

# California Real Estate Insights for 2023

When will the housing market bounce back?

ADUs launch into Hollywood-level stardom

Torrential rains put spotlight on climate risk

featuring HomeLight Elite Agents



**Jennifer and Andrew Oldham**  
San Francisco Bay Area



**Kyle Whissel**  
San Diego



**Ed Kaminsky**  
Los Angeles County



# About This Survey

HomeLight's California Real Estate Insights Survey for 2023 was fielded between Nov. 28-Dec. 12, 2022 through an online poll of 445 real estate agents located in the state of California. Data comparisons to a national sample size are taken from our [Top Agent Insights Survey for New Year 2023](#). Top agents were selected to participate in the survey based on the [same performance data](#) HomeLight uses to identify top real estate agents for over a million homebuyers and sellers nationwide. In addition to agents identified as top performers, agents licensed in the state of California who were available to contact through HomeLight's internal database were also invited to participate.

**For additional real estate insights, we encourage you to review HomeLight's most recent data reports:**

- [Top Agent Insights for New Year 2023](#)
- [Buyer & Seller Insights for EOY 2022](#)
- [Top Agent Insights for Fall 2022](#)
- [Top Agent Insights for Summer 2022](#)
- [Top Agent Insights for Spring 2022](#)

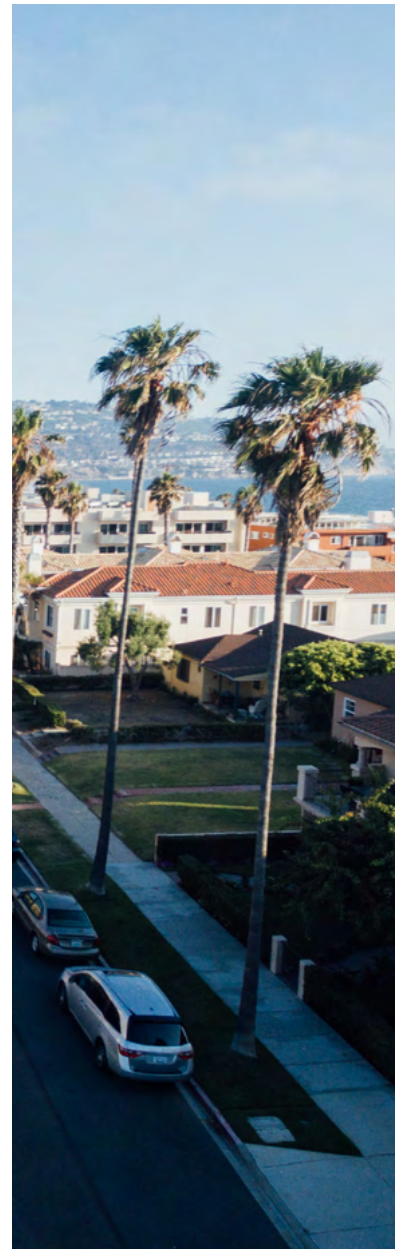
# Table of Contents

- 4** Housing market slows to a crawl from Northern to Southern California
- 25** Expensive mortgages spark heightened demand for ADUs
- 37** Beds, baths, and climate risk: The evolving criteria for California buyers
- 51** Fireside chat with HomeLight Elite Agents
  - Jennifer and Andrew Oldham (San Francisco Bay Area)
  - Kyle Whissel (San Diego)
  - Ed Kaminsky (Los Angeles County)





# Housing market slows to a crawl from Northern to Southern California



# Buyer demand in the state has been hyper-sensitive to interest rate increases

Since interest rates began their mountainous rise in 2022, it's as though the IV of pure caffeine fueling the real estate market was suddenly ripped out. The Fed's inflation-curbing measure of jacking up interest rates continues to temper real estate activity in the first half of 2023, particularly in California where high prices can lead to more pronounced market swings.

California is a massive state with a ton of real estate variance among local cities, but very few areas have been immune to the latest events. Only 13% of California agents we surveyed said it was a seller's market in Q4, compared to 30% nationally. 43% of agents in California predict a buyer's market for 2023, compared to 34% nationally. Fewer than 10% of agents we surveyed in each of the Northern, Central, and Southern California regions expect to see a seller's market in 2023.

During their heyday, rock-bottom mortgage rates made the exorbitant cost of California housing a bit more palatable for buyers. They also created an enticing carrot for sellers — the chance to improve their mortgage rate and collect a Hyperion-sized sum. Home sales in the state surged 87% year-over-year in mid-2021, according to [historical data from the California Association of Realtors \(CAR\)](#). Median sales prices in California eclipsed \$900,000 in mid-2022, CAR data also shows.

The glorious days of cheap borrowing couldn't last forever, but that doesn't mean the shift didn't feel abrupt. In November 2022, CAR reported that [home sales in California were down nearly 50%](#) from the prior year, including in the Inland Empire (-51%), Central Coast (-43.5%), SoCal (-47%), Central Valley (-42%), SF Bay Area (-43%), and the Far North (-37%).

Market condition	Agents in California	Agents nationally
It was a seller's market in Q4	13% agreed	30% agreed
It will be a buyer's market in 2023	43% agree	34% agree
It will be a seller's market in 2023	Less than 10% agree	12% agree

"California's prices were severely over-inflated, which is why we have a significantly slower market and a much higher decline in prices."



**Glen Henderson**  
HomeLight Elite Agent in  
San Diego

Our survey reflects just how much the mood has shifted among buyers and sellers across California.

Here's what agents across the state of California are noticing in their market:

- 38% say sellers are revisiting offers they previously declined
- 67% say open houses have become less crowded
- 96% say days on market count is increasing
- 73% say most homes are not getting multiple bids

“The cost of living and cost of real estate in California is higher than most,” comments survey participant Andrew Weir, a real estate agent on the [HomeLight Elite Bayside Real Estate Partners](#) team in Manhattan Beach. “And the increases in property value that the state has seen over the past couple of years outpaced most other areas of the country. As a result, it is not unexpected that home prices will cool off faster than other states. Interest rates are a large part of the conversation these days.”

In yet another atypical real estate season, HomeLight’s survey of real estate agents in California captures five trends expected to shape housing across the state in 2023.

### 1. Serious buyers seize the moment

Today’s housing market is hardly perfect for buyers. Those still making purchases are going to be highly motivated to move and can either afford higher interest rates or pay cash. A smaller number of qualified buyers presents a fresh opportunity to those still out there hunting for their Golden State dream home.

“Rising interest rates have thinned the buyer pool here in Southern California,” comments survey participant [Sharon Armstrong](#), a top real estate agent in Long Beach. “The remaining buyers tend to be serious buyers who now have less competition as they submit offers. This is advantageous for them and gives them more leverage, especially once under contract. There are some new building developments, but not enough to accommodate the influx of millennials seeking homeownership as a road to wealth building.”

While interest rates are a thorn in the side of many buyers, so too is the cost of rent. In our survey, 32% of agents in California say first-time buyers in 2023 will find interest rates tolerable compared to the cost of rent. At a local level, 34% in Los Angeles, 31% in Sacramento, 25% in San Diego, and 29% in San Francisco say this is true.

As of August 2022, landlords in all regions in California were allowed to increase rent by as much as [10% annually due to skyrocketing inflation](#) while [rent increase notices shot up 134%](#). Though many tenants would love to escape the rising cost of rent with a home purchase, California real estate values will continue to price would-be homeowners out of that option for the foreseeable future.

“Gen Z will continue to rent as interest rates and home prices continue to put a strain on purchasing.”



**Mike Chou**

HomeLight Elite Agent in  
South Pasadena

### 2. Low supply counterbalances falling prices

Since their all-time peak in May 2022, median sales prices in California [have dropped 14%](#) to \$777,500 as of November, according to CAR. Echoing this trend, 93% of agents we surveyed in California say price reductions have become more common.

Over the next six months, agents in California predict prices will decrease by 7%. However, compared to the nearly 50% annual drop in sales volume, the decline in prices has been more gradual — in fact, CAR data indicates that California real estate prices were only down [0.6% from the previous year](#) in November. Though the decline was highest in the Bay Area at -5.8%.

