

BORAS REAL ESTATE

RESIDENTIAL LAND

Half-Year 2023 Report: Spec Home and Residential Land Transactions

The Valley, Malibu and Parts of Ventura County

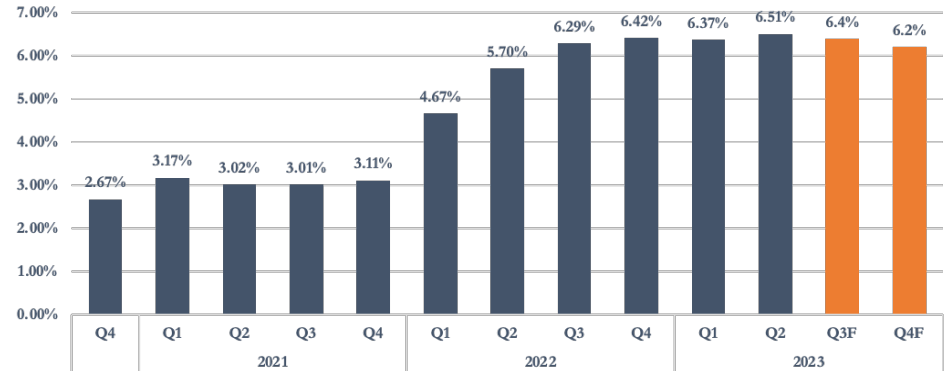


Big Picture: Economy

Mortgage Rates

- Mortgage rates have remained above 6% for the past 12 months, creating a significant drag on the residential real estate market.
- Higher rates are affecting both the number of homes being offered for sale and the affordability of those homes.
- The Fed will likely raise interest rates further to bring down inflation, but the end to its current monetary policy tightening cycle is getting close.
- The outlook for the remainder of 2023 is for rates will remain above 6%.

Quarterly 30-Year Mortgage Rates

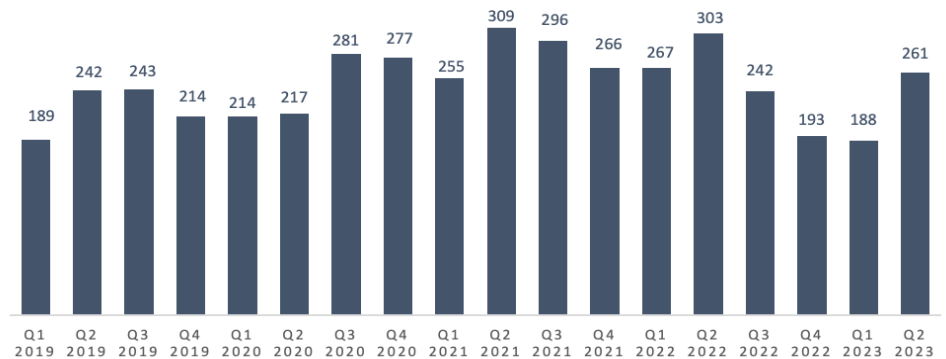


Sources: St. Louis FED.

Economic Indicators

- Real gross domestic product (GDP) increased at an annual rate of 2.0 percent in the first quarter of 2023, exceeding beginning-of-year forecasts. California first-quarter GDP growth was below the national rate at just 1.2%.
- CPI for the 12 months ended June 30, 2023 was 3%, the smallest increase since March 2021.
- Single family housing starts for the first six months of this year totaled 449,000, the lowest level since the first half of 2020 and well below the 570,000 starts for the first half of 2022.
- Many pundits are projecting a mild recession for the second half of this year.

Quarterly Single-Family Home Starts (000s)



Sources: US Census Bureau; Bureau of Economic Analysis

Big Picture: Single Family Detached YTY Housing Statistics*

California

- Existing single-family home sales in California fell 19.7% compared to June 2022. Month to month, June 2023 home sales fell by 4.1%.
- Median home prices continued to inch downward, falling 3.2% year over year.
- Inventory continues to be very tight. In June 2023, there were 2.2 months of inventory on the market compared to 2.4 months a year ago.
- It took 15 days to sell a home in June 2023, compared to 14 days last June.

