



THE Q1 2021 | SOUTHERN CALIFORNIA

# GARDNER

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REPORT

*presented by*



Windermere  
REAL ESTATE

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The following analysis of the Southern California real estate market is provided by Windermere Real Estate Chief Economist Matthew Gardner. We hope that this information may assist you with making better-informed real estate decisions. For further information about the housing market in your area, please don't hesitate to contact me.

## REGIONAL ECONOMY

The job recovery in Southern California can best be described as frenetic. Following the loss of more than 2 million jobs due to the pandemic, employers started rehiring last summer. That momentum was lost in the fall, but the latest data shows almost 400,000 jobs returned in February. As of penning this report, the region has recovered 1.3 million of the jobs that were lost, but that still leaves total employment down 700,000 from its pre-pandemic peak.

As jobs return, we see the unemployment rate gradually drop. The current rate is 10.9%. The latest data available showed the lowest jobless rates were in Orange County (6.8%) and San Diego County (7.2%). The highest rate was—unsurprisingly—in Los Angeles County, where it was 10.9%.

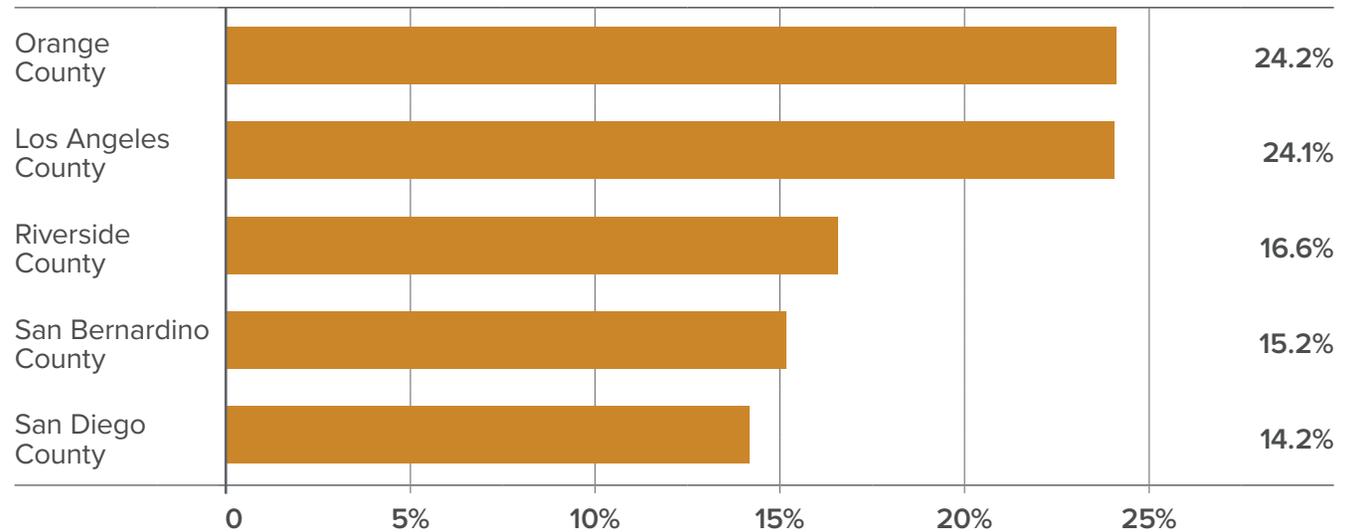
In aggregate, the counties contained in this report have not seen a recent spike in new COVID-19 cases. As long as levels do not start to spike again, I expect to see more businesses reopen and demand for workers rise again.

## HOME SALES

- ▶ The housing market remains remarkably robust, with 42,029 home sales in the first quarter of 2021, representing an increase of 20.1% year over year.
- ▶ Pending home sales, which are an indicator of future closings, were 5.0% higher than in the fourth quarter. This suggests that closings in the second quarter will be positive.
- ▶ The growth in sales was widespread, with all markets showing impressive double-digit gains. Of note is that Orange and Los Angeles counties saw sales rise by more than 20%.
- ▶ Listing activity was disappointing, with only 13,885 homes for sale in the first quarter of the year. This is 42.5% lower than a year ago and 27.7% lower than in the fourth quarter of 2020.

