

REAL ESTATE FOCUS

Home-Buying Heats Up

Low interest rates, remote workforces contribute to surge of residential sales.

By MICHAEL AUSHENKER Staff Reporter

As increased vaccinations give the appearance that the COVID-19 crisis may soon fade in the rear-view, the San Fernando and Santa Clarita Valleys' residential markets are seeing something of a renaissance.

In independent conversations with the Business Journal, **Leo Bato** and **Michael Gerber**, a pair of Granada Hills-based **Century 21 Peak** agents specializing in these submarkets, both confirmed the upward trends.

"I noticed it at the end of summer, early fall," Gerber said of the home-buying surge. "Last summer was pretty competitive."

"Low interest rates and a desire for more space have kept buyers motivated through the pandemic," said **Diane Sydell**, president of **Southland Regional Association of Realtors**. "As pandemic health risks diminish further, we expect to see more buyers jump into the market and a modest increase in owners willing to list their properties for sale."

Market calculus

In its monthly survey of home sales activity, Southland Regional Association of Realtors, a trade association with more than 10,300 members serving the San Fernando and Santa Clarita Valleys, reported that home prices have been steadily rising in recent months despite record-low inventory.

According to the association's calculus, the median price of Valley homes sold in February came in at \$846,000, up 14.3 percent from the year before and only slightly below a record \$852,000 set last August. The February number represents a 1.3 percent increase from the prior month.

Rising prices come at a time of lowering availability. By the end of February, a mere 629 properties were on sale in the Valley, down 20 percent from the year before.

This proved to be "the lowest number in the 34 years that the association has kept the statistic," **David Walker**, the organization's media liaison, said in the report.

For perspective, the monthly listing average over more than three decades totaled 5,358 listings per month, which was a 5.6-month supply.

The record-high monthly listings total of 14,976 was posted in July 1992.

"That sales are up compared to a year ago is a tribute to the tenacity, the persistence, of buyers, sellers and the realtors who navigated sales through COVID-19 rough times and a myriad of safety regulations," said Sydell.

In addition to low inventory, low interest rates provided a stimulate for prices to rise.

Although interest rates have ticked slightly higher in recent weeks, they remain highly favorable compared to historical standards, said

Century 21 Peak

HEADQUARTERS:

Woodand Hills

FOUNDERS:

Eli Tene, Gil Priel

BUSINESS:

Real estate brokerage

YEAR FOUNDED:

1990

LOCATIONS:

Woodland Hills Granada Hills, Upland and Downey

WORKFORCE:

17



the association's report.

In the Santa Clarita Valley, a similar picture emerged as February sales rose 14.6 percent while inventory fell 36 percent.

For the eighth consecutive month, sales of existing single-family homes in Santa Clarita Valley surpassed the prior years' tallies as buyers weary of pandemic confinement and eager to capture low interest rates competed over a dwindling inventory.

The median price of homes that closed escrow came to \$740,000, up 21.3 percent from a year ago and just below last September's record high of \$759,000. The 196 active listings at February's end were down 36.4 percent from February of last year — the second lowest on record. At the current pace of sales, those 196 listings represented less than a month's supply.

Santa Clarita Valley saw 165 homes close escrow during February, up 14.6 percent from a year ago. The figure was a far cry from the record high of 405 single-family homes that closed escrow in June 2005 but well above the record low of 99 houses set in January 2008, according to the association.

First-time buyers

Last fall, Valley-based Century 21 Peak broker **Grace Kim** discussed how she had seen an uptick of home sales by young adults in suburban cities such as Palmdale and Lancaster — a reversal of the urban migration of millennials for amenities-loaded apartment buildings. Gerber said that this trend has continued into 2021. Gerber chalked it up to hires by **Lockheed Martin Aeronautics Co.** and **Northrup Grumman** — firms with big government contracts — as well as Edwards Air Force Base in the Antelope Valley.

Gerber has also seen "a little bit of live/work/play in reverse" as many over the age of 50 are moving out of California while buyers under the age of 40 were buying their vacated homes.

Bato, one of Century 21 Peak's highest-volume sellers in California, confirmed that sales spiked last summer and continued strong into the fall.

"During the start of COVID, people in general were thinking the market will crash," Bato said, explaining hesitancy among buyers to purchase homes. However, low interest rates and the solidifying work-from-home trend allowed first-time buyers to crash the party and purchase homes. Meanwhile, existing homeowners refinanced their houses.

"We've seen an influx of first-time home buyers," Bato said. "They see that they are



Woodland Hills: Century 21 Peak's Michael Gerber, left, and Leo Bato.

more qualified."

Bato noted how company executives working remotely or being furloughed galvanized many people to sell their houses and leave California for states where taxes and cost of living were lower. This confluence of trends, Bato explained, heated up the local submarkets as certain areas, such as Granada Hills and Valencia, saw multiple offers for homes, sometimes as quickly as within two days. West Hills, Woodland Hills and Winnetka were also hot, Bato said.

"With multiple offers common, buyers must be ready to act quickly when they find a home they like, to make fast decisions," Sydell said. "It helps if buyers limit or remove contingencies and, even more importantly, be ready to make all-cash or cash-equivalent offers."

Bato found himself discouraging some prospective buyers when it became clear they didn't have the capital to make the winning offer.

"Some of my buyers cannot outbid so I redirected them to a brand-new home," Bato said, referring to single-family home communities coming online in places such as Santa Clarita, Panorama City and Chatsworth. For example, last month, **Landsea Homes**, a publicly traded residential homebuilder which has been creating and selling single-family homes in the low \$1 million range, saw its Crestley at Deerlake Ranch in Chatsworth — a community of 31 new homes that came onto the market a year ago in January — sell out in just 14 months.

Tom Baine, Southern California president

of Landsea Homes, said the reason was a combination of price and attractive product.

"Crestley at Deerlake Ranch spotlights the best of Southern California living," Baine said. "We created homes to provide optimal living space and also with the intent to highlight the beauty of outdoor-indoor living. The homes and community were thoughtfully designed to combine luxury and unique architecture, and the interest has been unprecedented. We couldn't be more thrilled for everyone who has made this community home."

Landsea is also three sales away from selling out its townhouse complex, The Westerly in Simi Valley; and Iron Ridge in Lake Forest has also been selling steadily.

The Westerly has amenities such as The Watering Hole — a resort-style pool and gathering space — and takes advantage of Simi Valley's non-urban natural charms with access to 5,600 acres of preserved open space for hiking, biking and horseback riding.

Robust year ahead

In the short term, brokers expect to see more of the same moving deeper into the year.

"It's a continuation of 2020 but a little more challenged because less inventories and more buyers," Bato said, even as both interest rates and home prices have begun to tick upward.

"Rates have risen over the last several weeks, yet they remain extremely low by historical standards," the Realtors association's Sydell said.