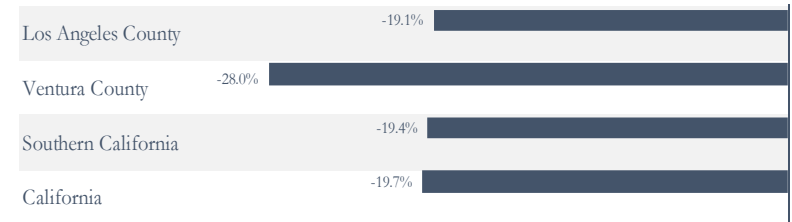
Los Angeles County

- Existing single-family home sales in LA County fell by 19.1% compared to June 2022. Month to month, June 2023 home sales were -0.7% below those for May 2023.
- Median home prices also continued to slipped, registering a modest 3.2% decline year over year. Month to month, June 2023 sales registered a 11.8% gain.
- In June 2023, there were 2.1 months of inventory on the market compared to 2.4 this time last year.
- It took 17 days to sell a home in LA County in June, compared to 15 days a year ago.

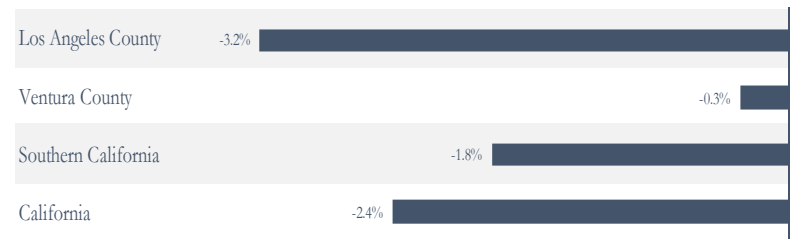
Ventura County

- Existing single-family home sales in Ventura County fell by 28% year over year. Month to month, June 2023 home sales were 6.5% below sales for June 2022.
- Though home sales declined, year-to-year median home prices were essentially flat.
- In June 2023, there were 2.1 months of inventory, unchanged from a year ago.
- It took 26 days to sell a home in Ventura County in June, compared to 23 days a year ago.

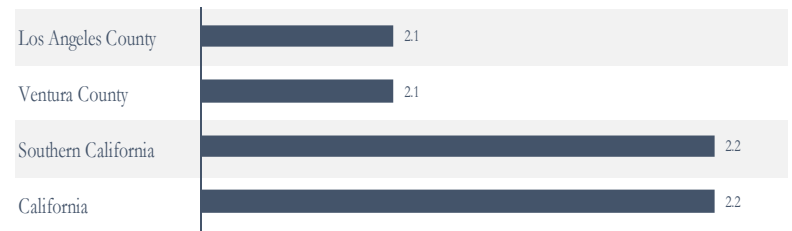
Existing Home Sales



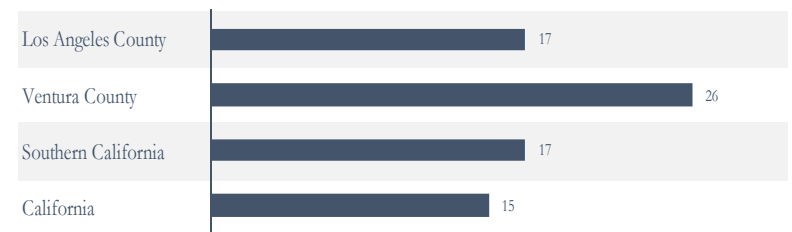
Median Home Prices



Inventory



DOM



* Source of statistical information: California Association of Realtors (CAR). There are variety of additional sources that provide similar information regarding the housing market. Each source's numbers can differ, but the trends indicated by the numbers tend to be consistent across sources.

The Valley¹: Market Highlights

First Six Months 2023

Residential Lot Volume

\$15.8MM
(25 transactions)

Average Lot Price

\$634,019
(\$10.5/sf)

Median Lot Price

\$210,000
(\$12.5/sf)

Spec Home Volume

\$179.2 MM
(35 Homes)

Average Lot Cost

\$1,603,727
(31.3% of Avg. Selling Price)

Median Home Price

\$4,250,000
(\$889/sf)

Teardown Candidate Vol.²

\$101.5 MM
(80 Homes)

Average Price

\$1,268,208
(\$146/sf land)

Average DOM

36 Days
(Median DOM 13 days)

¹ Parts of the Valley covered by this report include Woodland Hills, Bell Canyon, Calabasas, Tarzana, Encino, Sherman Oaks, and Studio City

² Teardowns candidates were homes located in Tarzana, Encino, Sherman Oaks, and Studio City built prior to 1980 and that sold for not more than \$1,500,000.

