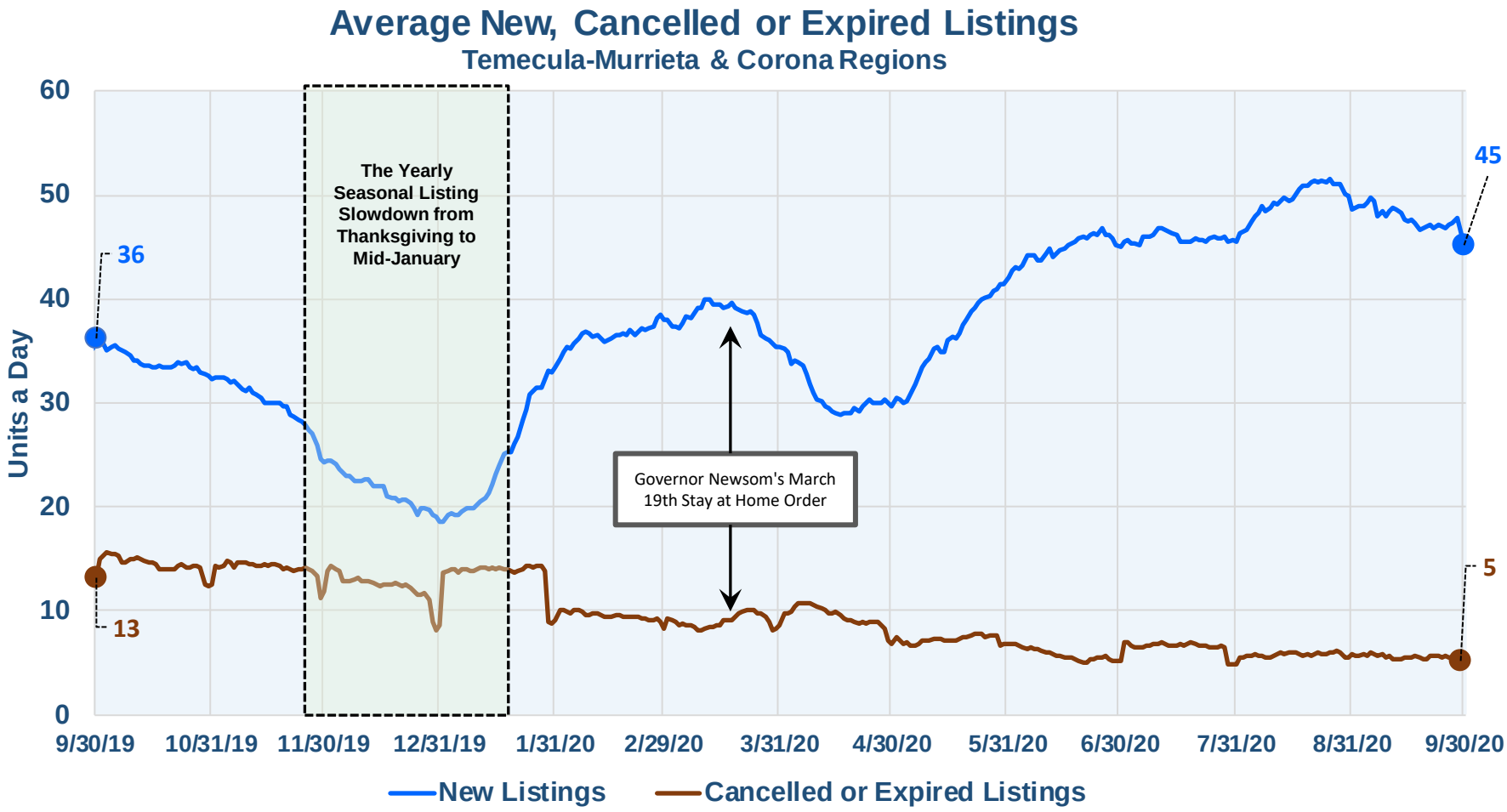

New and Cancelled or Expired Listings

This graph plots average number of daily new listings and average cancelled or expired listings for the Temecula-Murrieta and Corona regions. Since mid April the average number of new listings has steadily grown to 45 units a day and cancelled or expired listings have contracted to five a day. Again, it has been the high sales rate that has kept this trend of more new listings from increasing the number of net homes for sale.

