



TEAM U REALTY

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ADDRESS

THE Orange County HOUSING REPORT REPORTS ON HOUSING

THE 2022 FORECAST: Another HOT Year for Housing!

The shock of going into a pandemic may have disrupted the housing market in 2020 for a few months, but there was no disruption in 2021. Demand surged despite COVID's winter wave, summer delta wave, and the current omicron wave. If anything, it has kept a lid on mortgage rates. The only thing that will slow the speeding housing freight train at this point is rising rates; yet, as long as COVID continues to be a threat, rates will have a hard time rising much from their current record lows. Housing is one of the strongest sectors of the economy, yet the overall U.S. economy has been on the mend as well. Retail sales have soared. Unemployment has dropped substantially. Job openings are surging. The number of homeowners in forbearance dropped below 600,000 by the end of December, and the vast majority of the nearly 7 million exits are either performing or paid off their mortgages in full. The economy has dramatically improved. Inflation may have risen to highs not seen in decades, but mortgage rates have not budged, indicating that investors are confident that the inflation pressures will subside and eventually retract sometime in 2022. The low interest rate environment will continue and will be a tailwind that will continue to fuel the incredible run on housing. As a result, the local housing market is going to be HOT in 2022. Here is the forecast:

ACTIVE INVENTORY – the year will begin with less than 1,000 homes, the lowest start by far since tracking began in 2004. It will be 60% less than the 2,522 start to 2021, the prior record low. With very few available homes to purchase, housing will be extremely hot on January 1. The theme for 2022 will be the same as 2021, not enough homes for buyers to purchase. Instead, they will all be in escrow. Expect the active inventory to peak around August eclipsing 5,000 homes, well below the over 7,000 home peak prior to COVID.

DEMAND – with an anemic inventory and the historically low mortgage rate environment, buyer demand will be extremely strong from the start of the year through the Summer Market. With tremendous buyer competition, buyers will be willing to stretch above the asking price; so, expect appreciation around 8 to 10% for the year. Demand will be at its strongest, and most appreciation will occur from January through July, and then will downshift during the Autumn and Holiday Markets.

HOUSING CYCLE - the housing market will follow a normal housing cycle. The strongest demand coupled with plenty of fresh inventory will occur during the Spring Market. This will be followed by slightly less demand and a continued new supply of homes in the Summer Market. From there, demand will drop further along with fewer homes entering the fray in the Autumn Market. Finally, all the distractions of the Holiday Market will be punctuated with the lowest demand of the year and few homeowners opting to sell.

CLOSED SALES - the number of successful, closed sales will decrease 3 to 6% compared to 2021, with around 33,500 (2021 had the most sales since 2005).

LUXURY MARKET – luxury housing will continue to be exceptionally hot, yet sales will drop slightly from 2021's record year. The Spring Market will be the strongest for luxury and will become a bit more sluggish with more Wall Street volatility during the second half of the year.

INTEREST RATES – look for mortgage rates to continue to remain at historically low levels until the pandemic improves dramatically, most likely during the second half of the year. Yet, rates will have a hard time surpassing 3.5%. Even with Federal Reserve reversing their MBS (mortgage-backed securities) purchases and raising the Federal Funds Rate (short term rates), and heightened inflation, long term mortgage rates will continue to bounce between 2.75% to 3.5%. If mortgage rates remain at these low levels, housing will be insane.

DISTRESSED INVENTORY – do not expect a wave of foreclosures. The number of active forbearances will dwindle to nearly none. As home values have surged, very few homeowners are under water, which is one of the main reasons the vast majority of forbearance exits are either performing on a monthly basis or paid off their loans. The foreclosure moratorium resulted in very few foreclosures in 2021, so expect slightly more in 2022. Nonetheless, the total numbers will be very low and undetectable in the broader housing market.

The bottom line: 2022 will continue where housing in 2021 left off, INSANELY HOT. It will be an Insane Seller's Market (an Expected Market Time below 40-days) from the start of the year through the Summer Market. Multiple offers and bidding wars will be the norm for homes priced below \$2 million. Once again, the market will heavily favor sellers and buyers will have to pack their patience to isolate their piece of the American Dream and take advantage of record low mortgage rates. From mid-August on, the beginning of the Autumn Market, housing will evolve into a Hot Seller's Market (an Expected Market Time between 40 and 60 days) with a bit less activity, not quite as many multiple offers, and fewer homes selling above their asking prices.



