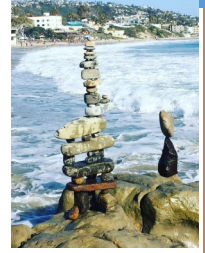




Laguna Beach Real Estate

December 2018 Sales Report 2018 Review | 2019 Outlook



Boyd Roberts | Broker | Gallery Real Estate

949-463-9152

Videos, Reports, and Charts at www.LagunaGalleryRealEstate.com

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My Take

December. Median closed sales were up \$200,000 and finished at \$1,750,000. The median price reduction was \$220,000 or just short of 13%. On extremely low volume - just 13 deals - the median \$ per square foot skyrocketed to over \$1,500 per square foot and the supply of homes spiked to 17.3 months.

2018 in Review. 2018 was another record year. The median price was up \$25,000 and finished at \$1,835,000. The median yearly \$ per square foot pierced \$1,000 for the first time ever and finished

at \$1,036 per square foot. The days on market was relatively low at 58 days. Significantly, there were 354 closings for the year.

2019 Outlook. Based on what we know now in January 2019, what can we expect for the upcoming year? In my studies, I have found a very high correlation between a high number of closings and future price increases. The sweet spot seems to be 350 annual closings. From 1999 to 2017 there were 13 years with 350 or more annual closings. All of the following years – except for 2015 – were up years. 2018's closings exceeded 350. Therefore, there is better than a 92% probability that 2019 will be an up year. No guarantees.

Why would this be correct? Why would the number of closings – or volume – be so determinant? High volume is the only indicator that buyers and sellers are both comfortable with the price. In a declining market Lagunans simply take their home off the market and volume goes down. Please note, the reverse is not true. Only half of the years with less than 350 transaction have been down years.

In addition to volume, I look at supply and rate of sales by market segment. As of January 1st, 27% of current listings were under \$2,000,000. Yet, in the last three months 60% of all sales were under \$2,000,000. The corollary? 73% of current listing are over \$2,000,000, competing for the remaining 40% of buyers. The bottom line, under \$2,000,000, Laguna is a sellers' market. Over \$2,000,000 it is a buyers' market.

December Closings

	Address	Date	Original Price	Closing Price	Reduction	% Reducti	\$ Per SqFt	DOM
1	485 Cress Street	12/3/2018	\$ 1,400,000	\$ 1,250,000	\$ 150,000	10.7%	\$ 1,072	35
2	25 Montage Way	12/3/2018	\$ 29,995,000	\$ 17,500,000	\$ 12,495,000	41.6%	\$ 2,104	1558
3	111 Santa Rosa Court	12/4/2018	\$ 678,000	\$ 638,000	\$ 40,000	5.8%	\$ 418	27
4	668 Ramona Avenue	12/7/2018	\$ 1,795,000	\$ 1,750,000	\$ 45,000	2.5%	\$ 1,223	14
5	555 Through Street	12/10/2018	\$ 1,275,000	\$ 1,075,000	\$ 200,000	15.6%	\$ 1,516	15
6	62 Emerald Bay	12/10/2018	\$ 9,999,000	\$ 6,750,000	\$ 3,249,000	32.4%	\$ 1,776	182
7	1391 Dunning Drive	12/11/2018	\$ 1,695,000	\$ 1,475,000	\$ 220,000	12.9%	\$ 983	81
8	955 Katella Street	12/13/2018	\$ 1,550,000	\$ 1,425,000	\$ 125,000	8.0%	\$ 848	100
9	40 N La Senda Drive	12/14/2018	\$ 19,900,000	\$ 10,147,500	\$ 9,752,500	49.0%	\$ 2,862	32
10	420 Linden Street	12/18/2018	\$ 3,200,000	\$ 2,800,000	\$ 400,000	12.5%	\$ 1,524	276
11	835 La Mirada Street	12/21/2018	\$ 1,595,000	\$ 1,555,500	\$ 39,500	2.4%	\$ 808	35
12	3 Montage Way	12/21/2018	\$ 25,995,000	\$ 19,000,000	\$ 6,995,000	26.9%	\$ 2,415	333
13	6 Barranca Way	12/31/2018	\$ 10,995,000	\$ 9,394,552	\$ 1,600,448	14.5%	\$ 1,761	49
14								
15					\$ 2,716,265	18.0%	\$ 1,485	210 Average
16				\$ 1,750,000	\$ 220,000	12.9%	\$ 1,516	49 Median

December 2018 Sales Data

ACTIVEs (As of January 1, 2019)

Median	\$ 2,950,000	225 Listings
Median Days on Market (DOM)		106 Days
Median \$ per Square Foot		\$ 1,282

PENDINGs (As of January 1, 2019)

Median	\$ 1,950,000	38 Listings
Median DOM		74 Days
Median \$ per Square Foot		\$ 901

SOLDs (December 2018)

Median	\$ 1,750,000	13 Closings
Median Reduction	\$ 220,000	12.9%
Median DOM		49 Days
Median \$ Per Square Foot		\$ 1,516

SUPPLY of ACTIVEs 3 Month Adjusted SUPPLY	17.3 Months	10.5 Months
The SPREAD (ACTIVEs – SOLDs)		+ \$ 1,200,000
The PENDING INDICATOR (PENDINGs - SOLDs)		+ \$ 200,000

SOLDs 3 Month Median: (10/1/2018 – 12/31/2018)	\$ 1,700,000	64 Closings
DOM		43 Days
\$ Per Square Foot		\$ 1,118

SOLDs 6 Month Median (7/1/2018 – 12/31/2018):	\$ 1,850,000	162 Sales
SOLDs 12 Month Median (1/1/2018 – 12/31/2018)	\$ 1,835,000	354 Sales

Market Segment Analysis

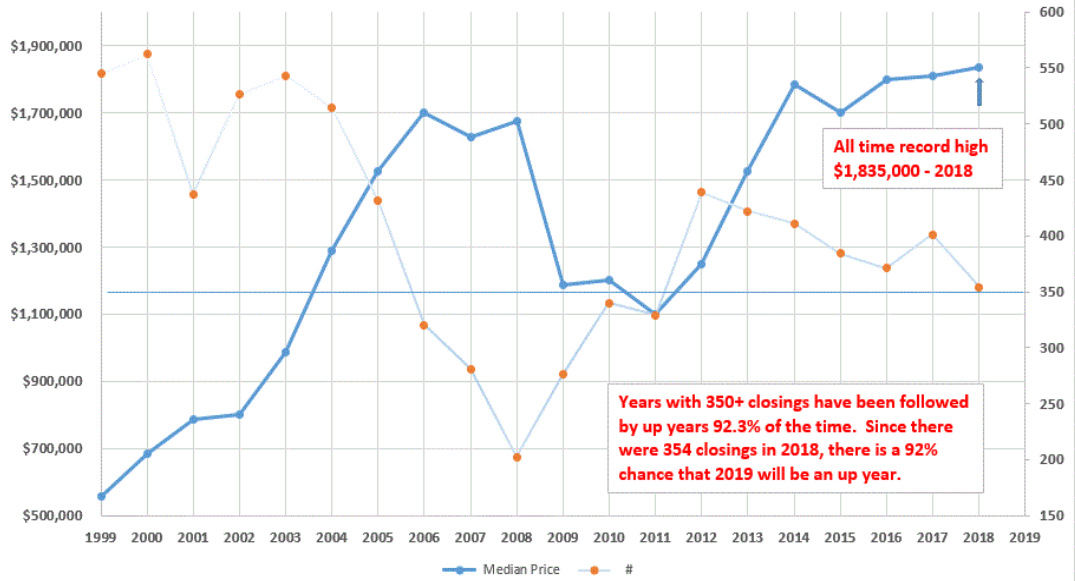
Market Segment	ACTIVEs (As of 1/1/2019)	SOLDs (last 3 Months)	SUPPLY (Adj 3 Months)
\$1,499,999-	12.0%	40.6%	3.1 Months
\$1,500,000 - \$1,999,999	14.6%	20.3%	7.6 Months
\$2,000,000 - \$2,999,999	27.1%	15.6%	18.3 Months
\$3,000,000 - \$4,999,999	17.7%	4.6%	40.0 Months
\$5,000,000 - \$9,999,999	14.6%	12.5%	12.3 Months
\$10,000,000+	13.7%	6.2%	23.2 Months