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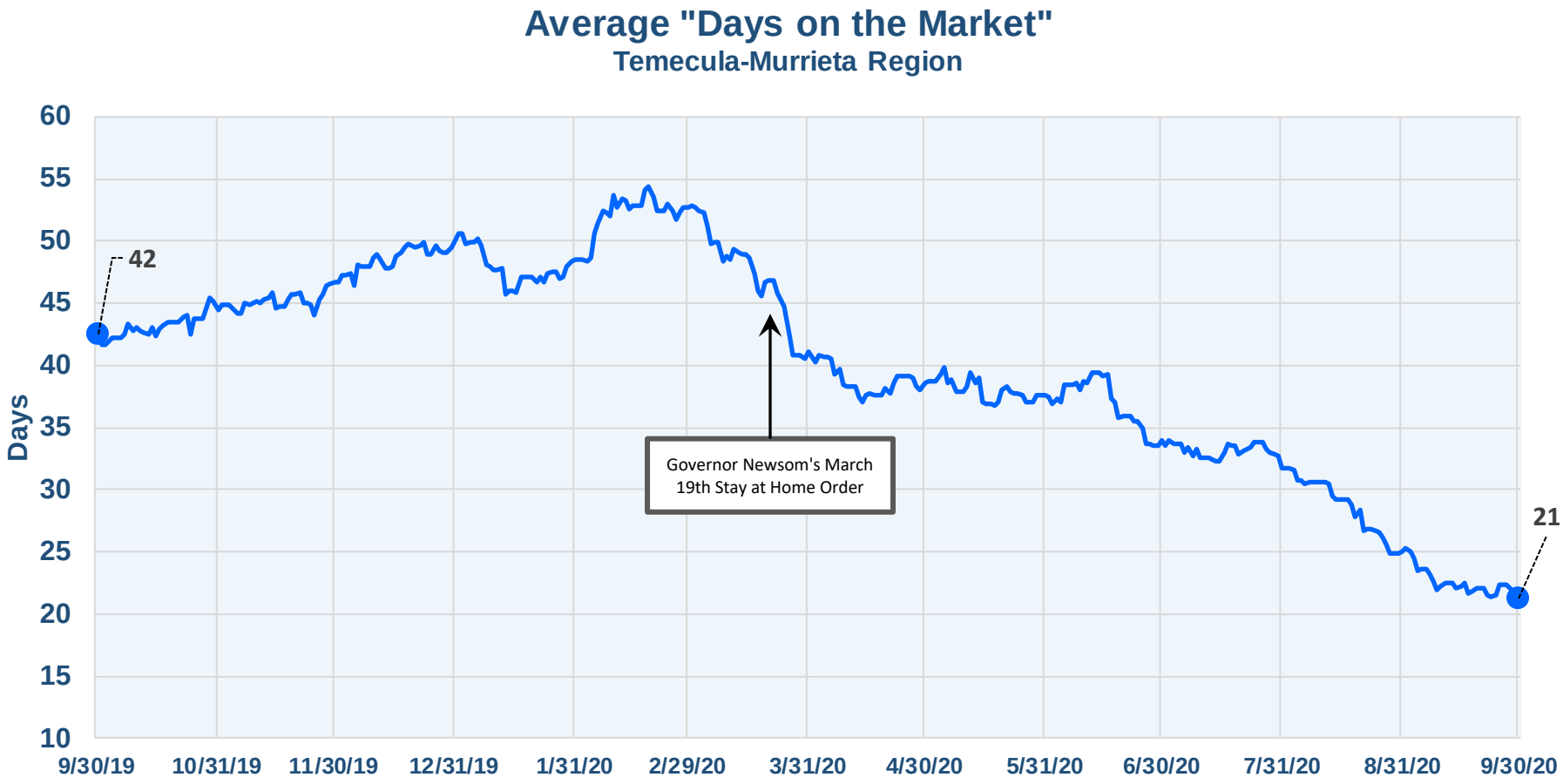

Average "Days in the Market" – Closed Sales

The average number of "days on the market" at the end of August was 21 days. This compares to 42 days a year ago. Again, this declining trend is due to low inventory and rising demand and shows a very healthy and strengthening housing market.