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MARKET REPORT

2021 / 2022 ACTIVITY



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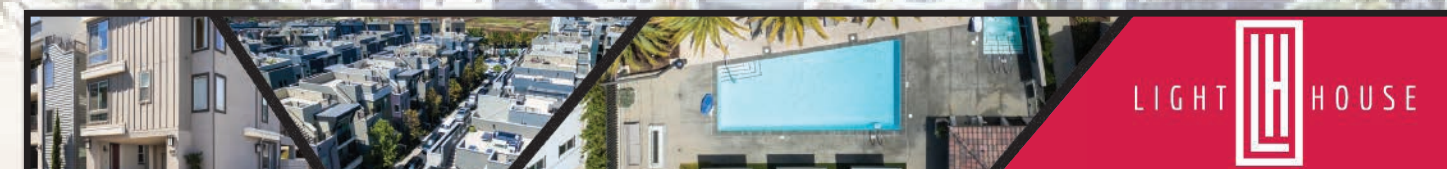
Address	Bedroom	Bath	SqFt	Price	\$ / Sqft	DOM	COE Date	% of List Price
<b>17 West</b>								
1667 Monarch	4	5	2,142	\$949,000	443.04	15	01/14/2021	95.96
1677 Grandview	3	5	2,105	\$965,152	458.50	95	02/08/2021	77.21
661 W 17th	2	4	1,905	\$890,000	467.19	78	02/23/2021	100
1682 Topanga	2	4	1,972	\$922,500	467.80	0	03/08/2021	99.19
1687 Monarch	3	5	2,265	\$1,150,000	507.73	0	04/16/2021	100
697 W 17th	3	4	2,057	\$957,450	465.46	18	06/02/2021	98.2
1683 Grandview	3	5	2,142	\$1,205,000	562.56	0	06/03/2021	100.42
1674 Topanga	2	4	1,972	\$1,020,000	517.24	5	09/10/2021	103.55
1669 Grandview	3	5	2,124	\$1,260,000	593.22	7	10/12/2021	100.8
659 W 17th	3	4	2,057	\$1,170,000	568.79	5	11/08/2021	97.5
657 Wedge	3	4	1,894	\$1,105,000	583.42	13	11/12/2021	100.45
691 Doheny	3	4	2,057	\$1,275,000	619.83	2	12/08/2021	106.25
1676 Grand	3	4	2,057	\$1,300,000	631.99	0	12/30/2021	100
<b>2021 Average</b>			2,058	\$1,089,931	529.75	18		98.43

**THE PLACE**

Address	Bedroom	Bath	SqFt	Price	\$ / Sqft	DOM	COE Date	% of List Price
606 Malibu	3	4	2,126	\$1,199,000	563.97	2	02/03/2021	100
601 Trestles	3	4	2,379	\$1,379,000	579.66	3	02/26/2021	100
627 Cardiff Reef	3	4	2,303	\$1,600,000	694.75	32	12/10/2021	96.97
1646 Pomona	3	4	2,126	\$1,545,000	726.72	19	12/21/2021	98.1
<b>2021 Average</b>			2,234	\$1,430,750	641.27	14		98.77