Laguna Beach Real Estate Chart Solds Median Yearly | Number of Closings Long Term Price Indicator



Year	Median Price	#
1998	\$ 495,000	
1999	\$ 555,000	545
2000	\$ 685,000	562
2001	\$ 785,000	437
2002	\$ 800,000	526
2003	\$ 985,000	543
2004	\$ 1,289,000	514
2005	\$ 1,525,000	431
2006	\$ 1,700,000	320
2007	\$ 1,629,000	281
2008	\$ 1,675,000	202
2009	\$ 1,185,000	276
2010	\$ 1,200,000	340
2011	\$ 1,100,000	329
2012	\$ 1,250,000	439
2013	\$ 1,525,000	422
2014	\$ 1,785,000	411
2015	\$ 1,700,000	384
2016	\$ 1,800,000	371
2017	\$ 1,810,000	401
2018	\$ 1,835,000	354



350 annual closings seems to be the sweet spot. Looking at the years with at least 350 closings (1999, 2000, 2001, 2002, 2003, 2004, 2005, 2012, 2013, 2014, 2015, 2016, and 2017), every following year – except for 2015 – was an up year. The reverse is not as predictive. 2006, 2007, 2008, 2009, 2010, and 2011 all recorded less than 350 closing. Three of the following years (2007, 2009, and 2011) were down. Why? Lagunans tend to sell when they think the price is high enough. When it is not, they simply withdrawal from the market. Volume over 350 closings seems to be the only indicator of an up market. Boyd Roberts is solely responsible for all content/statements/opinions/and conclusions. He is a licensed broker and is not a professional statistician or an economist. All data: has been taken from sources deemed reliable; is not guaranteed; may be subject to compilation errors, data source errors, and statistically invalid data sample sizes. All forecasts and opinions are not guaranteed. This information is for your personal, non-commercial use and may not be used for any other purpose. Copyright 2019. All rights reserved.

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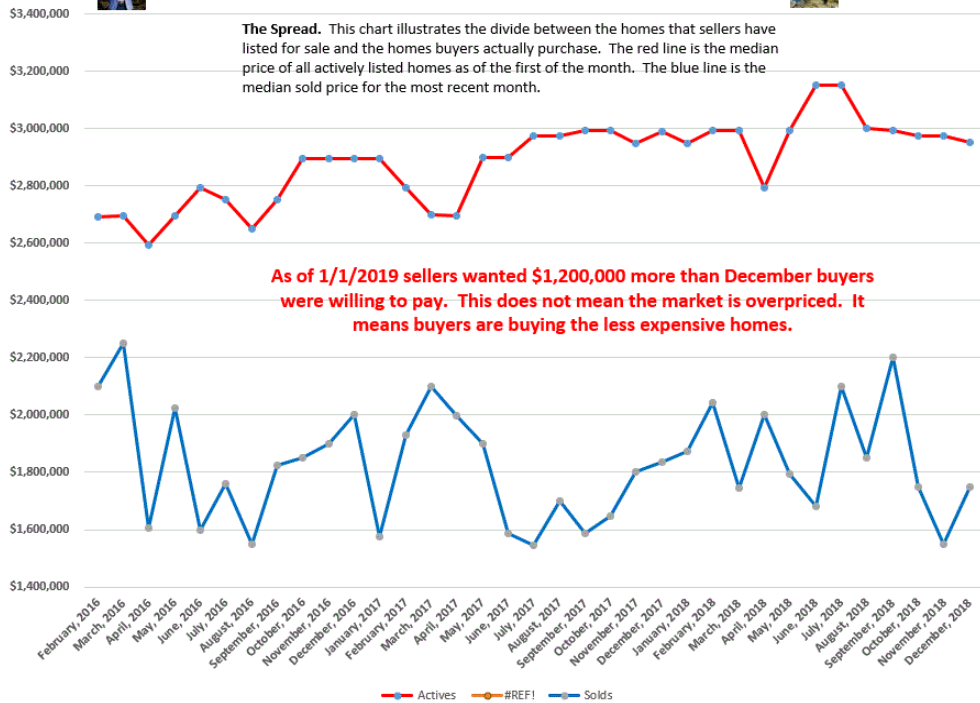
Month	Actives	Solds
February, 2016	\$2,690,000	\$2,100,000
March, 2016	\$2,695,000	\$2,250,000
April, 2016	\$2,595,000	\$1,605,000
May, 2016	\$2,695,000	\$2,025,000
June, 2016	\$2,795,000	\$1,597,995
July, 2016	\$2,750,000	\$1,762,150
August, 2016	\$2,650,000	\$1,550,000
September, 2016	\$2,750,000	\$1,825,000
October, 2016	\$2,895,000	\$1,850,000
November, 2016	\$2,895,000	\$1,900,000
December, 2016	\$2,895,000	\$2,000,000
January, 2017	\$2,895,000	\$1,575,000
February, 2017	\$2,795,000	\$1,930,000
March, 2017	\$2,699,000	\$2,100,000
April, 2017	\$2,695,000	\$1,998,000
May, 2017	\$2,900,000	\$1,900,000
June, 2017	\$2,899,000	\$1,588,750
July, 2017	\$2,975,000	\$1,545,000
August, 2017	\$2,975,000	\$1,700,000
September, 2017	\$2,995,000	\$1,587,300
October, 2017	\$2,995,000	\$1,647,500
November, 2017	\$2,949,000	\$1,800,000
December, 2017	\$2,990,000	\$1,835,000
January, 2018	\$2,949,000	\$1,875,000
February, 2018	\$2,995,000	\$2,045,000
March, 2018	\$2,995,000	\$1,745,000
April, 2018	\$2,795,000	\$2,000,000
May, 2018	\$2,995,000	\$1,795,000
June, 2018	\$3,150,000	\$1,680,000
July, 2018	\$3,150,000	\$2,099,000
August, 2018	\$2,999,999	\$1,850,000
September, 2018	\$2,995,000	\$2,200,000
October, 2018	\$2,975,000	\$1,750,000
November, 2018	\$2,975,000	\$1,550,000
December, 2018	\$2,950,000	\$1,750,000