“The San Francisco Bay area, as well as Santa Cruz County, had seen some of the highest appreciation rates in the country in 2020 and 2021,” comments Bjorn Berg, a real estate agent on the top-performing [Ben Strock team](#) in Santa Cruz. “The markets were overinflated, and now that buyer demand has dropped significantly due to high interest rates and steep losses in tech stocks, the markets are correcting to reflect buyer demand and affordability.”



In spite of heavily reduced demand, low supply has created a semi-sturdy price floor in many California markets, which has moderated the decline of real estate values. According to our survey, 43% of agents in California say inventory is rising, compared to 53% nationally.

Over the next six months, agents we surveyed in California estimate that buyers will have 10% more homes to choose from in their markets compared to what they do now. Even if that happens, inventory remains historically low at **3.3 months of supply** for the state with some variance between major metros:

- 3.6 months in Los Angeles
- 2.2 months in San Francisco
- 2.9 months in San Diego
- 2.8 months in Sacramento

A balanced market happens when there's six months of supply, so listings remain scarce. It's also illustrative to compare today's supply to **2008, when unsold inventory at one point eclipsed 16 months in California.**

With builder confidence tanking, only 21% of agents in California expect to see new construction inventory increase in their market in 2023, compared to 37% nationally. Many homeowners are expected to hold off on selling this year as well, slowing the release of existing homes. "Sellers will stay longer in homes due to the rates on their mortgages," predicts **Justin Bonney**, a top real estate agent in San Fernando Valley. "Only sellers needing to sell due to relocation, divorce, distress, or an event such as a death will be likely to put their house on the market."

### 3. Big Tech layoffs of high-salary workers ripple through San Francisco Bay

In 2022, 166 companies in the San Francisco Bay Area laid off **24,000 employees**, according to a Wall Street Journal analysis of data from the Bureau of Labor Statistics. We asked survey participants about how this may be impacting real estate in their area. In response,



29% of agents in California replied that the tech layoffs are affecting their market. This number rises to 57% among agents located in the San Francisco Bay Area.

"In Silicon Valley, the housing market is tech-driven," comments survey participant **Andrew Oldham**, a HomeLight Elite Agent in San Jose, California. "When the FAANG (Facebook, Amazon, Apple, Netflix, and Google) companies and other large tech companies announce layoffs, the FUD (fear, uncertainty, and doubt) ripples through the Bay Area. And the layoffs extend into uncertainty about raises, RSUs (restricted stock units), and job security. It definitely impacts the mindset of both buyer and seller in the San Francisco Bay Area." (For clarification, Apple is the only FAANG company mentioned above that has not been affected by layoffs).

Among those who say the tech layoffs are affecting their market in San Francisco, 80% say that potential buyers who were recently laid off are halting their search, 64% say buyers — even those still employed — are pulling back over job security concerns, and 66% say buyers are reducing their budget to be more conservative.

Additionally, 40% of San Francisco agents say laid-off residents are leaving for locations outside of California. 38% say open house attendance has dropped sharply in recent weeks, and 38% say demand for condos has dropped.

#### 4. Buying power shrinks considerably

While lower competition and softening prices are helpful to buyers, interest rates are offsetting these advantages and hurting affordability overall.

“Buyers don’t have the urgency like they did when rates were lower,” comments survey participant [David Tapper](#), a top real estate agent in San Mateo County. “They’ve lost a lot of buying power. For instance, for buyers who were approved for a \$2 million purchase — when rates went up 2% — they can now only afford a \$1.65 million purchase. This is having a direct effect on sellers also. Buyers who have more wealth (such as with a \$3 million - \$4.5 million purchase) have more cash, so they have the ability to put down more. So the higher-end market is still strong locally. The entry level and condo markets have been hit pretty hard.”

To combat higher interest rates, 67% of agents in California expect buyers to increasingly use rate buydowns to secure a lower interest rate on a home in 2023, compared to 54% nationally. At the metro level, 80% of agents in Sacramento expect to see an increase in rate buydowns, compared to 67% in San Diego, 66% in Los Angeles, and 61% in San Francisco.

#### 5. NIMBY vs. YIMBY splits voters

Sky-high prices have long been associated with California real estate. 88% of agents in our survey say affordability is one of the most pressing issues facing their community, followed by a lack of inventory (58%)



and homelessness (46%). 38% of agents in San Diego say a lack of space to build is a top concern, compared to 25% in the state of California, 3% in Sacramento, and 26% in Los Angeles.

California residents had the opportunity to vote on some of these issues in the recent midterm elections, which included [52 housing-related measures](#) on local ballots across the state, according to the Turner Center for Housing Innovation. In California, public housing requires voter approval under Article 34, a state constitutional provision that has been criticized as being [problematic and discriminatory](#). (CAR recently cosponsored a [bill to overturn Article 34](#). The bill was [passed by the State Senate and State Assembly](#) and will appear on the 2024 ballot).

However, the midterm elections indicate just how split down the middle California voters are when it comes to how these issues should be addressed. The YIMBYs (yes in my backyard / pro-housing camp) continue to duke it out with the NIMBYs (not in my backyarders). Here’s a summary of some significant measures and whether they were approved:

##### San Diego:

Voters narrowly (51% to 49%) approved [Measure C](#) to allow the construction of taller buildings in the Midway-Pacific Highway Community Plan area, where officials are planning to add affordable apartments as well as entertainment, shops, and recreational facilities. However, opponents have [sued to block the measure](#).

##### San Francisco Bay Area:

Voters narrowly rejected [Proposition D](#) (49% to 51%) and the more progressive [Proposition E](#) (46% to 54%), which were both aimed at expediting the approval of affordable housing projects in the city.

However, voters approved a vacancy tax on certain residential units to finance the creation of the Housing Activation Fund ([Proposition M](#)). Voters also passed [Proposition C](#) to create a Homelessness Oversight Commission, which requires the city controller to audit homelessness services.





In the East Bay, Richmond voters passed a rent control measure to cap rent increases at 3%.

#### Los Angeles:

By a comfortable margin, Los Angeles voters approved a ballot measure to increase the number of low-income rental housing units that can be built per district from 3,000 to 5,000 ([Proposition LH](#)).

“We can only increase housing in existing urban areas by allowing for more density,” comments survey participant [Luis Guevara](#), a top real estate agent in Huntington Beach. “Zoning changes that would allow for smaller footprint single family homes such as the small lot ordinance in the city of Los Angeles would help create more affordable housing for millennial first-time homebuyers.”

Los Angeles also pushed through a tax on property sales over \$8 million and increased the transfer tax rate on these sales to fund homelessness services and other projects. Similar to Richmond, Santa Monica passed a rent control measure to reduce the rent cap to a maximum of 3%.

Using a list from the Turner Center for Housing Innovation and cross-referencing with ballot results, HomeLight has [compiled a list](#) of all the midterm

election housing measures in California (and whether they passed or failed) for easy reference.

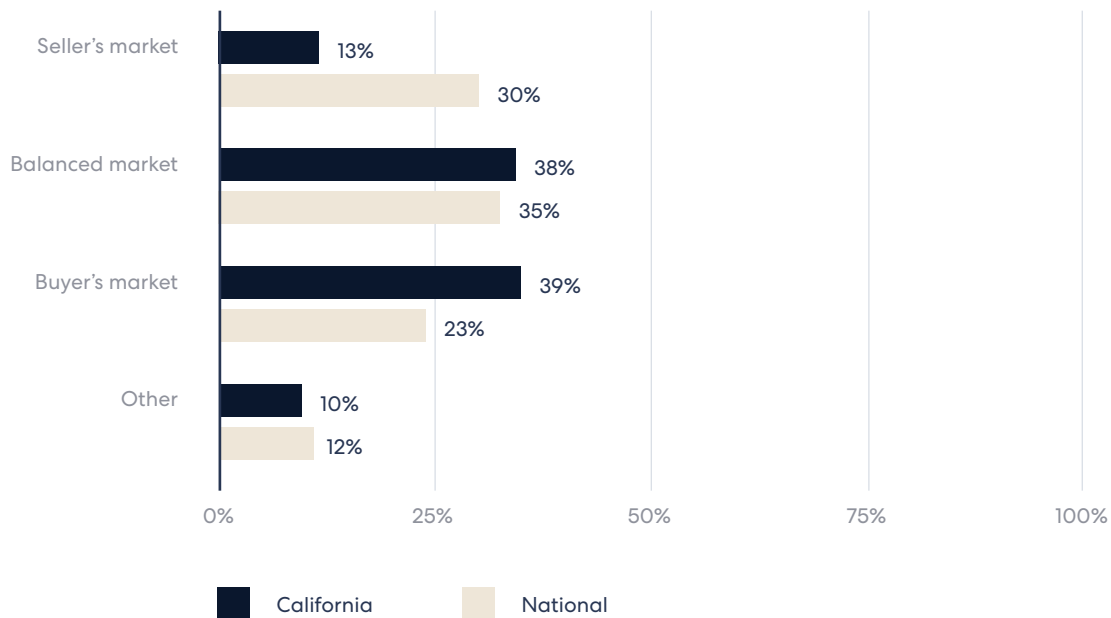
### Trade-offs persist in a downshifted market

Last year, homes were flying off the shelf like hotcakes across California and most of the country. Today and for the foreseeable future, the pace has dramatically slowed. Buyers are no longer stressed to the max over bidding wars and having to make snap decisions, but setting a budget is now more complicated for those who can't pay cash.

