

YORBALINDA

Real Estate News

Vol. 01 | May 2013

This publication's articles –

THE CURRENT VISTA DEL VERDE REPORT

Focusing on the Vista Del Verde, Kerrigan Ranch, and Manor House communities.

MARKET FACTS FOR YORBA LINDA AND THEREABOUTS

Some I-bet-you-did-not-know facts about our local market

NO SECRET BUYERS

Watch this video as see why a big sale needs a lot of exposure.

A Note from the editor:

Thank you for taking a look at this! I appreciate your time, and I hope you find this informative and interesting.

This is our inaugural issue. If it is not well received, then it will be the last. But hopefully we will get to do this again. My initial plan is to do two of these a year unless demand demands more. That would be good.

There are lots of ways to get Real Estate information. It is a big topic and all the really serious news sources give a lot of room to it. Many of these are great sources of information. The only problem is that the information is very general. And the fact is that while general information is good for a general overview, understanding the market in your neighborhood – as it would pertain to your home – requires much more specific information. That is where I come in.

You will quickly see that this publication is not like the usual local market report. Besides being much longer, maybe too long, these articles deliver the facts. I am not publishing this to convince anyone to sell or buy. I am not trying to push any agenda. My goal is to be a source of information to you that you cannot find elsewhere. In these articles you get the facts about the markets in our local community, and my opinion about those facts. You are not going to hear me say “the market is recovering” if I do not believe it is. And you will not hear me say it at all without substantial evidence to support that claim. If you are familiar with my Vista Del Verde report – <http://tomkoel.com/vistadelverde> and for your smartphone hit the QR code! – you will know that what I offer is the only really detailed, non-biased report for these specific communities. My Vista Del Verde report has been endorsed by Steven Thomas, whose opinion and research is

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VISTA DEL VERDE REPORT MAY-JUNE 2013

The news around the nation is that homes are going up in price and selling faster primarily because the inventory – the homes currently on the market for sale – is low. In most communities across the nation there are fewer homes on the market at this time of year than in years past.

The question to us, then, is whether that is true for our neighborhoods. Just because reports say it is happening in California, or Orange County, or Yorba Linda does not mean it is happening in Vista Del Verde or Kerrigan Ranch.

To answer that question – yes it is. In general, homes are selling higher and faster now, in Vista Del Verde and Kerrigan Ranch, and in general there are fewer homes on the market. Here is the perspective:

In January of 2012 national news sources began reporting that there were fewer homes on the market than in the last several Januarys. Up in Vista Del Verde and Kerrigan we did not see that until April/May. Since then it is

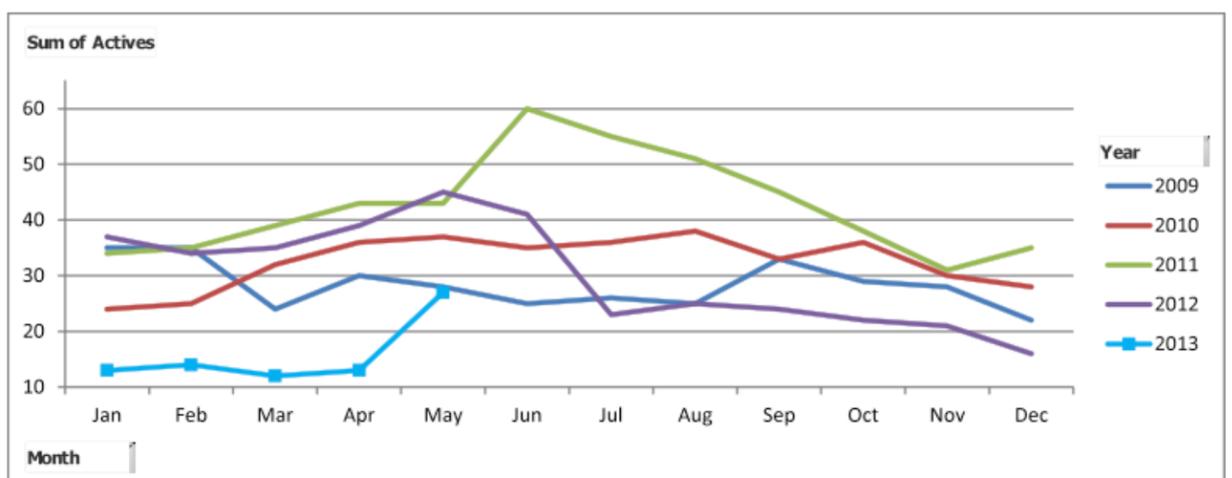
perspective. The amount of homes on the market, this market, fluctuates throughout the year. It is seasonal and for the most part mirrors the national trend. Most sellers expect there to be few buyers on the market toward the end of the year and consequentially there are few homes on the market at that time. Conversely, the selling season tends to be March through August and in those months we should see more homes coming on the market.