Laguna Beach Real Estate Chart The Spread: Actives v Solds - Median Monthly

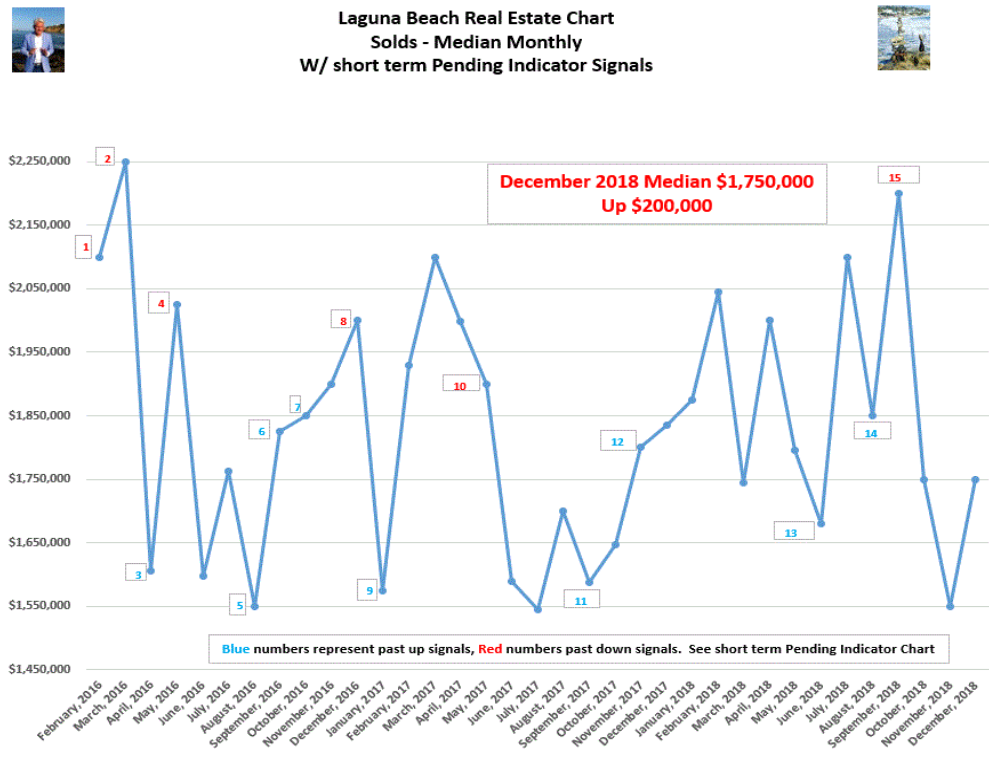


The Spread. This chart illustrates the divide between the homes that sellers have listed for sale and the homes buyers actually purchase. The red line is the median price of all actively listed homes as of the first of the month. The blue line is the median sold price for the most recent month.



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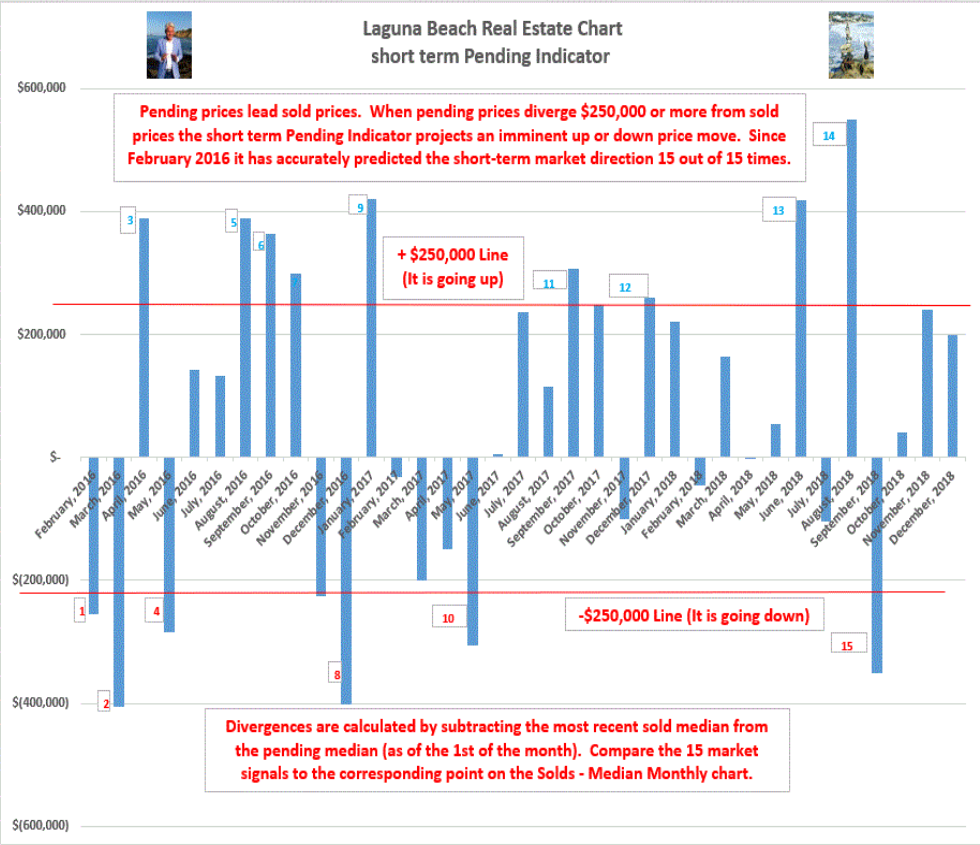
Month	Solds Median
January, 2016	\$ 1,475,000
1 February, 2016	\$ 2,100,000
2 March, 2016	\$ 2,250,000
3 April, 2016	\$ 1,605,000
4 May, 2016	\$ 2,025,000
June, 2016	\$ 1,597,995
July, 2016	\$ 1,762,150
5 August, 2016	\$ 1,550,000
6 September, 2016	\$ 1,825,000
7 October, 2016	\$ 1,850,000
November, 2016	\$ 1,900,000
8 December, 2016	\$ 2,000,000
9 January, 2017	\$ 1,575,000
February, 2017	\$ 1,930,000
March, 2017	\$ 2,100,000
April, 2017	\$ 1,998,000
10 May, 2017	\$ 1,900,000
June, 2017	\$ 1,588,750
July, 2017	\$ 1,545,000
August, 2017	\$ 1,700,000
11 September, 2017	\$ 1,587,300
October, 2017	\$ 1,647,500
November, 2017	\$ 1,800,000
12 December, 2017	\$ 1,835,000
January, 2018	\$ 1,875,000
February, 2018	\$ 2,045,000
March, 2018	\$ 1,745,000
April, 2018	\$ 2,000,000
May, 2018	\$ 1,795,000
13 June, 2018	\$ 1,680,000
July, 2018	\$ 2,099,000
14 August, 2018	\$ 1,850,000
15 September, 2018	\$ 2,200,000
October, 2018	\$ 1,750,000
November, 2018	\$ 1,550,000
December, 2018	\$ 1,750,000