## ANNUAL CHANGE IN HOME SALES

Q1-2020 TO Q1-2021

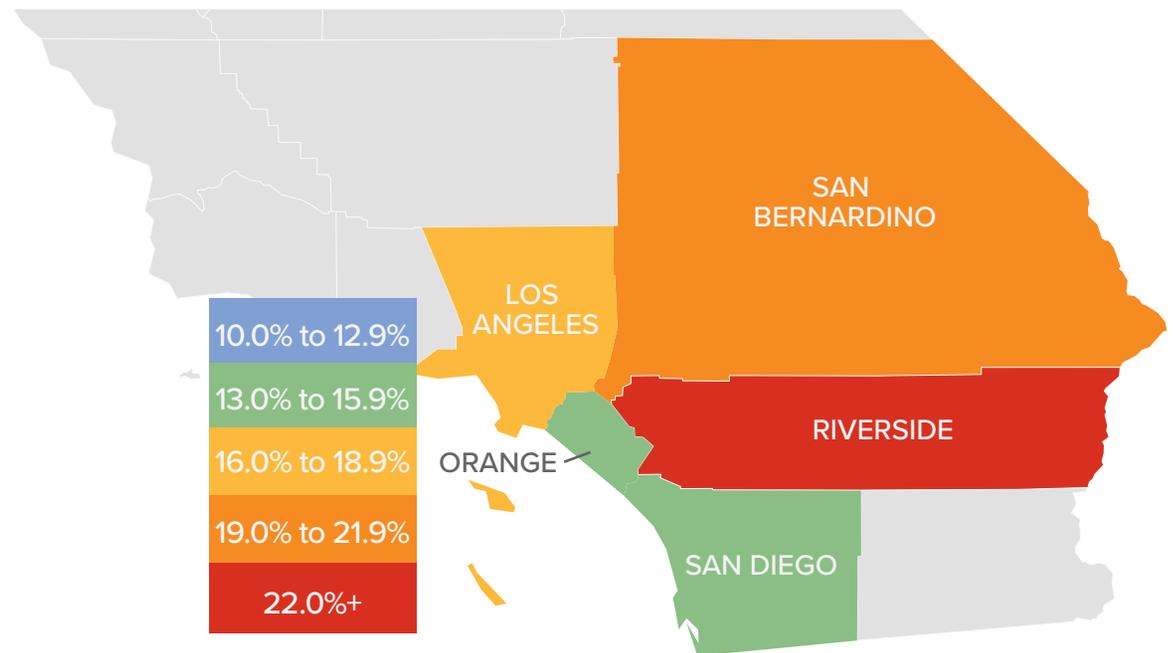
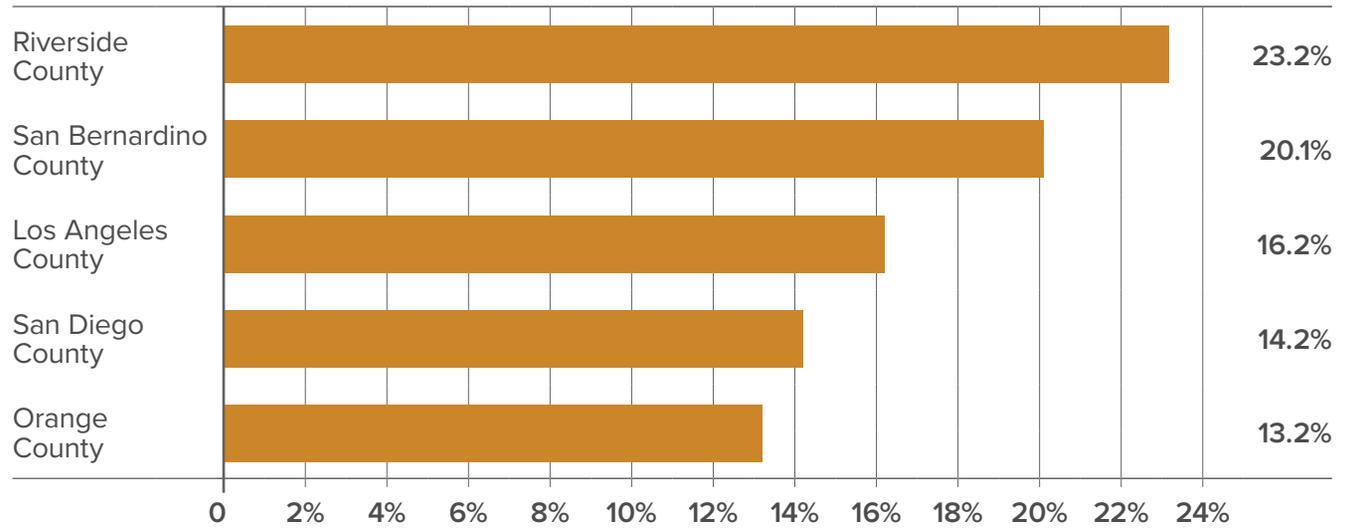


## HOME PRICES

- ▶ The average sale price in the region was \$870,038. This was 17.5% higher than a year ago and 4.6% higher than in the fourth quarter of 2020.
- ▶ Mortgage rates have started to rise, but this has not yet influenced the rapid pace of price appreciation. With prices rising faster than incomes, affordability concerns continue to grow.
- ▶ The region saw double-digit price growth across all counties contained in this report, with significant increases continuing in Riverside County as buyers move out of the L.A. area.
- ▶ Mortgage rates and high home prices relative to incomes are likely to lead to a slowing in price growth. That said, with a limited number of homes for sale and solid demand, prices in the Southern California market will, again, rise at rates that are above the long-term average in 2021.