The problem is that from around the second quarter of 2012 until recently the homes on the market has been far fewer than would normally be expected. Sometime just a third of what could be expected.

On the buying side there are always lots of folks looking for homes that would like to buy if they find the right place. A small subset of that group are the buyers that absolutely have to buy, the buyers that are desperate to buy. When so few homes are on the market even that small group



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And watch a video on this report
tomkoel.com/vistadelverde



a fact that there have been very much fewer homes on the market than in the last several years – at least since January of 2009. Check this out:

The very bottom line is us right now. The first interesting thing to note is how sharply that line is going up in just the last month.

Let's take a break for a moment for some

of desperate buyers cannot find homes, demand increases dramatically. That is primarily why prices are, in general, going up.

This has been going on for months so the number of frustrated buyers is compounding. They are stacked up like planes at a busy airport trying to land.

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Editors Note Continued from Page 1

quoted several times a month in the Orange County Register.

So please read this publication and see what you think. Constructive comments are always welcome. If you would like to make a comment, please email me. If you would like the possibility that your comment be published in our next issue, please give me that permission in your email.

Disclaimer the first: This publication was assembled over the course of a few weeks, and then took a few weeks to print. The specifics of the active market change every day, so please take that into account as we review the numbers. AND keep checking back with the online issue since the report may be revised many times over the month. Also, do not hesitate to get a hold of me for some up-to-the minute facts. I am happy to provide them.

Disclaimer the second: The information in this report, as in all real estate related reports, should be considered reliable but is not guaranteed. The MLS and other data collection sources are not perfect and the information in them can only be as accurate as that data's source and the individual(s) that enter that data. So, we may be off by a house or two here and there, but the general trend will, I believe, be reliable enough to support our conclusions. If you do not agree, please draw my attention to it with a thoughtful comment.

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Watch My Video Called "No Secrets Buyers"



This is part two of a three part series found on my web site and on my YouTube channel - <http://youtube.com/tomkoel> - called "I Can See Your House from Taiwan."

Briefly, the last ten years have seen a huge shift in the way buyers look for homes and at homes. The traditional method of finding a realtor and telling them to look for a house is gone for good. Nowadays buyers come to realtors with a good knowledge of what is on the market.

And whereas it used to be common and often times helpful for a realtor to suggest they have a buyer for your home even before it hits the market, now just the opposite is true.

The way to sell something for the best dollar is through maximum exposure. Not a quick secret sale.

Watch my video and you will get the full scoop and context!

Vista Del Verde Report Continued from Page 1

I have heard many reporters call the uptick in demand a recovery. I do not want to be pessimistic, but I disagree. A recovery is when there are more homes on the market, not less, and they are selling faster and higher. The question that hovers over this problem is why are sellers reluctant to put their homes on the market? I have my opinions about that. But regardless, until sellers feel safe enough about the economy and pricing to put their homes on the market, we need to use the 'recovery' word sparingly.

And whatever we have to say about the lack of inventory, it looks like Vista Del Verde and Kerrigan are correcting that at a fast pace.

So how are sales, by the way? Check this out:

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Grand Total |
|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-------------|
| 2009 | 4 | 8 | 16 | 4 | 8 | 6 | 6 | 6 | 4 | 7 | 7 | 11 | 87 |
| 2010 | 8 | 7 | 3 | 5 | 7 | 11 | 6 | 9 | 10 | 3 | 11 | 11 | 91 |
| 2011 | 4 | 7 | 5 | 7 | 7 | 11 | 6 | 11 | 9 | 4 | 6 | 8 | 85 |
| 2012 | 3 | 6 | 3 | 8 | 13 | 11 | 13 | 12 | 12 | 5 | 9 | 11 | 106 |
| 2013 | 8 | 5 | 12 | 4 | | | | | | | | | 29 |

You can see that we busted the record last year. But our pace right now is slower than in 2009.