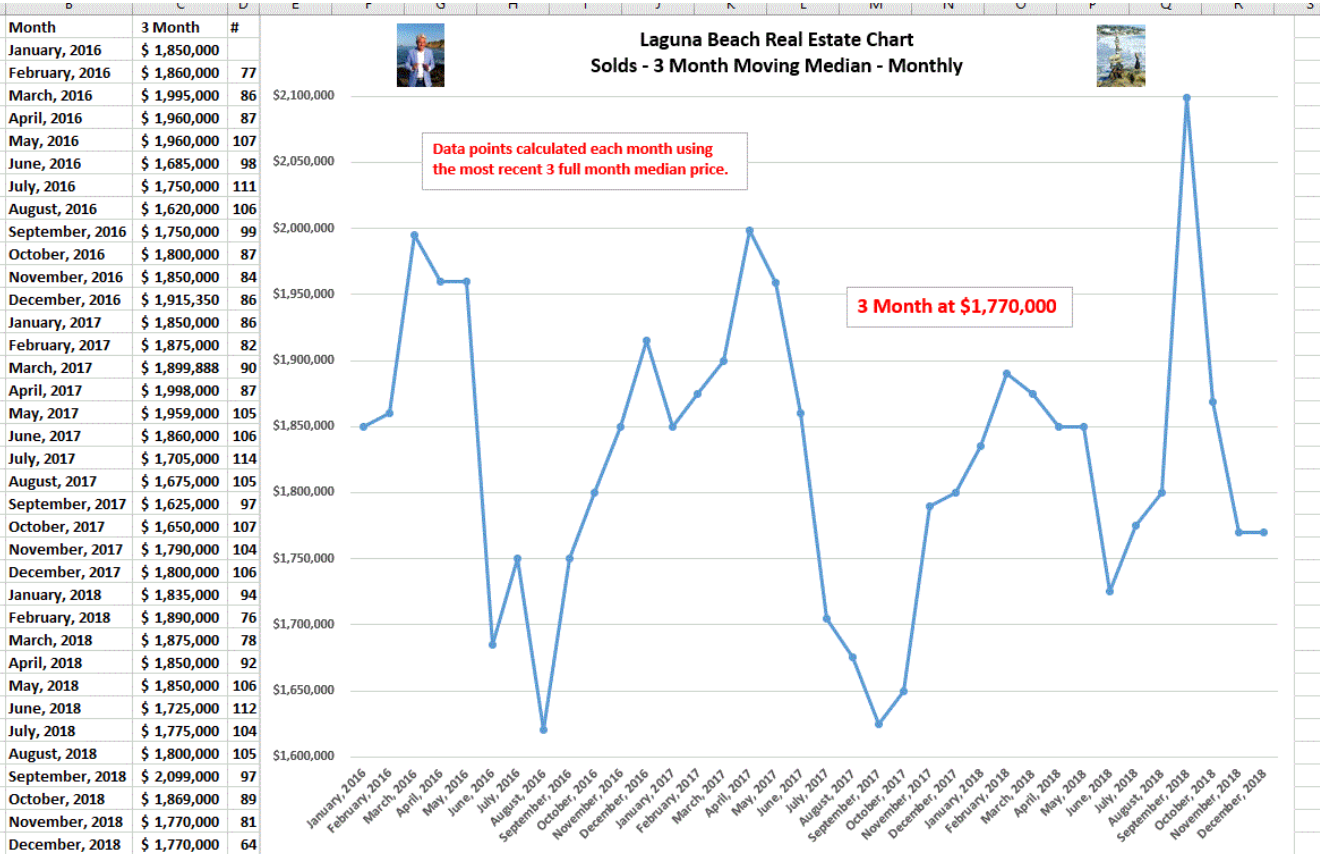
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- Main
- 1 Solds Yearly
- 2 The Spread Actives v Solds
- 3 Solds Monthly
- 4 Pending Indicator
- 5 Solds3MMM
- 6 Solds6MMM
- 7 Solds12MMM
- ...
- +
-

Month	Divergence	Result	Time to result
1 February, 2016	\$ (255,000)	-23%	2 Months
2 March, 2016	\$ (405,000)	-28%	1 Month
3 April, 2016	\$ 390,000	26%	1 Month
4 May, 2016	\$ (285,000)	-21%	1 Month
June, 2016	\$ 142,005	No Signal	
July, 2016	\$ 132,850	No Signal	
5 August, 2016	\$ 389,900	17%	1 Month
6 September, 2016	\$ 364,000	1%	1 Month
7 October, 2016	\$ 300,000	2%	1 Month
November, 2016	\$ (225,000)	No Signal	
8 December, 2016	\$ (401,000)	-21%	1 Month
9 January, 2017	\$ 420,000	22%	1 Month
February, 2017	\$ (31,000)	No Signal	
March, 2017	\$ (201,000)	No Signal	
April, 2017	\$ (149,000)	No Signal	
10 May, 2017	\$ (305,000)	-16%	1 Month
June, 2017	\$ 6,250	No Signal	
July, 2017	\$ 236,250	No Signal	
August, 2017	\$ 115,000	No Signal	
11 September, 2017	\$ 307,000	3%	1 Month
October, 2017	\$ 247,500	No Signal	
November, 2017	\$ (100,100)	No Signal	
12 December, 2017	\$ 260,000	2%	1 Month
January, 2018	\$ 220,000	No Signal	
February, 2018	\$ (45,000)	No Signal	
March, 2018	\$ 164,000	No Signal	
April, 2018	\$ (1,000)	No Signal	
May, 2018	\$ 55,000	No Signal	
13 June, 2018	\$ 419,000	+25%	1 Month
July, 2018	\$ (104,000)	No Signal	
14 August, 2018	\$ 550,000	19%	1 Month
15 September, 2018	\$ (350,000)	-20%	1 Month
October, 2018	\$ 40,000	No Signal	
November, 2018	\$ 240,000	No Signal	
December, 2018	\$ 200,000	No Signal	