Address	Bedroom	Bath	SqFt	Price	\$ / Sqft	DOM	COE Date	% of List Price
<b>2021 - SOLD</b>								
636 Channel	3	4	2,267	\$940,000	414.64	18	02/01/2021	97.92
634 Port	3	4	2,267	\$967,500	426.78	7	03/19/2021	104.59
625 W 17th	3		2,267	\$950,000	419.06	50	04/12/2021	97.46
1684 Shoreline	3	4	2,197	\$1,165,000	530.27	26	09/09/2021	93.2
1683 Superior	2	4	2,136	\$1,029,000	481.74	20	10/08/2021	95.37
631 W 17th	3	4	2,267	1,249,000	550.95	13	11/10/2021	100.00
1694 Shoreline	3	4	2,267	\$1,200,000	529.33	37	11/12/2021	96.39
<b>2021 Average</b>			2,238	\$1,071,500	478.97	24		97.85
<b>CANCELED</b>								
1681 Superior	3	4	2,267	\$1,169,000	515.66	88	10/19/2021	
1681 Superior	3	4	2,267	\$1,200,000	529.33	53	12/14/2021	
<b>2022</b>								
<b>IN ESCROW</b>								
1681 Superior	3	4	2,267	\$1,249,000	550.95	168		
<b>SOLD</b>								
1682 Jetty	2	4	2,136	\$1,100,000	514.98	0	01/24/2022	100.00



Address	Bedroom	Bath	SqFt	Price	\$ / Sqft	DOM	COE Date	% of List Price
<b>2021 - SOLD</b>								
1058 Hampton	4	3	1,869	\$1,100,000	588.55	109	02/02/2021	88.00
1609 Somerton	3	4	1,896	\$1,175,000	619.73	87	03/11/2021	90.46
1022 Bridgewater	4	3	1,869	\$1,200,000	642.05	32	04/13/2021	105.45
1613 Somerton	3	4	1,877	\$1,370,000	729.89	26	05/10/2021	105.79
1606 Somerton	3	4	1,896	\$1,200,000	632.91	3	07/16/2021	109.39
1641 Bridgewater	4	4	2,274	\$1,525,000	670.62	16	10/8/2021	87.14
1615 Somerton	3	4	1,877	\$1,425,000	759.19	13	11/24/2021	110.04
1011 Somerton	3	4	1,896	\$1,255,000	661.92	7	11/29/2021	100.48
<b>2021 Avg</b>				\$1,281,250	\$663	37		99.59
<b>2022</b>								
<b>ACTIVE</b>								
1640 Bridgewater	4	3	1,869	\$1,495,000	799.89	94		
<b>PENDING</b>								
1035 Leece	4	4	2,274	\$1,525,000	670.62	11	01/03/2022	102
1039 Leece	4	4	2,274	\$1,535,000	675.02	58	2/7/2022	98





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<b>2021 - Sold</b>								
2136 Bella	3	4	1,855	\$880,000	474.39	9	01/08/2021	100.57
2126 Celeste	3	4	1,855	\$890,000	479.78	38	01/12/2021	97.27
2133 Celeste	2	4	1,715	\$858,000	500.29	0	03/19/2021	100.35
2129 Celeste	2	4	1,715	\$876,000	510.79	4	09/07/2021	101.27
<b>2021 Average</b>			1,785	876,000	491.31	13		99.87
<b>2022</b>								
587 Victoria	3	3	1,711	\$1,131,000	661.02	3	02/04/2022	100



Address	Bedroom	Bath	SqFt	Price	\$ / Sqft	DOM	COE Date	% of List Price
<b>2021 - Sold</b>								
2105 Tidewater	3	3	1,996	\$1,222,000	612.22	11	05/17/2021	102.26
2116 Tidewater	3	3	1,996	\$1,250,000	626.25	39	12/13/2021	100
<b>2021 Average</b>				\$1,236,000	619.24	25		101.13
<b>2022</b>								
<b>In Escrow</b>								
2103 Tidewater	3	4	2,344	\$1,250,000	\$533.28	18		



Address	Bedroom	Bath	SqFt	Price	\$ / Sqft	DOM	COE Date	% of List Price
<b>2021 - Sold</b>								
1279 Westreef	4	4	2,205	\$1,250,000	567.00	1	04/10/2021	100.00
1259 Westreef	3	4	2,205	\$1,280,000	580.50	12	05/25/2021	107.11
1261 Westreef	3	4	2,009	\$1,200,000	597.31	63	07/07/2021	96.15
<b>2021 Average</b>				\$1,243,333	581.60	25		101.09
<b>2022</b>								
<b>Withdrawn</b>								
1271 Westreef	3	4	2,009	\$1,200,000	597	5		



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RE/MAX  
TERRASOL