In general we have twenty communities across Vista Del Verde and Kerrigan buying and selling homes. So far this year those 29 sales have spanned thirteen (13) of those communities. Of those 13 communities, ten of them are selling higher than their average last year based on price per square foot. That is really a fantastic number.

As a disclaimer, homes differ quite a bit. Some are not spectacular but some are magnificent. Especially in the larger homes, selling price per square foot varies quite a bit. So, doing all our work with averages negates the very real possibility that a particular home could sell for much more than the norm (or much less). What we are aiming for is a yardstick, an informative view of the market in general, not a precise view of your particular home's value. Does that make sense?

Would you like to know how the sales spread out across the various communities? Sure:

| Community: | 2009 | 2010 | 2011 | 2012 | 2013 | Grand Total |
|------------------------------|-----------|-----------|-----------|------------|-----------|-------------|
| Augusta | 2 | 3 | 8 | 5 | | 18 |
| Canterbury | 5 | 7 | 7 | 7 | | 26 |
| Del Mar | 2 | 6 | 6 | 4 | | 18 |
| Fairways | 3 | 8 | 5 | 6 | 1 | 23 |
| Foxfield | 9 | 3 | 6 | 6 | 2 | 26 |
| Greenbrier | 4 | 5 | 7 | 6 | 2 | 24 |
| Heritage | | 3 | 2 | 7 | | 12 |
| Inverness | 5 | 1 | 1 | 3 | 3 | 13 |
| Kerrigan Ranch | 15 | 13 | 12 | 13 | 4 | 57 |
| Kerrigan Ranch - Edgemont | | 1 | | 2 | | 3 |
| Kerrigan Ranch - Terra Buena | 2 | 1 | | 3 | 1 | 7 |
| Legends | | 3 | | 3 | | 6 |
| Links | 1 | 1 | | | 1 | 3 |
| Manor House | 3 | 1 | 2 | 2 | 1 | 9 |
| Masters | | | 2 | 2 | 1 | 5 |
| Montecito | 2 | 3 | 7 | 4 | 1 | 17 |
| Pinnacle | | 4 | 2 | 1 | 1 | 8 |
| Preserve | | | | 4 | | 4 |
| San Lorenzo | 18 | 12 | 4 | 13 | 5 | 52 |
| Saratoga | 6 | 10 | 6 | 6 | 5 | 33 |
| St. Andrews | 3 | 3 | 6 | 3 | | 15 |
| Terraza | 7 | 3 | 2 | 6 | 1 | 19 |
| Grand Total | 87 | 91 | 85 | 106 | 29 | 369 |

Let's guess about the future.

Back in April we still had a continuation of what could be considered an anemic inventory. It would have been common for us to have around 35-40 homes on the market. But we had just under 15 on average.

But in just a few weeks, that has changed. As of May 1st we had 27 standard sales active on the market whereas past years averaged out at about 38, give or take. So we are still under the average, but not by nearly as much. We saw 11 homes come on the market in the 20 days leading up to May 1st.

As of May 1st, of the 27 active properties on the Market across all Kerrigan, Manor House, and Vista Del Verde, all are standard sales. Isn't that nice? Yes it is. No active distress sales. However, we do have some in process:

| | stnd | shortsale | foreclosure | Total | % dis |
|---------|------|-----------|-------------|-------|--------|
| active | 27 | 0 | 0 | 27 | 0.00% |
| backup | 5 | 5 | 0 | 10 | 50.00% |
| pending | 10 | 8 | 0 | 18 | 44.44% |
| Total | 42 | 13 | 0 | 55 | 23.64% |

And when those guys get through the system, they are going to hurt. Count on it.

Anyway, back to our actives. Fourteen of the 27 actives are on the market at a price that is 15% per square foot more than any year's average since 2009. Eleven of those fourteen – more than a third of all the actives – are on the market, on average, over 20% above the best numbers in the last four years. And seven, roughly a quarter of them, are on the market a whopping 30% or more above the best recent average.