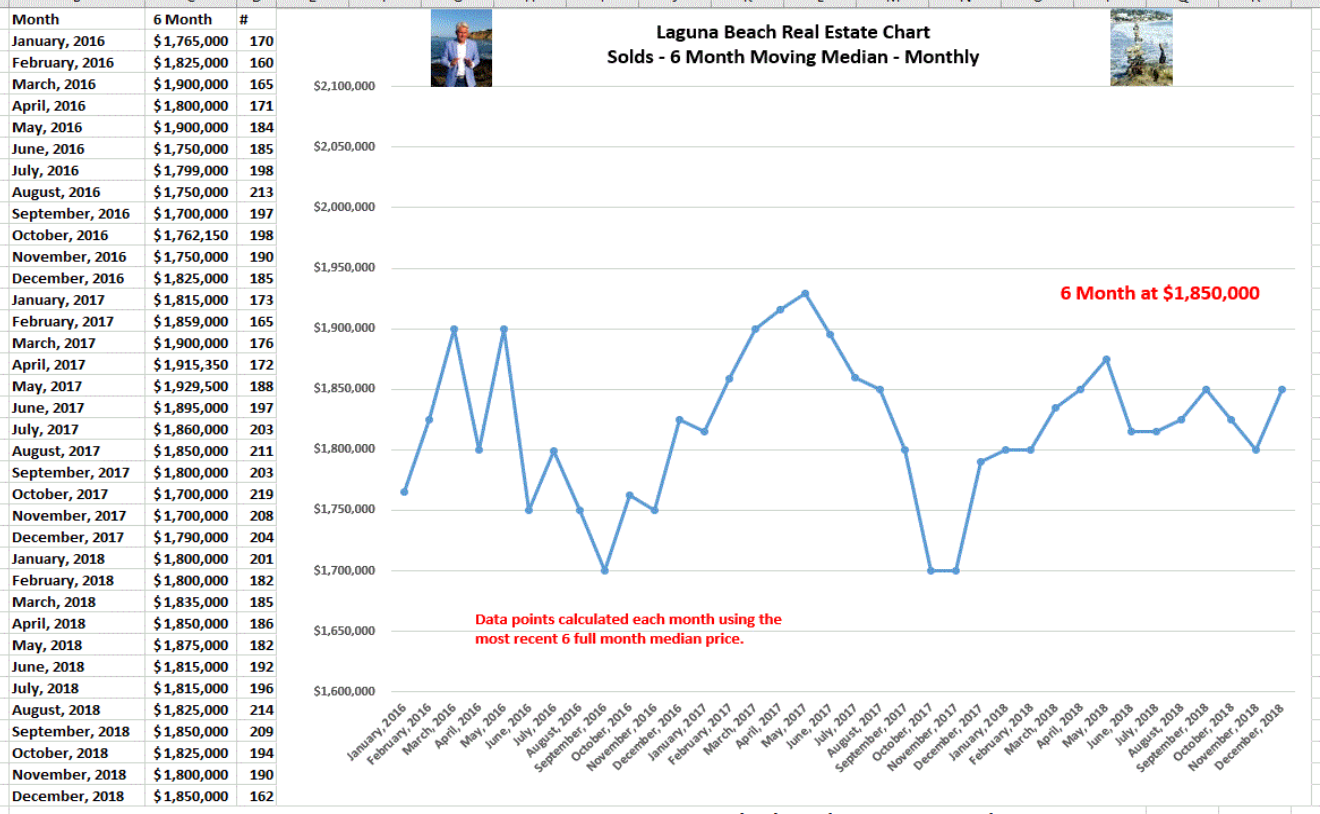


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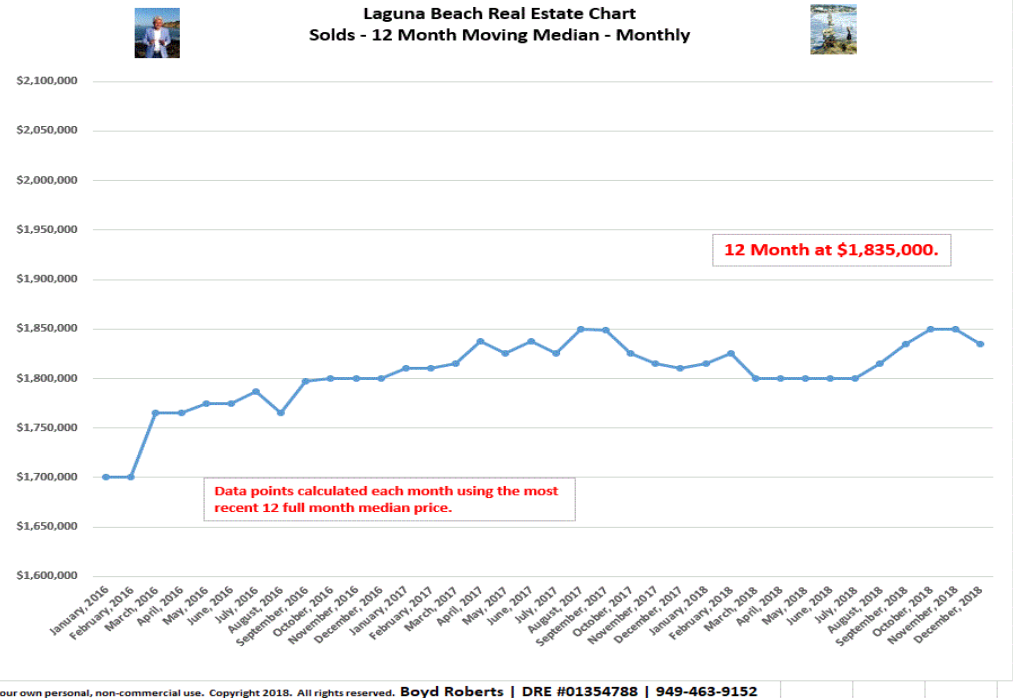
Main | 1 Solds Yearly | 2 The Spread Actives v Solds | 3 Solds Monthly | 4 Pending Indicator | **5 Solds3MMM** | 6 Solds6MMM | 7 Solds12MMM | ... (+) |