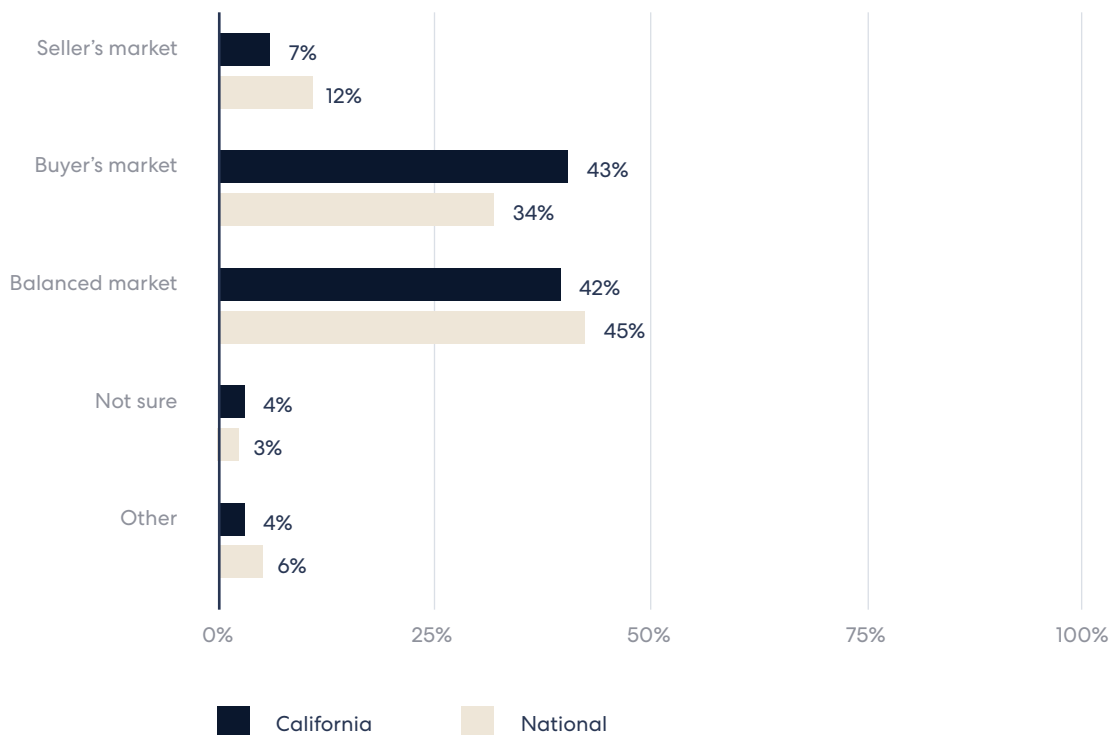
“It is back to a more balanced market where sellers are willing to participate and are offering credits for closings or for buy-down programs,” comments survey participant Michelle McGowen, a real estate agent and partner with the top-performing [Jim Bottrell team](#) in San Diego. “Everyone who could refinance when the rates were in the 2-3% range — did. Those homeowners may not be in love with their home, but they are certainly in love with their interest rate.”

How the tables have turned. While the current market may look entirely different than yesterday, there will always be trade-offs.

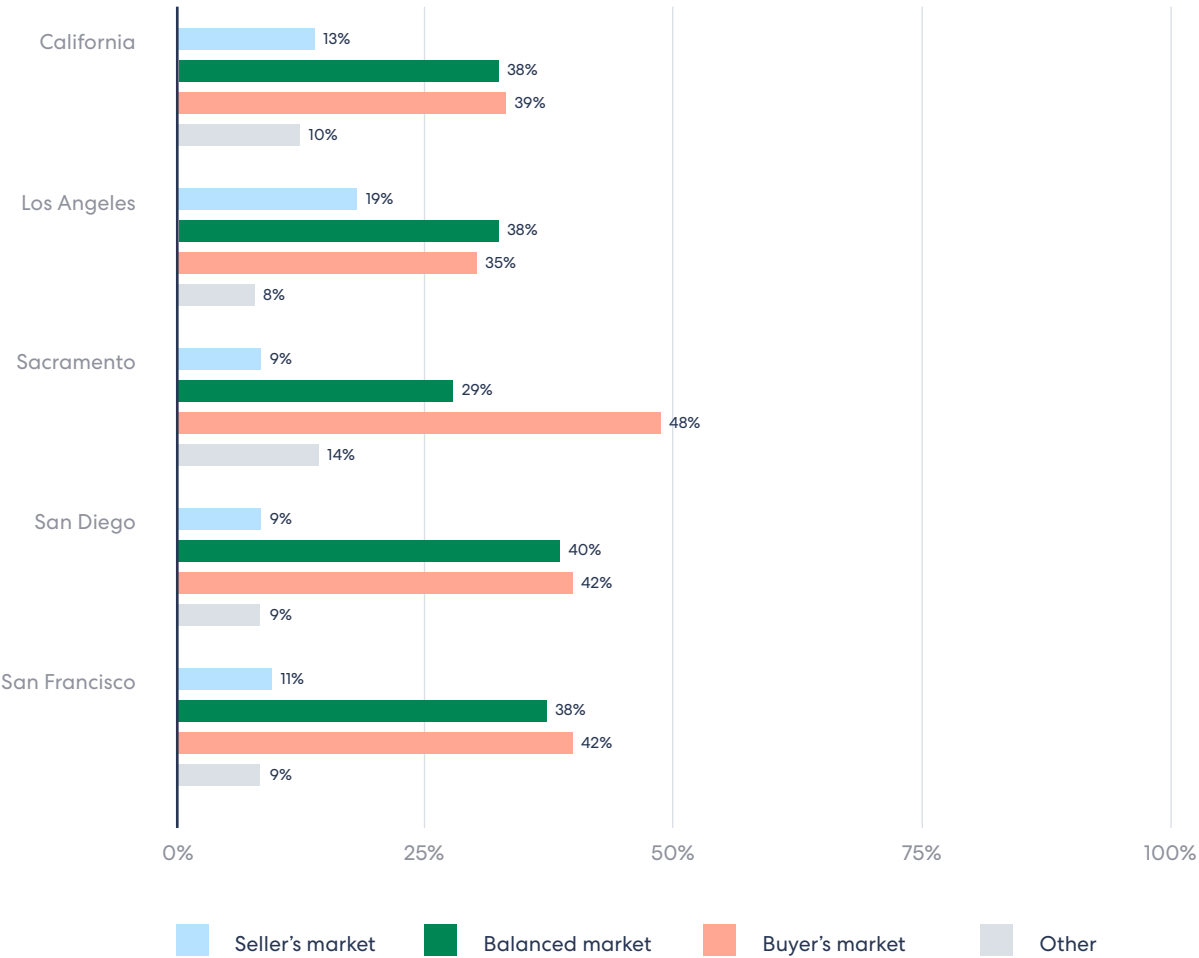
How would you **characterize** your current local housing market conditions?



