



RUTHIE TRUSCOTT

BY REFERRAL ONLY
32 Years of Real Estate Experience
Top 1% Nationwide



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THE GOLDEN OPPORTUNITY

JULY 2019

ACCURATELY PRICING A HOME INITIALLY TO AVOID PRICE REDUCTIONS IS THE MOST LUCRATIVE STRATEGY.

An interesting summer thus far. The weather, much like the real estate market, has been waxing and waning between warm and cool. As always, if you have any questions, I'm only an email away.

Ruthie

When a home initially comes on the market, the price will determine whether or not a seller will be happy at the close of escrow. Buyers today do not want to pay much more than the most recent closed sale. Prices are a lot stickier. The days of rapid appreciation are now in the rearview mirror. Throwing a price out there just to test the market is not a wise strategy. Instead, carefully and methodically pricing a home is vital to cashing in on the Golden Opportunity, the first few weeks after coming on the market.

It is very telling to look at the sales price to last list price ratio. This refers to the final list price prior to opening escrow. Take a look at the table below.

Orange County - June 2019					
Reduction	% of Sales	Sales to Last Price Ratio	Sales to Original List Price Ratio	Median Sales Price	Avg DOM
5% or more	12%	96.6%	87.9%	\$ 987,720	124 Days
1% to 4%	20%	97.8%	95.6%	\$811,379	76 Days
No Reduction	68%	98.9%	98.9%	\$725,000	35 Days

The data is staggering in looking at the sales price to original list price. This is the price when a home initially comes on the market prior to any price reductions.

For homes that reduced the asking price between 1% to 4%, the sales to original list price ratio was 95.6%. A home that was listed originally for \$614,000 had to reduce the asking price to \$600,000 to find success. Homes that reduced the asking price by at least 5% had a sales to original list price ratio of 84.1%. A home that was originally listed at \$659,000 had to reduce the asking price, often more than once, to \$600,000 to find success.

Accurately pricing is critical in obtaining the highest and best sales price. Homes that do not have to reduce ultimately sell for more. The amount of market time increases substantially for those that must reduce. And, there are a lot of price reductions occurring every week right now. An eye-opening 11% of all active listings reduced their asking prices last week.

THE BOTTOM LINE FOR SELLERS: spend more time carefully arriving at the asking price, taking into consideration all the pluses and minuses in the home: condition, upgrades, and location. Having the right price to begin with will not only reduce market time, it will result in more activity and a higher sales price.

Continued

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OC HOUSING MARKET SUMMARY

- The active listing inventory increased by 107 homes in the past two weeks, up 1%, and now totals 7,600, the highest level since September 2014.
- Demand, the number of pending sales over the prior month, decreased by 113 pending sales in the past two-weeks, down 4%, and now totals 2,548.
- The Expected Market Time for all of Orange County increased from 84 days two weeks ago to 89 days today, a slight Seller's Market (between 60 to 90 days) and the highest level for this time of the year since 2011.
- For homes priced below \$750,000, the market is a slight Seller's Market (between 60 and 90 days) with an expected market time of 64 days. This represents 39% of the active inventory and 55% of demand.
- For homes priced between \$750,000 and \$1 million, the expected market time is 74 days, a slight Seller's Market. This range represents 18% of the active inventory and 22% of demand.
- For homes priced between \$1 million to \$1.25 million, the expected market time is 86 days, a slight Seller's Market.
- For luxury homes priced between \$1.25 million and \$1.5 million, in the past two weeks, the Expected Market Time increased from 118 to 137 days. For homes priced between \$1.5 million and \$2 million, the Expected Market Time increased from 149 to 192 days. For luxury homes priced between \$2 and \$4 million, the Expected Market Time decreased from 254 to 250 days. For luxury homes priced above \$4 million, the Expected Market Time increased from 441 to 667 days.
- The luxury end, all homes above \$1.25 million, accounts for 34% of the inventory and only 14% of demand.
- Distressed homes, both short sales and foreclosures combined, made up only 0.7% of all listings and 1.4% of demand. There are only 22 foreclosures and 33 short sales available to purchase today in all of Orange County, 55 total distressed homes on the active market, up two the last two-weeks. Last year there were 58 total distressed homes on the market, nearly identical to today.
- There were 2,929 closed residential resales in May, 2% more than May 2018's 2,870 closed sales. April marked a 15% increase from April 2019. The sales to list price ratio was 97.6% for all of OC. Foreclosures accounted for just 0.8% of all closed sales, and short sales accounted for 0.6%. That means that 98.6% of all sales were good ol' fashioned sellers

Thank You for reading my newsletter!

My aim is to produce a newsletter than has informative content. Your constructive feedback is always appreciated.