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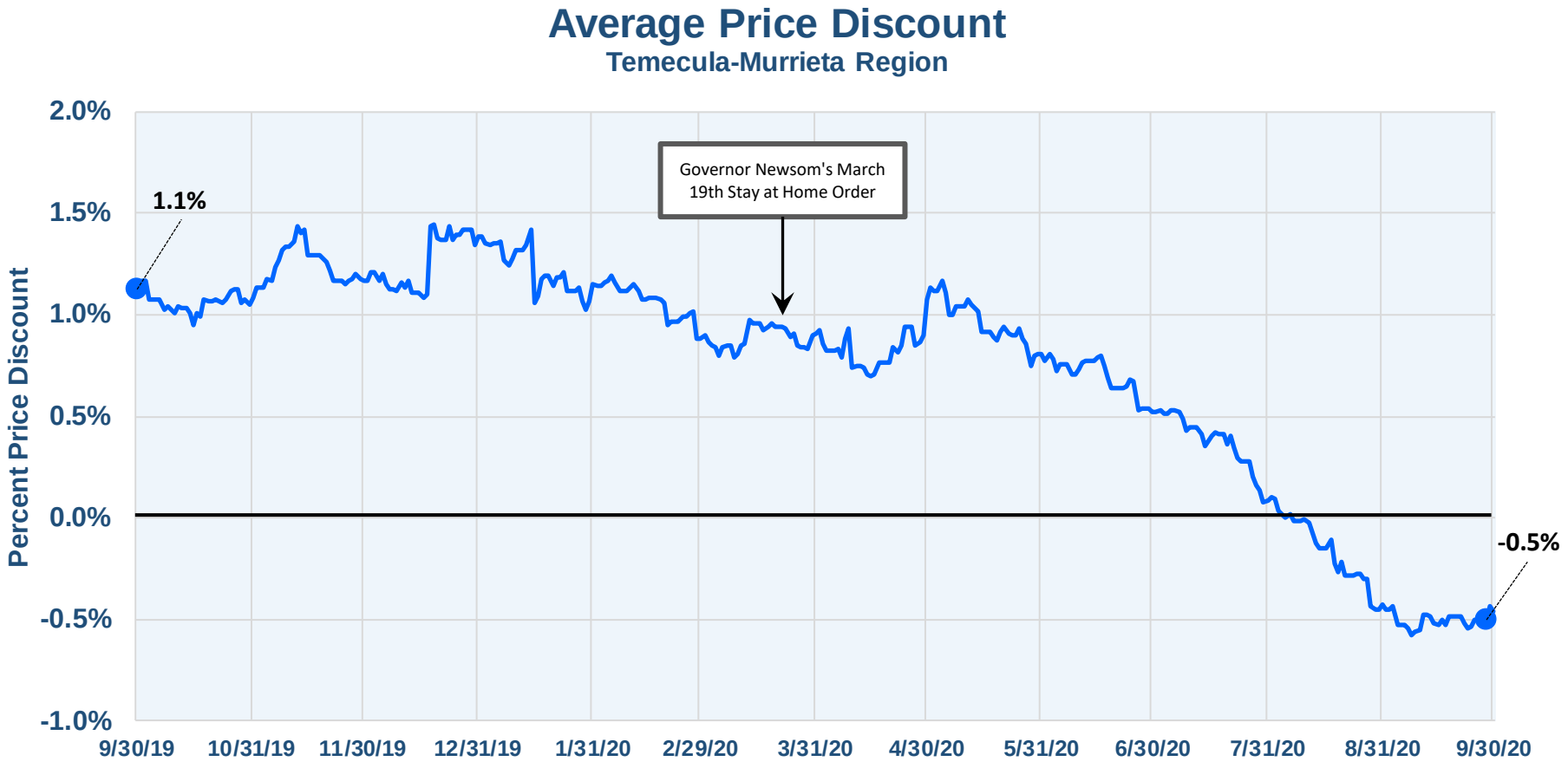

Average Price Discount

This chart shows that the average home in the Temecula region is now selling <u>above</u> the average listing price by 1/2 of a percent! In this chart large price discounts are at the top and low discounts are near the bottom. This is a very unusual occurrence, and this positive situation is the result of bidding wars breaking out here and there due to low inventory and multiple buyers.

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Definitions and Glossary

The 28 Day Moving Average: To measure the effects of the coronavirus and quarantine on the housing market, normal housing metrics wouldn't work; they're too long term. We needed metrics that would show short-term sales and price changes but be long enough to produce reliable numbers. We decided to use a 28-day moving average. We average sales and prices over the last 28 days and do it every day. When a new day arrives prices and sales from that day are included and the last day is dropped out of the average. That's why it's called a moving average; the average is always moving forward in time. All our charts and tables show either daily or weekly averages, averaged over the last 28 days.

Pending and Closed Sales: Until now we have not found much value in looking at pending sales; we've always calculated and displayed closed sales. Pending sales are sales currently in escrow waiting to be closed. However, during the quarantine the value of looking at pending sales emerges. That's because a home goes to escrow (pending sale) about 30 days before it closes, and since we're interested right now in what's happening short-term, pending sales becomes the perfect forecasting tool. So all sales metrics that we show in this crisis report will be pending sales. In the Riverside County the median number of days in escrow is 30; in Los Angeles County its 35 and in Orange County it's 30 days. We use 35 days for the Temecula-Murrieta region.

Average Price per sq. ft., Average "Days in the Market" and Average Price Discounts:
We've developed a unique way to calculate an average price, average "days in the market" and average price discount for the Temecula-Murrieta region which we believe is very accurate. Average values for these three metrics are calculated for each of the ten cities (Corona and Eastvale are excluded from these regional calculation since they are not in the Temecula-Murrieta Region), then a sales weighted total is calculated for the entire region. It is similar to the way the 500 stocks that make up the S&P 500 come together to make one price index. The city weightings in these regional composites are as follows:

Corona	N/A
Eastvale	N/A
Fallbrook	6.4%
Hemet	15.6%
Homeland	0.2%
Lake Elsinore	10.5%
Menifee	17.4%
Murrieta	21.3%
Nuevo	0.7%
San Jacinto	6.5%
Temecula	17.6%
Wildomar	3.4%

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