In **2023**, I expect my market will be a:

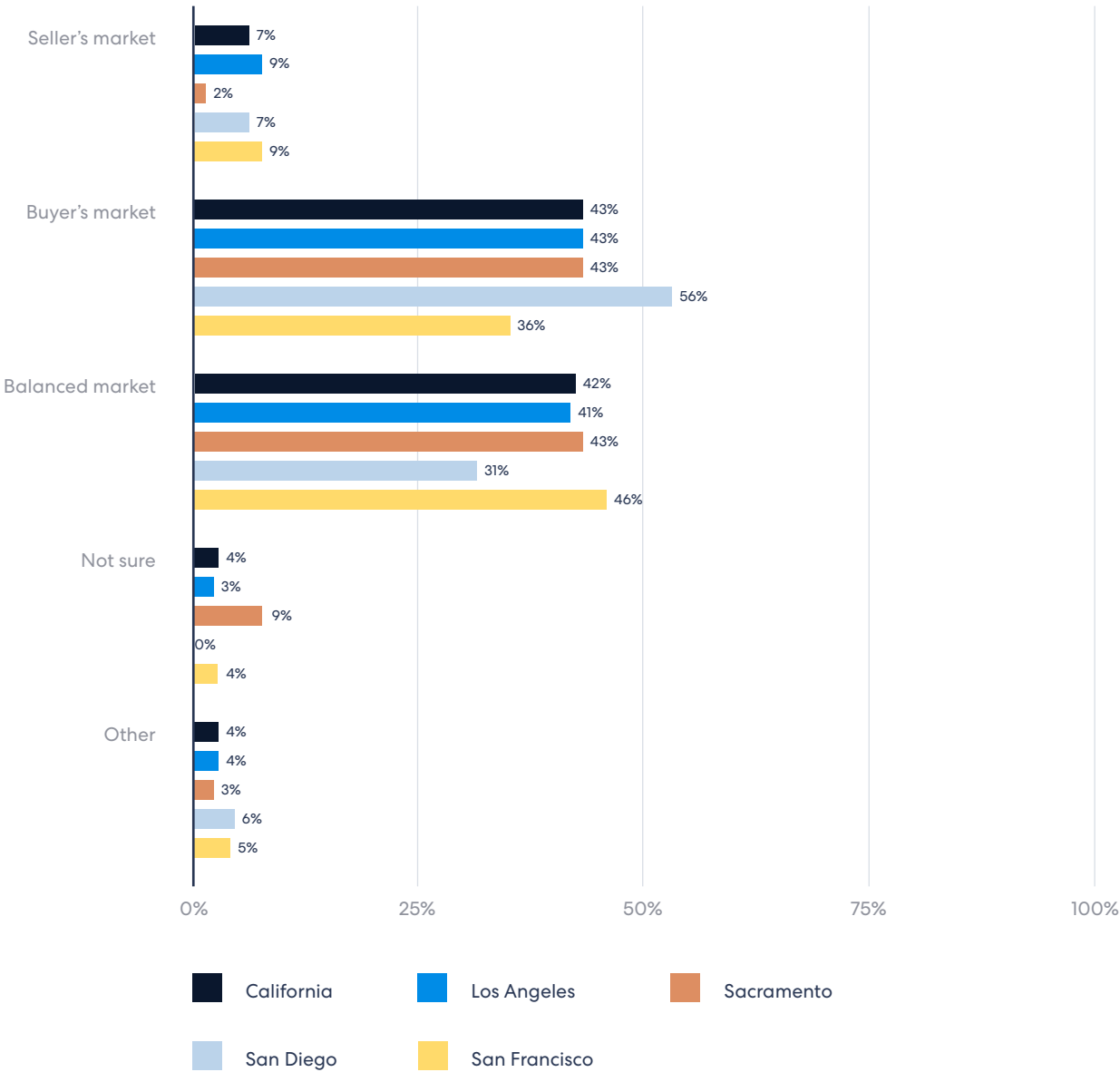


How would you **characterize** your current local housing market conditions?