Now, perhaps some of these homes are spectacular. So they will earn more. BUT for many of these homes 20% represents an over \$200,000 bump. That's a big bump.

Here's something interesting if you don't like the roundness of averages: If you take a very high sale, perhaps the second best or best sale since January 2009 in each of the communities

DID YOU KNOW...?

Let's talk about market analysis.

Properly understanding the real estate market means knowing that it is a micro business. When most folks are curious about real estate, they are curious about their own home. The most relevant facts are those that pertain to sales in their own neighborhood. And understanding values in your own neighborhood means more than knowing what the last four sales went for.

For instance, when you are selling your home, it is important to know just who your competition is. When people come to look at your home, what other homes are on their list?

Let's say you own a home in Yorba Linda the \$1.5M range. Since January of 2009, there have been around 145 homes sold in this range between the communities of Yorba Linda, Fullerton, Anaheim Hills and Diamond Bar in this range. Out of the top ten highest selling homes since January of 2009 – based price per square foot – five of them came out of Yorba Linda. Only one of those five, number 8 out of 10, sold since 2011. From the top 30 homes, seventeen sold from Yorba Linda, only four have sold since last June, and only one so far this year. As noted, it ranked number 8.

What's the take away, here? Well, you might have been hearing that the market is up, up, up!! Well, in some neighborhoods is it, and in some it is not. There is no guarantee that if you put it on the market, it is going to sell higher. As you can see by the statistics for the last four and a half years, the last 12 months have gone well, but we are not breaking records across the board. Simply put, selling higher takes work which means being focused and doing it right.

Moving on. Why did I include Diamond Bar? Well, did you know that among homes selling above \$2M since January 2009, about 80 home shave sold across these communities, and over half have been sold in Diamond Bar? In fact, of the top 20 selling homes in this price range since January of 2009, twelve came out of Diamond Bar. If you are selling above \$2M, you are in competition with Diamond Bar.

Also of the ten largest homes selling above \$2M, all above 10,000sqft, all came out of Diamond Bar. So, if you are selling above \$1M, there is a good chance that you will see some people coming out of Diamond Bar, considering your home as a possible downsizer. That's right. Your 5,000sqft may be viewed as a downsizer to their 10,000+ sqft home. They may be thinking "Wow, just think; only four bathrooms to clean instead of nine."

where there is an active home on the market, a full eleven of the homes active on the market today are seeking a sale price more than 10% above that very high past sale. So either a third of all the homes active are perhaps the finest, best upgraded, fabulous homes sold in these communities since January of 2009, or we've got a good chunk of the homes on the market that are WAY above market. Unrealistically above market. We will see.

The great thing about a market on the rise or on the drop, it is very hard to predict just who is overpriced and who is underpriced. I am betting many of these currently active homes are way too overpriced. On the other hand, about nine are very competitively priced and will likely move quickly.

I don't what to say I told you so....

Back when we started seeing the effects of a market with few homes available, and the word recovery was being kicked around, I said (check the past Vista Del Verde reports) that if sellers suddenly decided to slam the market with homes, we would see a quick reverse of the pricing gains we enjoyed. And we are not there yet, by any means. BUT we sure made a big step toward that in the last three weeks or so.

There are still lots of buyers out there all lined up. Have you heard that new home builders are cranking up their operations in hopes of satisfying those buyers? Yep. So one might expect that by fall, a good chunk of that bulk buyer bonanza will be eaten up. The party may be over, or near over.

The way we edge toward recovery is by a even, slow but steady, increase in the inventory where sellers are asking for a reasonable increase.

Here are some fun facts when thinking about the local economy as judged by the local housing market. Let's look at East Lake Shores. The entire East Lake community has 2,240 homes. Only 191 of those are on the lake. Only 12-14 of those are detached, by the way. Between January 2009 and December of 2012, just 21 homes have sold on the lake. So let's be generous and say seven homes will sell on the lake this year. If 7 homes of 191 sell each year – that's just 3.7% - if that pace stays steady, it would take over 27 years for the entire inventory of the lake homes to roll over. That's like saying the average lake home owner stays in their home for over 27 years. To be fair, that might be an unusual example since once you move on to the lake you don't want to get off. People love it there. So let's check another community.