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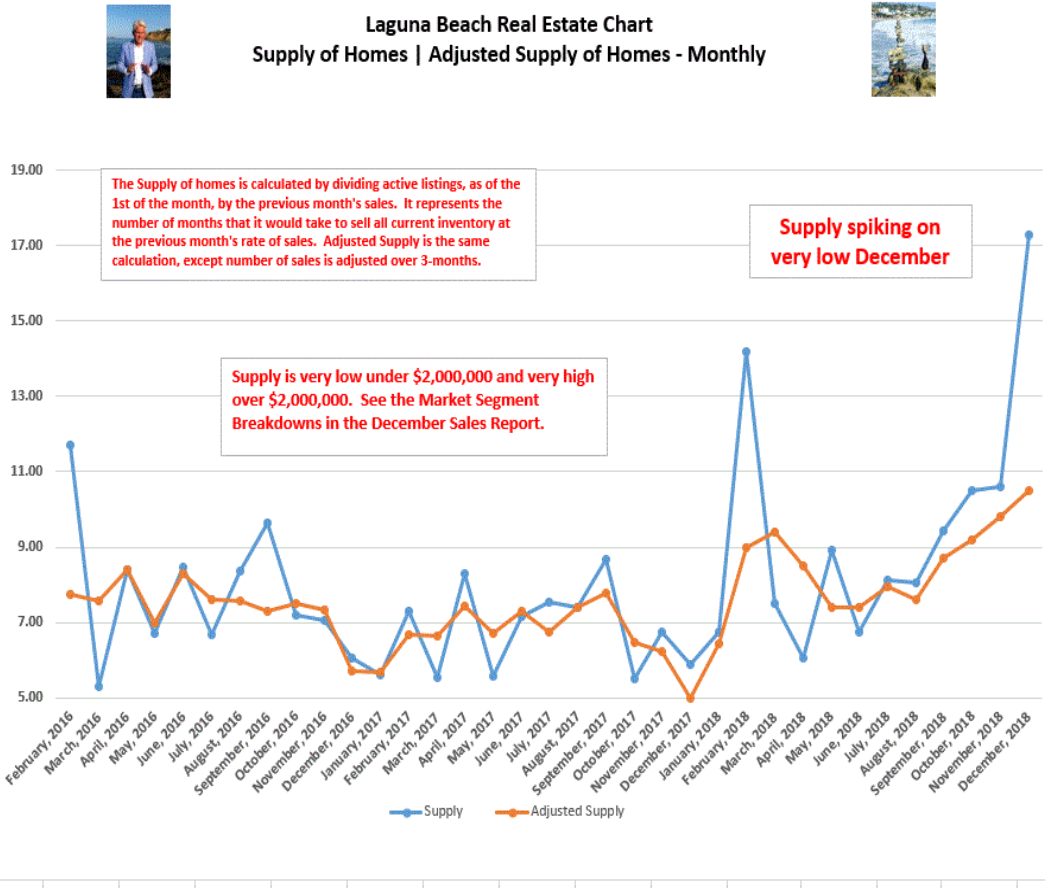
Month	12 Month	#
January, 2016	\$ 1,700,000	387
February, 2016	\$ 1,700,000	381
March, 2016	\$ 1,765,000	379
April, 2016	\$ 1,765,000	369
May, 2016	\$ 1,775,000	365
June, 2016	\$ 1,775,000	365
July, 2016	\$ 1,787,200	367
August, 2016	\$ 1,765,000	373
September, 2016	\$ 1,797,000	363
October, 2016	\$ 1,800,000	363
November, 2016	\$ 1,800,000	374
December, 2016	\$ 1,800,000	370
January, 2017	\$ 1,810,000	371
February, 2017	\$ 1,810,000	378
March, 2017	\$ 1,815,000	373
April, 2017	\$ 1,837,500	370
May, 2017	\$ 1,825,000	378
June, 2017	\$ 1,837,500	381
July, 2017	\$ 1,825,000	375
August, 2017	\$ 1,850,000	377
September, 2017	\$ 1,849,000	380
October, 2017	\$ 1,825,000	393
November, 2017	\$ 1,815,000	397
December, 2017	\$ 1,810,000	401
January, 2018	\$ 1,815,000	431
February, 2018	\$ 1,825,000	392
March, 2018	\$ 1,800,000	389
April, 2018	\$ 1,800,000	405
May, 2018	\$ 1,800,000	392
June, 2018	\$ 1,800,000	396
July, 2018	\$ 1,800,000	397
August, 2018	\$ 1,815,000	397
September, 2018	\$ 1,835,000	395
October, 2018	\$ 1,850,000	380
November, 2018	\$ 1,850,000	371
December, 2018	\$ 1,835,000	354



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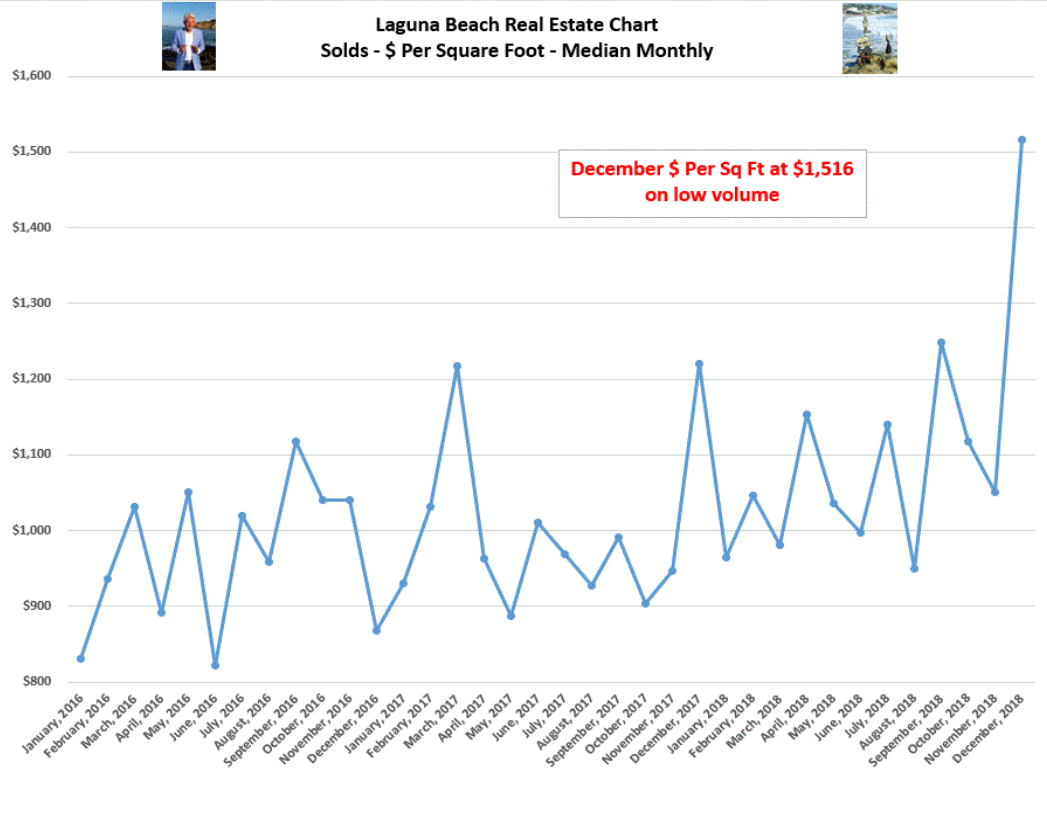
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- 6 Solds6MMM
- 7 Solds12MMM

Month	Supply	Adjusted Supply
February, 2016	11.70	7.75
March, 2016	5.30	7.57
April, 2016	8.40	8.40
May, 2016	6.72	6.98
June, 2016	8.46	8.29
July, 2016	6.69	7.59
August, 2016	8.37	7.58
September, 2016	9.64	7.30
October, 2016	7.20	7.50
November, 2016	7.06	7.32
December, 2016	6.07	5.72
January, 2017	5.62	5.68
February, 2017	7.28	6.66
March, 2017	5.53	6.63
April, 2017	8.30	7.44
May, 2017	5.59	6.71
June, 2017	7.16	7.30
July, 2017	7.55	6.76
August, 2017	7.40	7.40
September, 2017	8.68	7.79
October, 2017	5.50	6.47
November, 2017	6.75	6.23
December, 2017	5.90	5.00
January, 2018	6.73	6.44
February, 2018	14.18	8.97
March, 2018	7.51	9.41
April, 2018	6.06	8.51
May, 2018	8.90	7.39
June, 2018	6.73	7.39
July, 2018	8.11	7.96
August, 2018	8.06	7.60
September, 2018	9.43	8.72
October, 2018	10.50	9.20
November, 2018	10.60	9.80
December, 2018	17.30	10.50