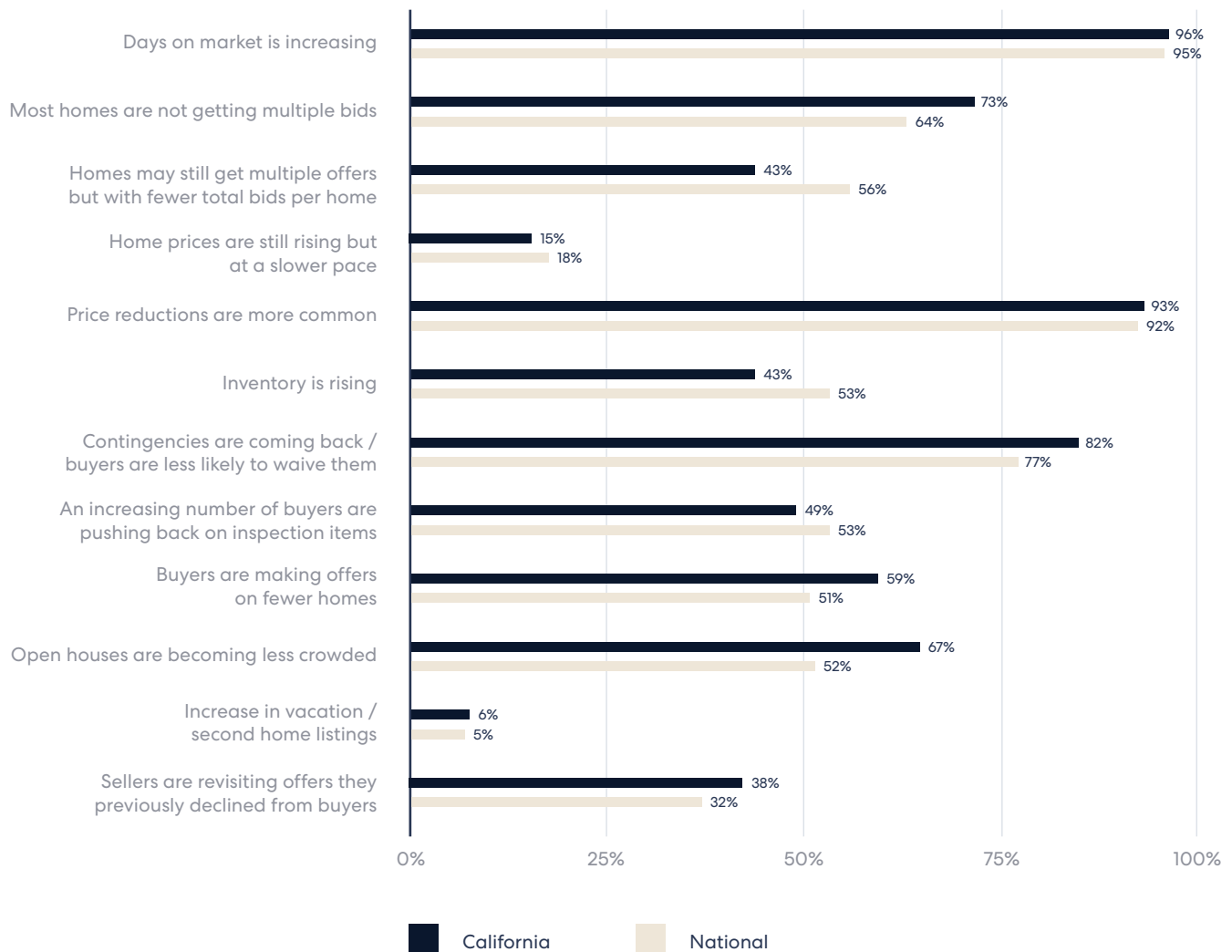




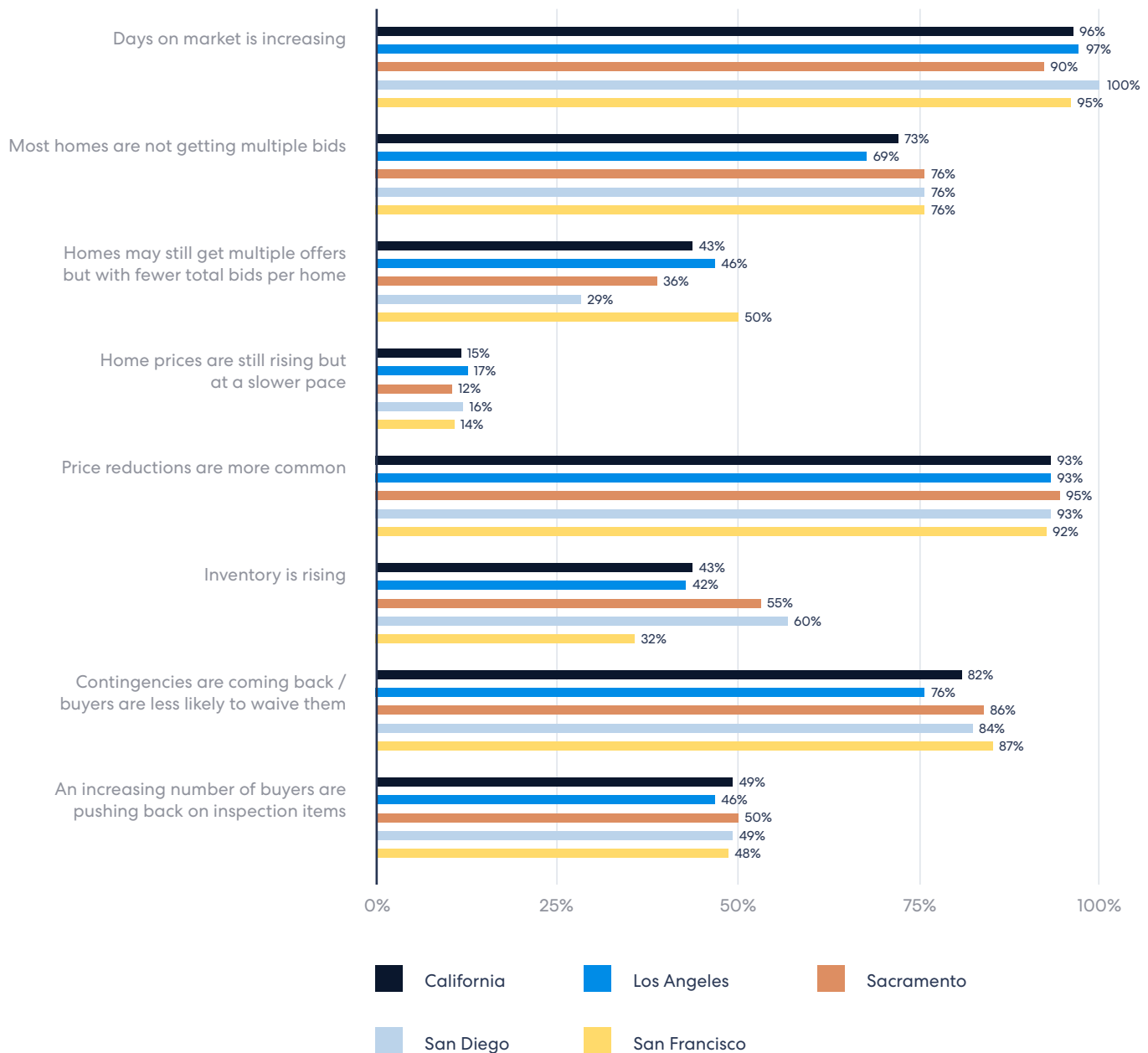
In **2023**, I expect my market will be a:



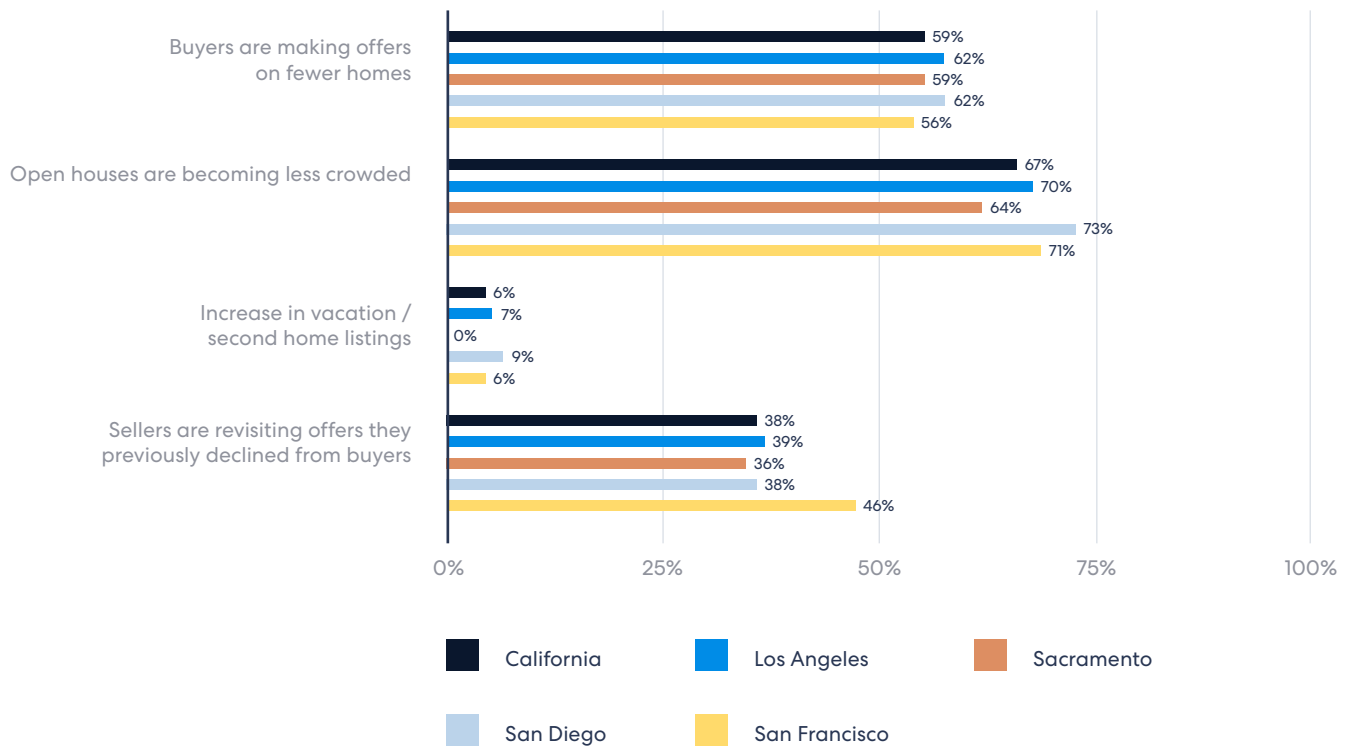
Which of the following **trends** are you seeing in your market? Check all that apply.