## ANNUAL CHANGE IN HOME SALE PRICES

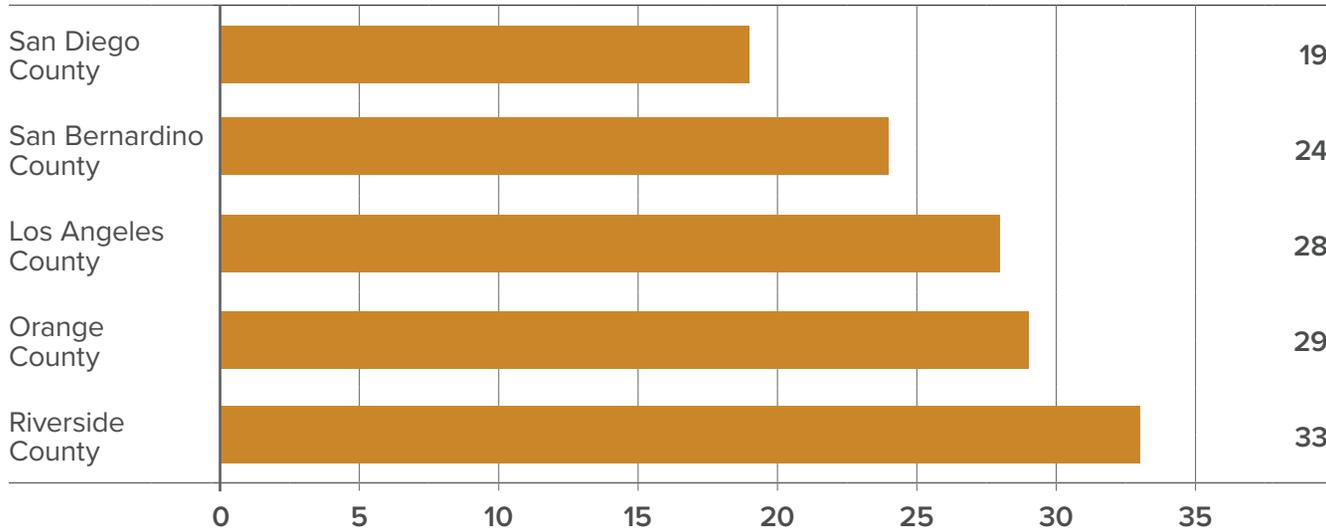
Q1-2020 TO Q1-2021



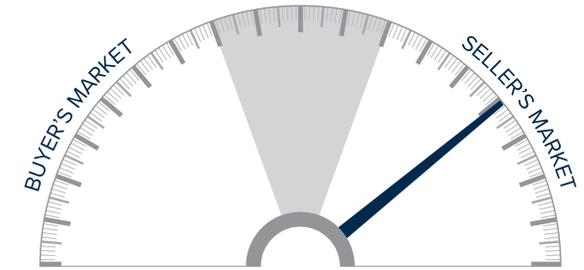
## DAYS ON MARKET

- › In the first quarter of 2021, the average time it took to sell a home in the region was only 27 days. This is 18 fewer days than a year ago but matches the pace of the final quarter of 2020.
- › All markets contained in this report saw the time it took to sell a house drop compared to the first quarter of 2020.
- › Homes in San Diego County continue to sell at a faster rate than other markets in the region. In the first quarter, it took an average of only 19 days to sell a home in that market. This is 11 fewer days than it took a year ago.
- › The drop in market time is a function of limited inventory levels in concert with significant demand.

## AVERAGE DAYS ON MARKET



## CONCLUSIONS



This speedometer reflects the state of the region's real estate market using housing inventory, price gains, home sales, interest rates, and larger economic factors.

Home sales and prices remain impressive, and demand continues to be very strong. These conditions favor home sellers; therefore, they are still in control of the market. While I expect the number of listings to rise this year, as well as a modest increase in mortgage rates, the market will remain tight.

Even as we see financing costs rising, I have still chosen to move the needle a little more in favor of sellers, as demand is likely – at least for the time being – to continue to exceed supply.

## ABOUT MATTHEW GARDNER

As Chief Economist for Windermere Real Estate, Matthew Gardner is responsible for analyzing and interpreting economic data and its impact on the real estate market on both a local and national level. Matthew has over 30 years of professional experience both in the U.S. and U.K.

In addition to his day-to-day responsibilities, Matthew sits on the Washington State Governors Council of Economic Advisors; chairs the Board of Trustees at the Washington Center for Real Estate Research at the University of Washington; and is an Advisory Board Member at the Runstad Center for Real Estate Studies at the University of Washington where he also lectures in real estate economics.