The Valley¹: Detail

Residential Lots

- **Teardowns².** For the first half of this year, 80 single-family homes/teardown candidates closed. The average DOM was 36 days. The median price was \$1,286,7030, with closing prices ranging from \$675,000 to \$1,500,000. The average lot size was 8,705 square feet, selling for an average of \$146 per square foot.
- **Lot Sales.** 25 on-market residential lots closed in during the first 6 months of this year, at a median selling price of \$210,000. The average lot was 60,674 square feet, with an average price per square foot of \$10.45 and average DOM of 185 days.

	Lot Closings		Potential Teardowns	
	First 6 Months 2023	First 6 Months 2022	First 6 Months 2023	First 6 Months 2022
Closings	25	26	80	85
Total Volume	\$15,850,482	\$10,850,030	\$101,496,208	\$105,438,099
Average Closing Price	\$634,019	\$417,309	\$1,268,703	\$1,240,448
Average Closing Price/SF (Home)	n/a	n/a	\$725	\$757
Average Closing Price/SF (Land)	\$10.45	\$12.83	\$146	\$149
Median Closing Price	\$210,000	\$300,000	\$1,311,500	\$1,275,000
Average Lot Size (SF)	60,674	32,516	8,705	8,313
Median Lot Size (SF)	16,794	11,591	7,041	6,768
Average DOM	185	109	36	17
Median DOM	111	71	13	8

Spec Home Sales

- 35 newly constructed single-family homes closed during the first six months of this year, up from 27 for the same period last year. The median price of a home was \$4,250,000 or \$889 per square foot. The average home was on the market for 37 days. The most active areas were Sherman Oaks and Encino.
- Builders paid an average of \$1,603,727 for their lots (\$277 per buildable square foot), 31% of the average selling price. Projects took an average of 29 months, from land acquisition to the sale of the finished home.

Selling Details		Builder Lot Details	
Spec Homes Closing	35	Average Lot Cost	\$1,603,727
Average Closing Price	\$5,121,386	Average Lot Cost/SF	\$125
PSF	\$879	Average Lot Cost % of Selling Price	31.0%
Average Home Size	5,826	Average Lot Cost/Buildable SF	\$277
Average Lot Size	13,855	Average Project Time (months)	29
Average DOM	37	Median Lot Cost	\$1,407,500
Median Closing Price	\$4,250,000	Median Lot Cost/SF	\$134
PSF	\$889	Median Lot Cost % of Median Selling Price	33.1%
Median Home Size	5,171	Median Lot Cost/Buildable SF	\$272
Median Lot Size	9,662	Median Project Time (months)	25
Median DOM	33		

¹ Parts of the Valley covered by this report include Woodland Hills, Bell Canyon, Calabasas, Tarzana, Encino, Sherman Oaks, and Studio City

² Teardowns/investors candidates were homes located in Tarzana, Encino, Sherman Oaks, and Studio City built prior to 1980, and that sold for not more than \$1,500,000.

Ventura County¹: Market Highlights

First Six Months 2023

SFR Land Volume

\$20.7MM
(31 transactions)

Average Price

\$669,776
(\$8.9/sf)

Median Price

\$450,000
(\$19.9/sf)

Spec Home Volume

\$19.8 MM
(7 Homes)

Average Lot Cost

\$678,333
(23.9% of Avg. Selling Price)

Median Home Price

\$1,800,000
(\$568/sf)

¹This report does not cover all of Ventura County. This report covers Agoura Hills, Thousand Oaks, Westlake Village, Camarillo, Oxnard, Ventura, and Ojai.

Ventura County¹

Residential Lots

- 31 on-market residential lots closed during the first half of 2023, with an average DOM of 112 days.
- The median selling price of a lot was \$450,000, with closing prices ranging from \$72,000 to \$3,000,000.
- The average lot was 75,468 square feet, ranging from 2,450 square feet to over 20 acres.
- Buyers paid an average of \$8.90 per square foot, with the most desirable lots selling in the \$300 per square foot territory.