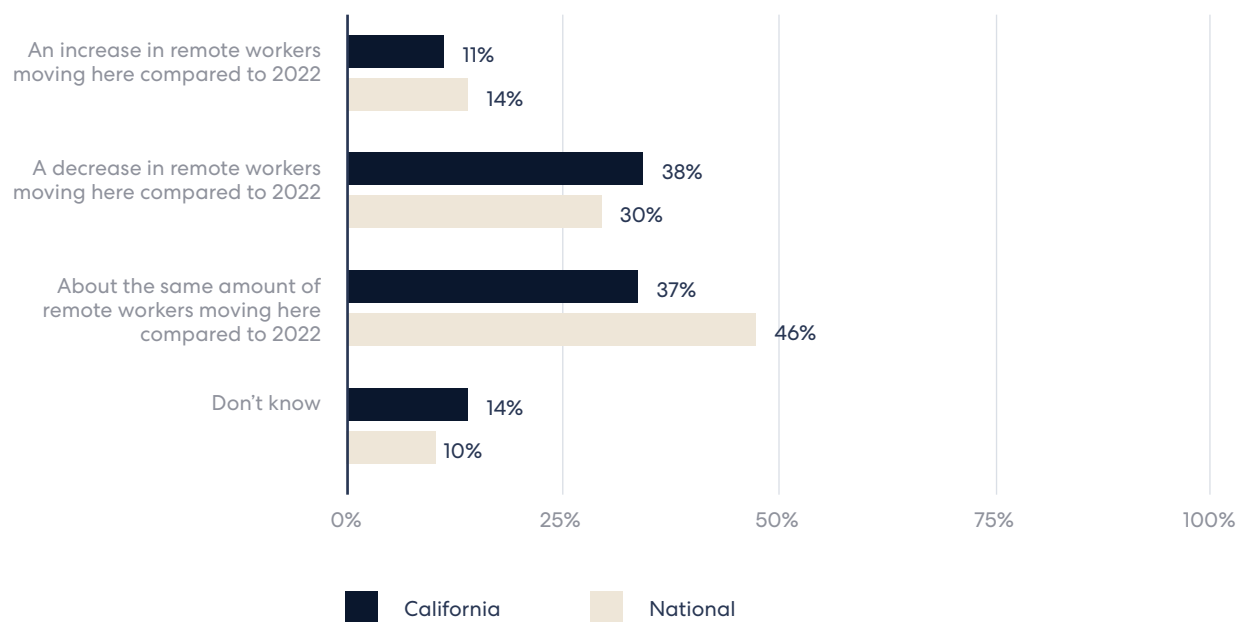


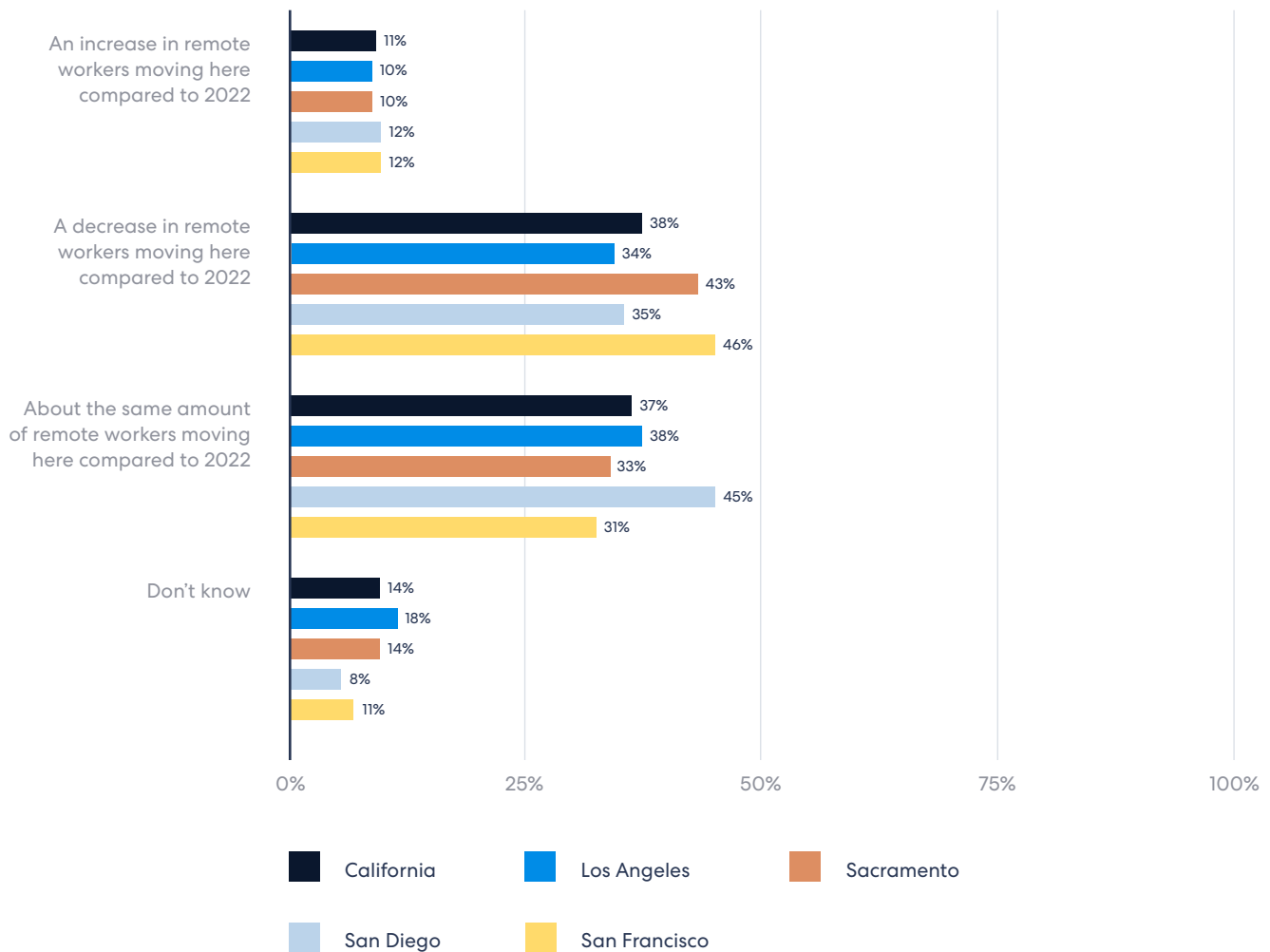
Which of the following **trends** are you seeing in your market? Check all that apply.