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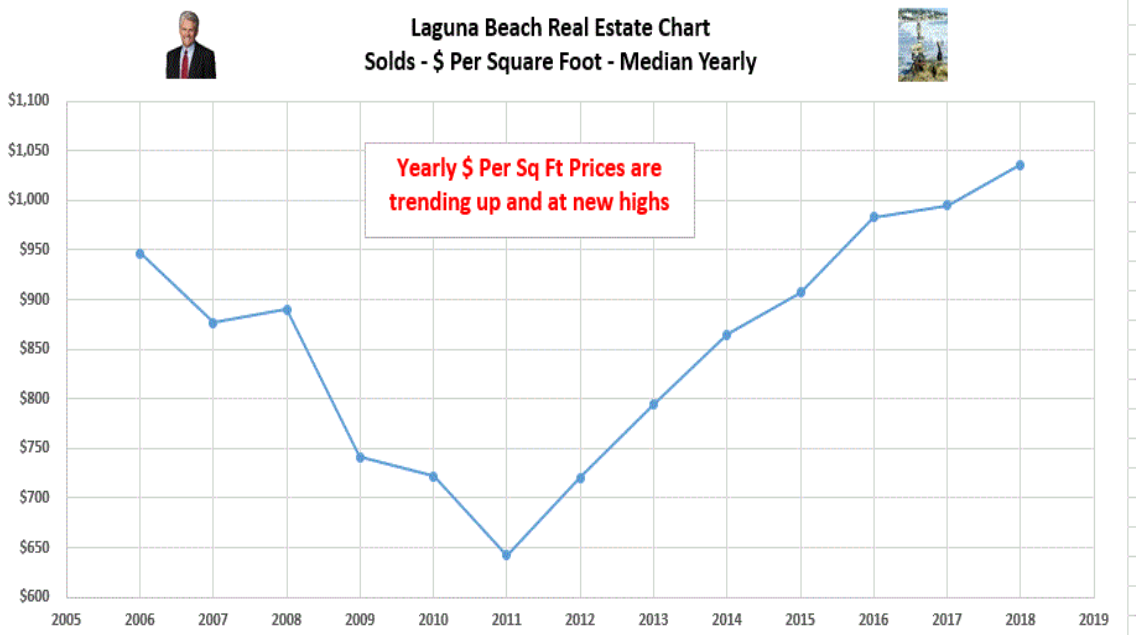
Month	\$ Per Sq Ft
January, 2016	\$ 830
February, 2016	\$ 936
March, 2016	\$ 1,032
April, 2016	\$ 891
May, 2016	\$ 1,051
June, 2016	\$ 822
July, 2016	\$ 1,019
August, 2016	\$ 959
September, 2016	\$ 1,117
October, 2016	\$ 1,041
November, 2016	\$ 1,041
December, 2016	\$ 868
January, 2017	\$ 930
February, 2017	\$ 1,032
March, 2017	\$ 1,218
April, 2017	\$ 963
May, 2017	\$ 887
June, 2017	\$ 1,011
July, 2017	\$ 969
August, 2017	\$ 927
September, 2017	\$ 991
October, 2017	\$ 903
November, 2017	\$ 946
December, 2017	\$ 1,220
January, 2018	\$ 964
February, 2018	\$ 1,046
March, 2018	\$ 981
April, 2018	\$ 1,154
May, 2018	\$ 1,036
June, 2018	\$ 997
July, 2018	\$ 1,140
August, 2018	\$ 949
September, 2018	\$ 1,249
October, 2018	\$ 1,118
November, 2018	\$ 1,051
December, 2018	\$ 1,516



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ds12MMM 8 Supply 9 \$ Per Sa Ft M 10 \$ Per Sa Ft Y 11 3M \$ Per Sa Ft 12 DOM M 13 DOM Y 14 Pending Monthly 15 Pending \$ p ...