Spec Home Sales

- 7 spec homes closed in the first half of this year. The median price was \$1,800,000 or \$568 per square foot. The average home was on the market for 102 days. The most active area was the City of Ventura.
- Builders paid an average of \$678,333 for their lots (\$144 per buildable square foot), equating to 23.9% of the average selling price. Projects took an average of 41 months, from land acquisition to the sale of the finished home.

Closed Residential Land Transactions

	First 6 Months 2023	First 6 Months 2022
Closings	31	61
Total Volume	\$20,763,050	\$49,984,555
Average Closing Price	\$669,776	\$819,419
Average Closing Price/SF (Land)	\$8.9	\$7.2
Median Closing Price	\$450,000	\$545,000
Average Lot Size (SF)	75,468	114,150
Median Lot Size (SF)	22,651	27,758
Average DOM	112	121
Median DOM	44	79

Selling Details		Builder Lot Details	
Spec Homes Closing	7	Average Lot Cost	\$678,333
Average Closing Price	\$2,835,000	Average Lot Cost/SF	\$30
PSF	\$700	Average Lot Cost % of Selling Price	23.9%
Average Home Size	3,861	Average Lot Cost/Buildable SF	\$144
Average Lot Size	19,353	Average Project Time (months)	41
Average DOM	102	Median Lot Cost	\$377,500
Median Closing Price	\$1,800,000	Median Lot Cost/SF	\$51
PSF	\$568	Median Lot Cost % of Median Selling Price	18.6%
Median Home Size	3,375	Median Lot Cost/Buildable SF	\$113
Median Lot Size	7,405	Median Project Time (months)	36
Median DOM	85		

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Malibu: Market Highlights

First Six Months 2023

Residential Lot Volume

\$30.6MM
(23 transactions)

Average Price

\$1,329,704
(\$3.64/sf)

Median Price

\$410,000
(\$6.78/sf)

Spec Home Volume First Six Months 2023

\$7,850,000
(2 Homes)

Spec Home Volume First Six Months 2022

\$51,335,000
(6 Homes)

Median Home Price First Six Months 2023

\$3,925,000
(\$1,260/sf)

Malibu

Residential Land Sales

- Number of land transactions and total land sales volume were both down more than 25% from the same period last year.
- 23 on-market residential lots closed in the first six months of this year, with an average DOM of 103 days.
- The median selling price was \$410,000, with a wide range of selling prices from \$30,000 to \$10,600,000.
- Buyers paid an average of \$3.6 per square foot, with one buyer paying \$619 per square foot for a beachfront location.

Spec Home Sales

- Just 2 newly constructed homes closed during the first half of this year. 6 new homes closed during the same period last year.
- The homes sold for an average of \$3,925,000 or \$1,255 per square foot. The homes were on the market an average of for 50 days.
- With land sales data for just one of the sales, the builder paid \$1,698,000 for the lot (\$562 per buildable square foot), equating to 40.4% of the selling price. The lot came with approved plans and permits. The project took 26 months, from land acquisition to the sale of the finished home.

	Closed Land Transactions	
	First 6 Months 2023	First 6 Months 2022
Closings	23	31
Total Volume	\$30,583,200	\$42,228,504
Average Closing Price	\$1,329,704	\$1,362,210
Average Closing Price/SF (Land)	\$3.6	\$5.3
Median Closing Price	\$410,000	\$920,000
Average Lot Size (SF)	365,011	256,935
Median Lot Size (SF)	60,652	87,120
Average DOM	103	135
Median DOM	45	79

Selling Details		Builder Lot Details	
Spec Homes Closing	2	Average Lot Cost	\$1,698,000
Average Closing Price	\$3,925,000	Average Lot Cost/SF	\$8
PSF	\$1,255	Average Lot Cost % of Selling Price	21.6%
Average Home Size	3,127	Average Lot Cost/Buildable SF	\$272
Average Lot Size	100,025	Average Project Time (months)	26
Average DOM	50	Median Lot Cost	\$1,698,000
Median Closing Price	\$3,925,000	Median Lot Cost/SF	\$11
PSF	\$1,260	Median Lot Cost % of Median Selling Price	40.4%
Median Home Size	3,127	Median Lot Cost/Buildable SF	\$562
Median Lot Size	100,025	Median Project Time (months)	26
Median DOM	50		