If you check my article on Vista Del Verde and Kerrigan Ranch you'll see that those communities sold a whopping 106 homes last year. There are roughly 1,800 homes across all those communities. Last year, then, 5.9% of the inventory turned over. Looking at it the same way as we did above with the East Lake Shores homes, it would take 17 years to turn over the entire community. Do you think it is reasonable that people living in either of these communities expect to stay in their homes for that long? 27 years? Even 17 years?

When the economy is thumping, we move every 6-8 years, give or take. If we look at our numbers above as a yardstick of the local economy, we have to conclude that it would be generous to say we are moving at half strength, and probably one third to one quarter strength would be more accurate.

I believe the mentality of a happy, secure, home owner in North Orange County is to move every seven years or so. If the economy for the last five years has kept that from happening, then every year there has been a mental backlog of home owners wanting to move but choosing to stay put until things improve. That backlog has been growing every year. Every year for the past five years only a third of those who would otherwise like to move have been able to. Two thirds would like to have moved, but could not. Do the math on that. Take the number of homes sold last year in any given community and multiply it times eight or maybe even ten... If my assumptions have been generally accurate, that's the number of buyers out there that will want to move as soon as the economy permits. And it is growing every year.

Statistics certainly don't tell you everything. But you have to know what the facts are if you want to understand the market properly. And understanding the market is the key to knowing the value of your home now and in the foreseeable future.

This is an odd article, right? Just a smattering of facts across a bunch of communities and price points. The reason I chose to publish it is to give you a hint of how many relevant facts there are in these communities and how little those facts are dug up and shared. With this publication I hope to do more of that. You should have a handle on the local real estate situation, not just the county or national real estate situation.

A demanding market requires *dramatic marketing* and a **LEADING EDGE** approach.

IN ESCROW: 5425 Via Rene, East Lake, Yorba Linda

Come see this gorgeously upgraded **detached Geneva Model** lake home. Not only one of just 14 or so detached homes on **YORBA LINDA'S BEAUTIFUL EAST LAKE**, it sits adjacent to the greenbelt, providing even MORE privacy, near the main channel! This home boasts an enormous number of upgrades done in the last 2 ½ years – and that makes it even more unique, even more lovely! Come see the **KITCHEN** with its beautiful black granite tile, refaced kitchen cabinets, top grade sink and hardware, beautiful stainless steel appliances, wine cooler, and coffered ceiling with recessed lighting! **THE MASTER BEDROOM** with its beautiful blonde wood laminate flooring, refaced fireplace, and a built-in bookcase with glass doors and lighting. Don't forget the master has a **DECK WITH A VIEW** to the lake! **THE MASTER BATH** has been completely remodeled, with travertine, glassed in shower, beautiful large dual vanities/sinks, all topped off with Onyx Chair Rail – yes! Onyx! Check out the pictures! They even had the toilet relocated which expands the bathroom AND the privacy! **DOWNSTAIRS** has ceramic tile, crown molding, and a completely refaced fireplace and mantel! **THE BACK PATIO** is large enough to entertain in style. Since acquiring the property in 2010, they installed a new insulated patio cover, 2 heaters, a ceiling fan, and lighting. They put in a light post near the dock, installed an exterior water line and an additional gas line, and resurfaced all exterior concrete surfaces. **EVERY BATHROOM** in the home has been remodeled. The washer and dryer have been moved into the attached garage, making room inside for a lovely place for storage or your wine stock. Too, too much to mention it all, come see it for yourself!



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\$780,000

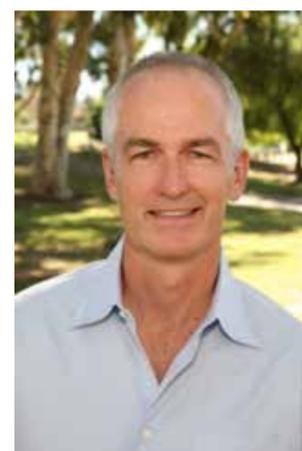
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Details

Year Built: 1987
Lot Size: 2,619 sq ft
No. of Stories: 2
Square Feet: 1782 sq ft
Bedrooms: 3
Bathrooms: 2.5
Model: Geneva



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