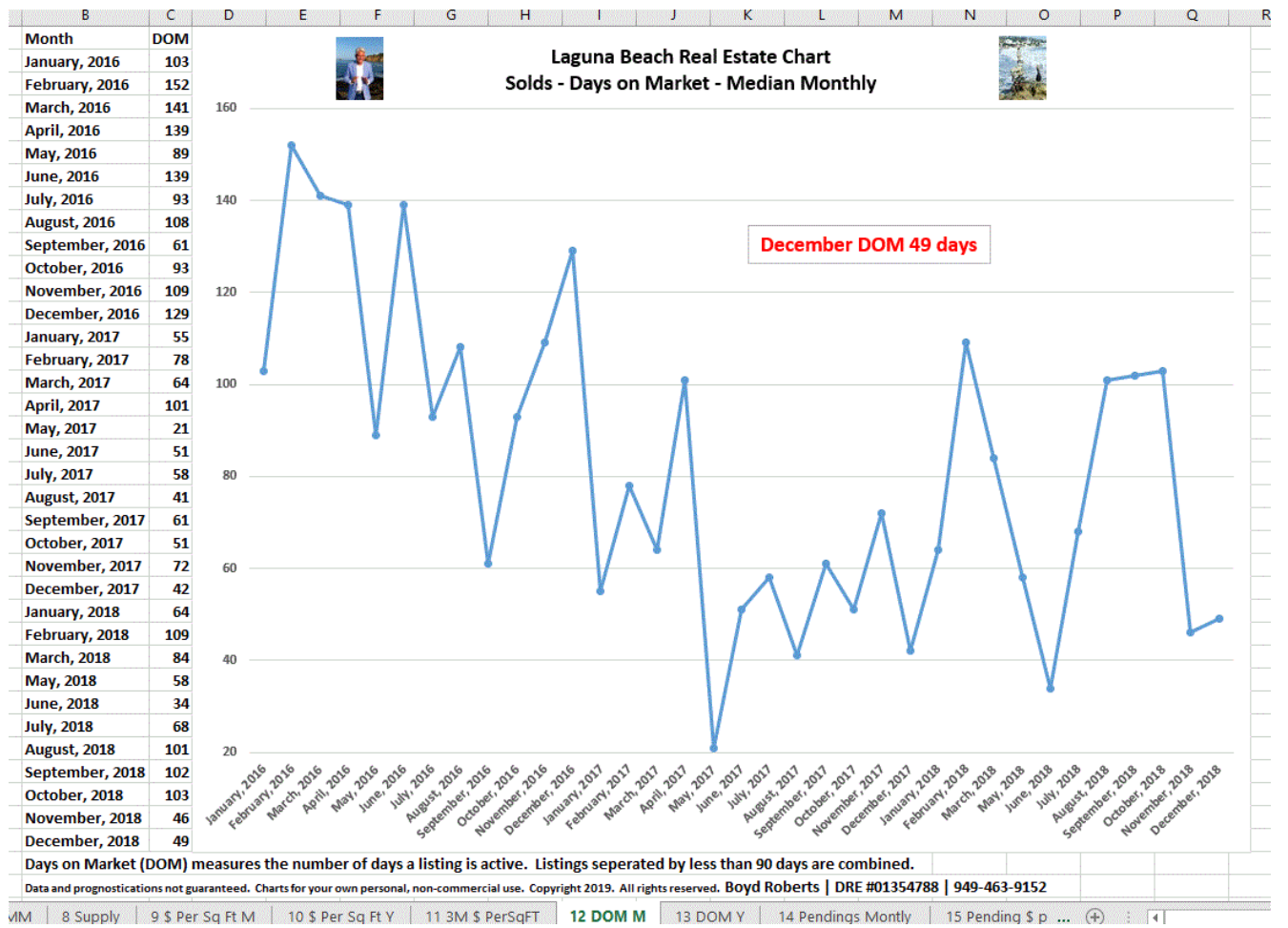
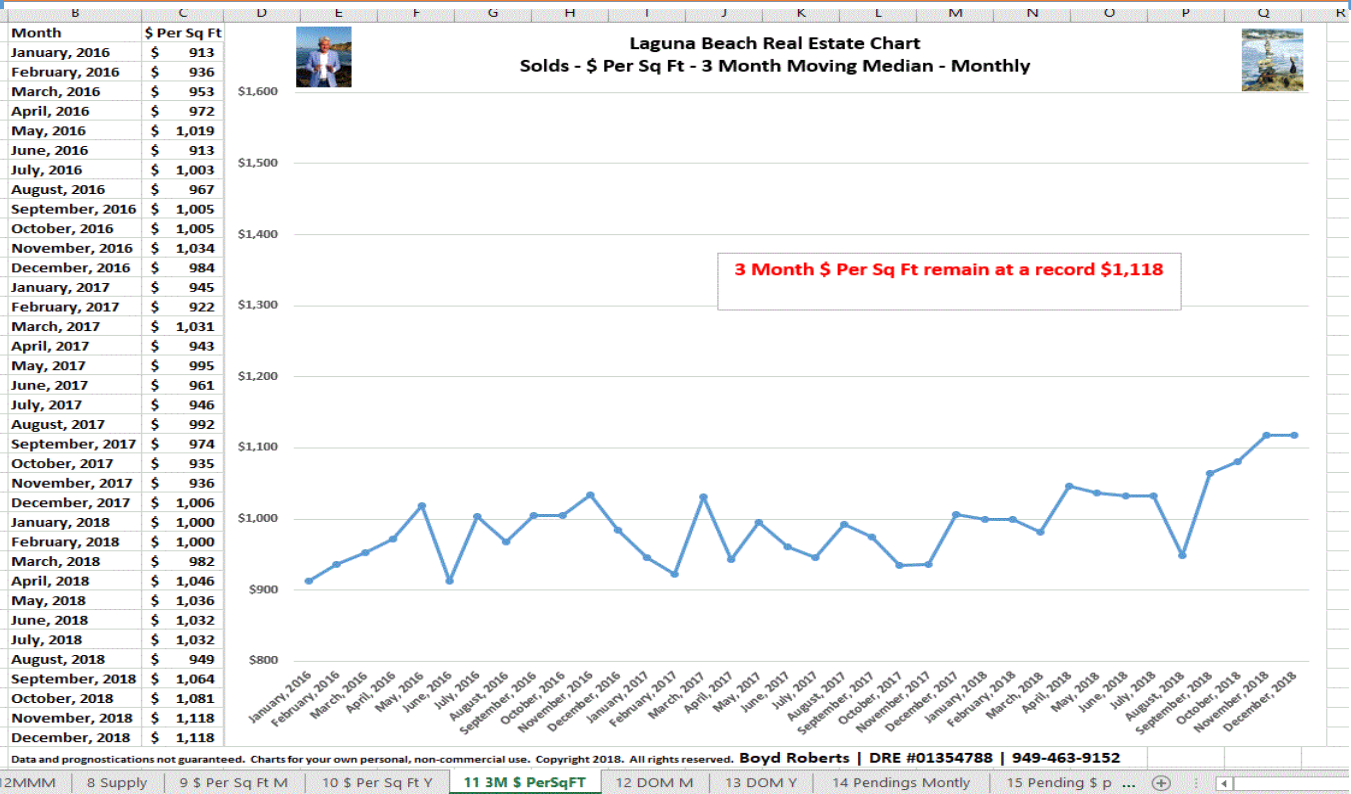
Year	\$ Per Sq Ft
2006	\$ 947
2007	\$ 877
2008	\$ 890
2009	\$ 741
2010	\$ 722
2011	\$ 642
2012	\$ 720
2013	\$ 794
2014	\$ 865
2015	\$ 907
2016	\$ 983
2017	\$ 995
2018	\$ 1,036



Disclosure: The median \$ per square foot data 2006 to 2013 is corrupt. At best, it is approximate.

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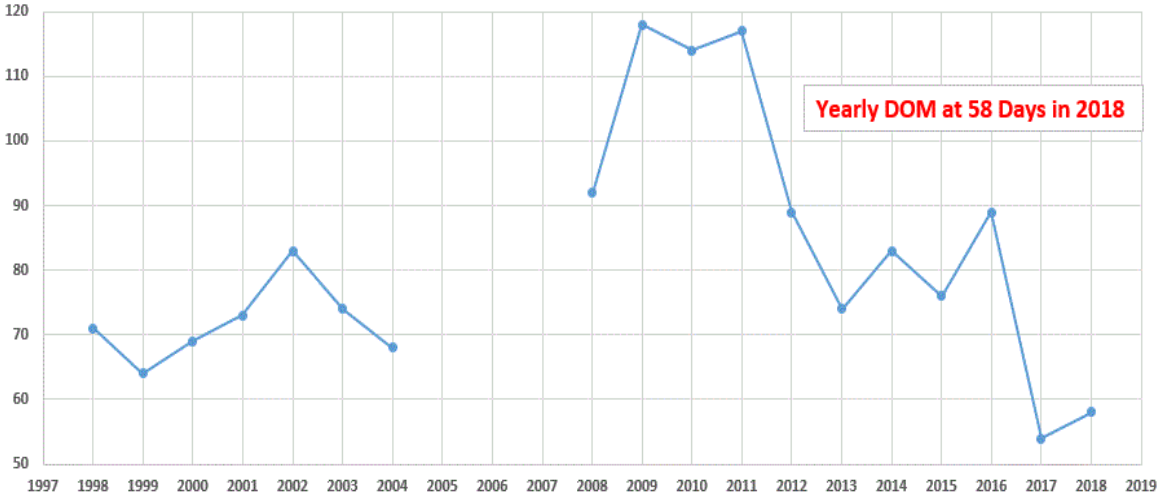


Year Days on Market (DOM)

1998	71
1999	64
2000	69
2001	73
2002	83
2003	74
2004	68
2005	
2006	
2007	
2008	92
2009	118
2010	114
2011	117
2012	89
2013	74
2014	83
2015	76
2016	89
2017	54
2018	58



Laguna Beach Real Estate Chart
Solds - Days on Market - Median Yearly



Days on Market (DOM) measures the number of days a listing is active. Listings separated by less than 90 days are combined. DOM data does not exist for 2005, 2006, and 2007. Data before 2013 (approximately) was compiled differently from post 2013 data. Prior data did not combine listings separated by 90 days or less.

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Boyd Roberts was licensed as a salesperson in 2002 and as a broker in 2004. Individually and as a broker he has closed or overseen the closings of over 800 real estate and real estate loan transactions more than a \$1/4 billion.

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