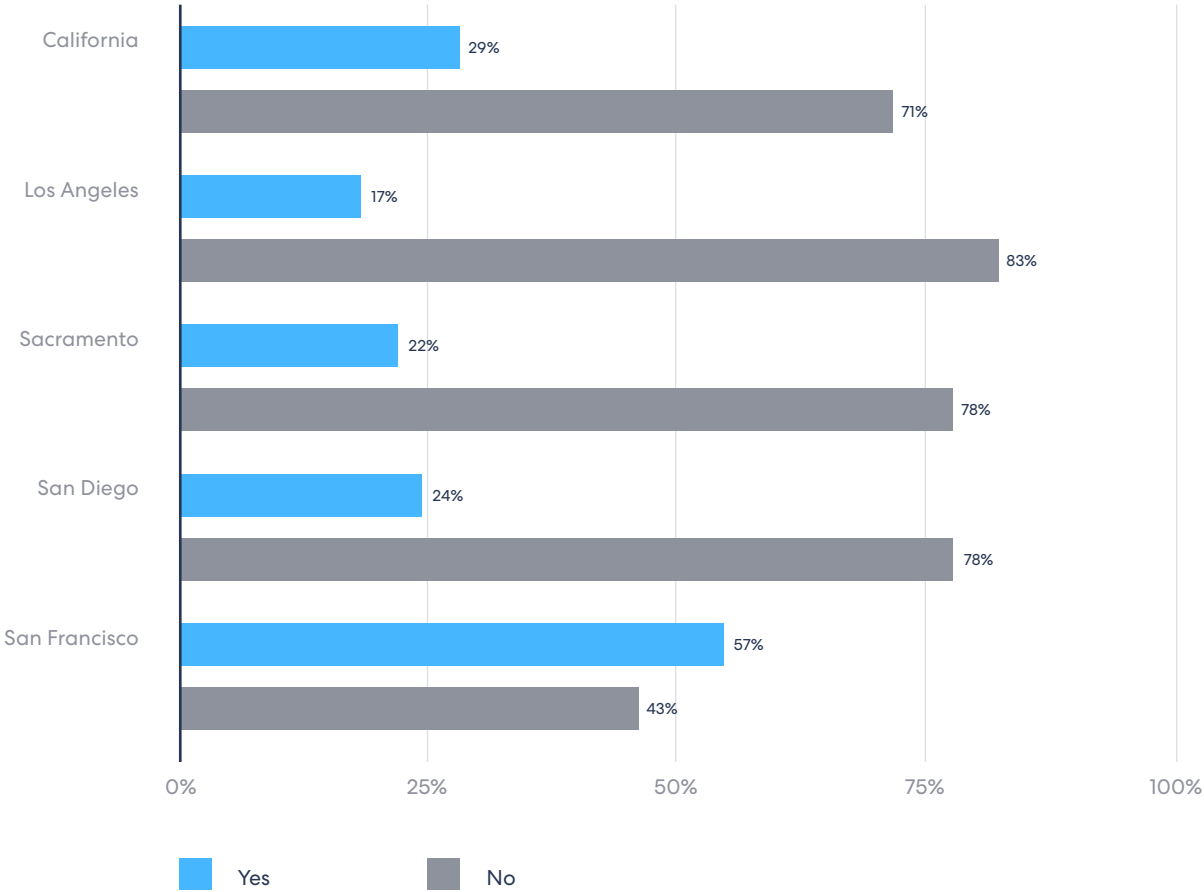


**In 2023, my market will see:**

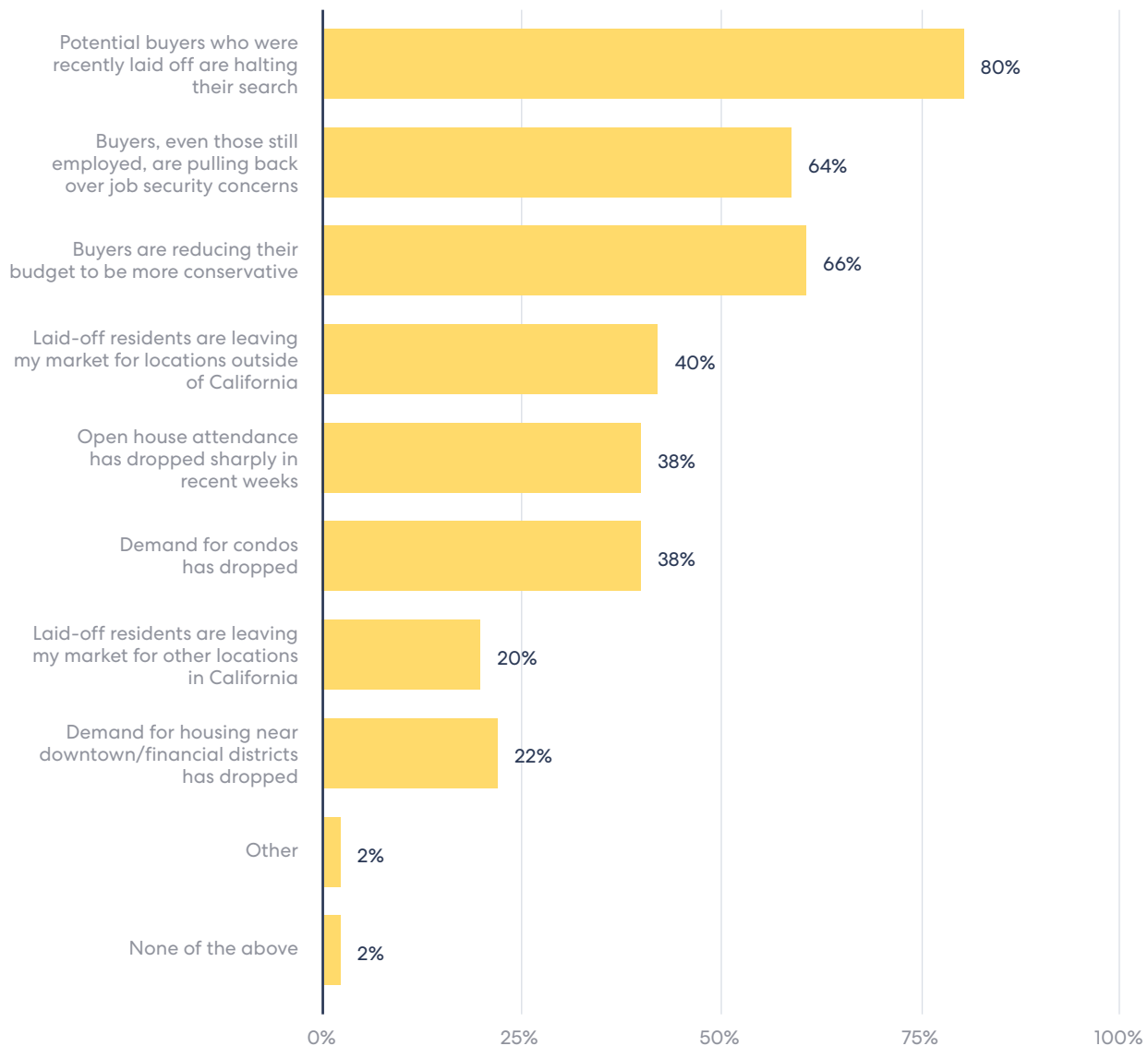
**In 2023, my market will see:**



Is the wave of recent **tech layoffs** affecting your market?

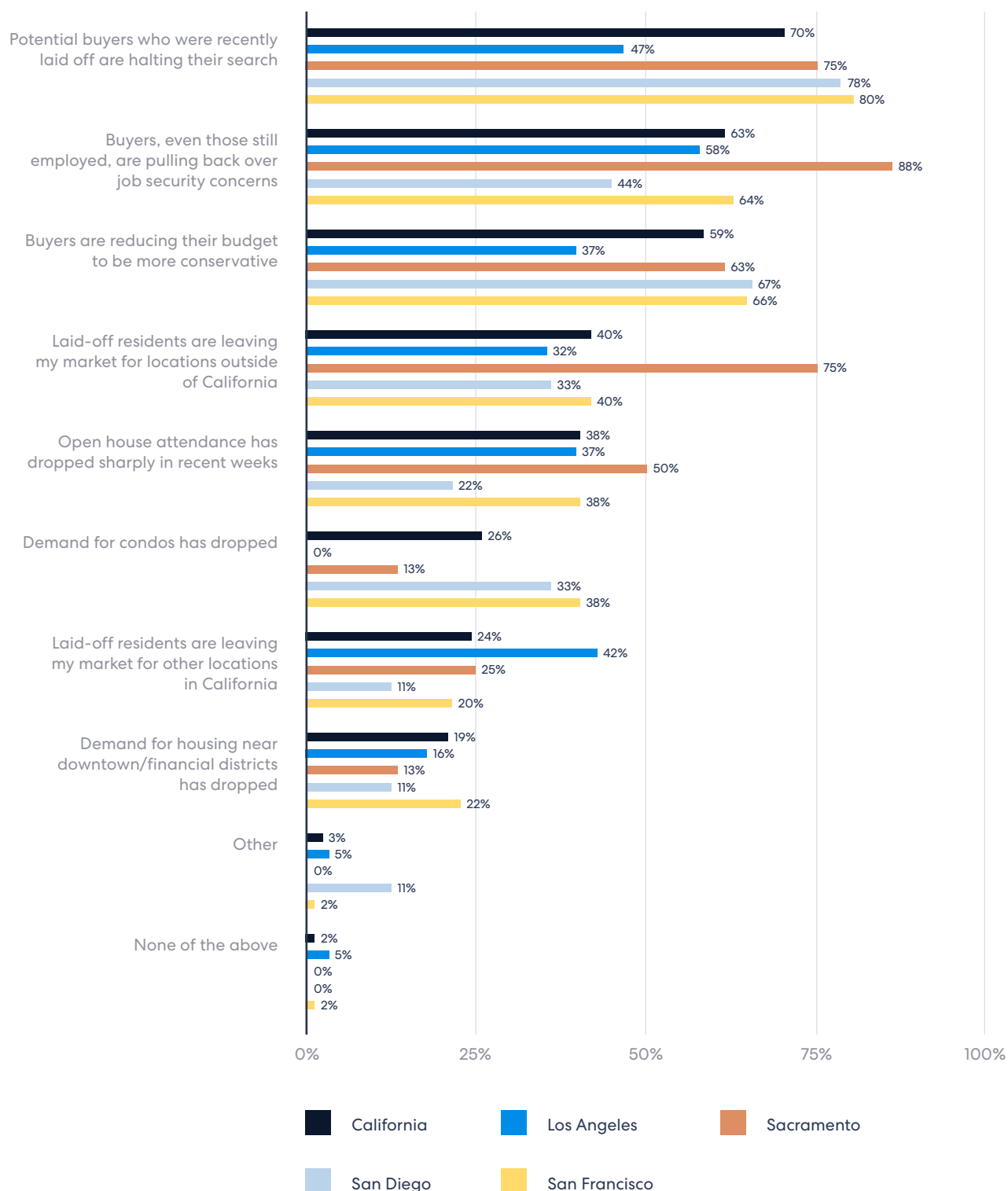


What **impacts are the tech layoffs** having on your market? Select any that apply.



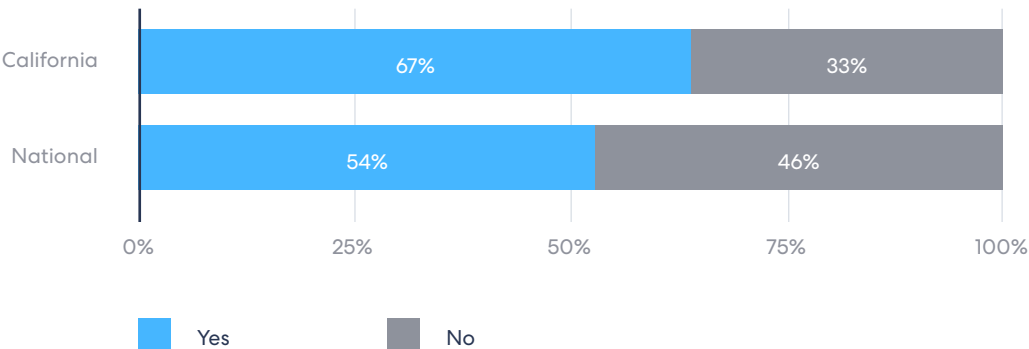
San Francisco - filtered for respondents who said the tech layoffs were affecting their market

What **impacts are the tech layoffs** having on your market? Select any that apply.

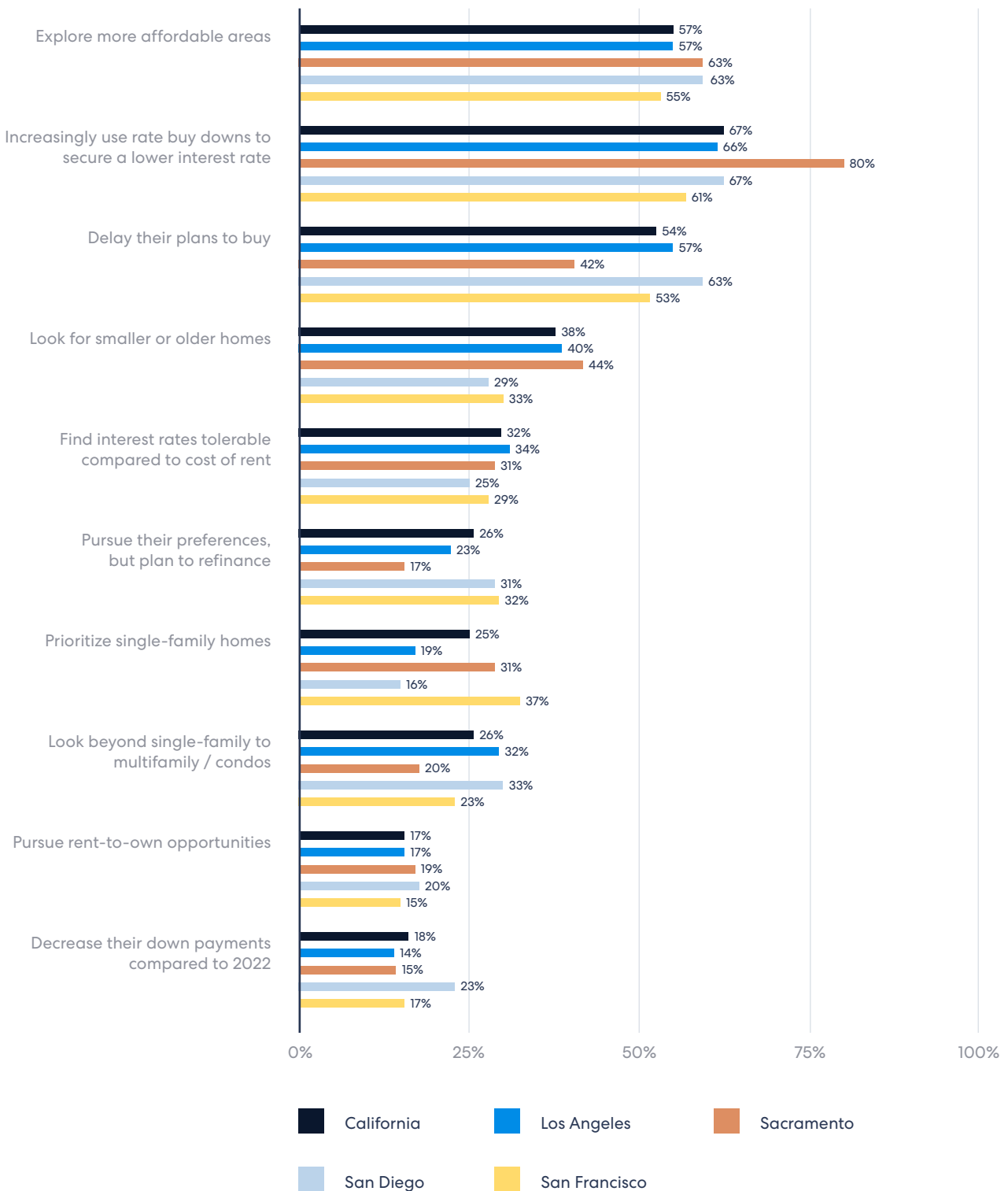


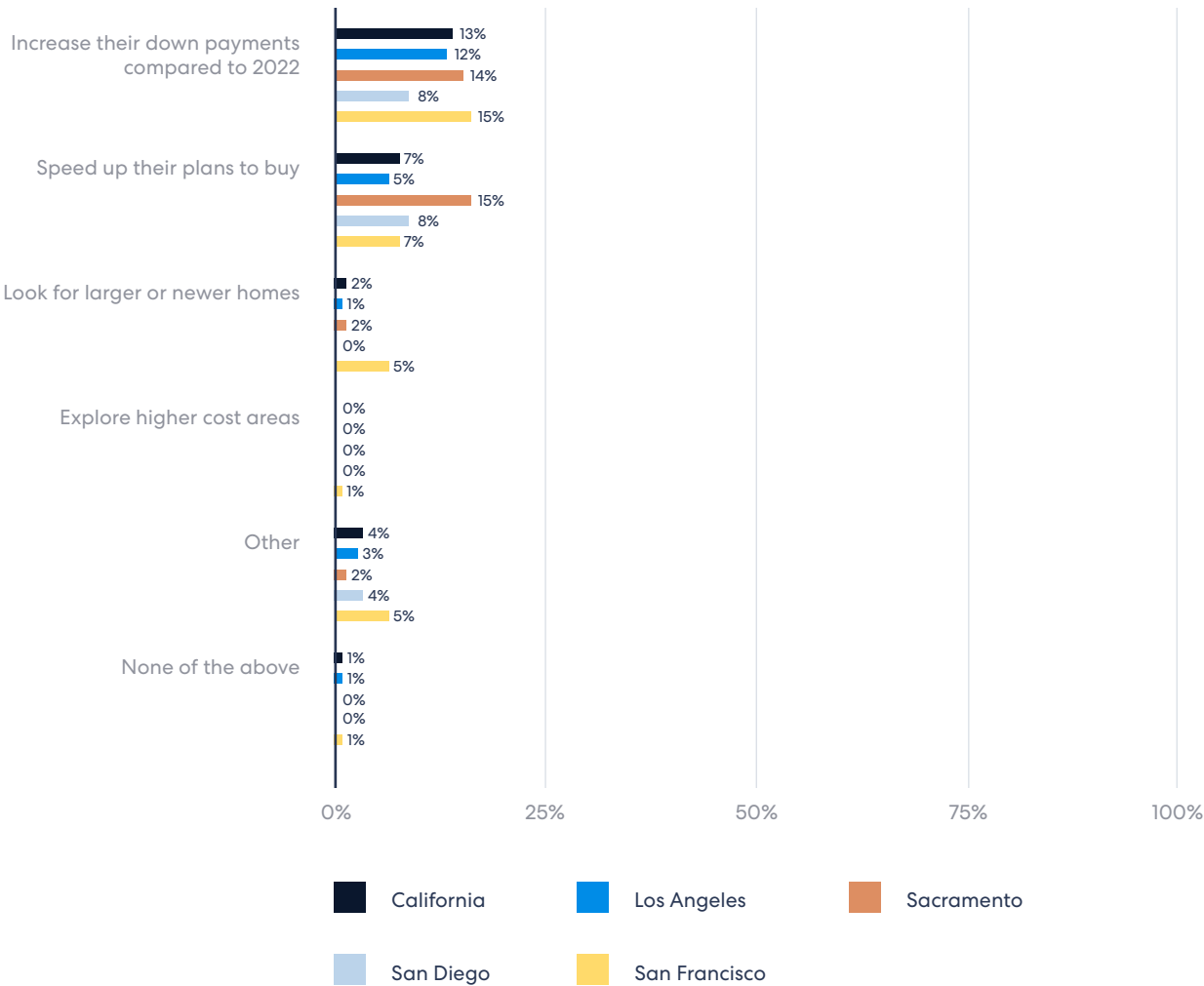
Data was filtered for respondents who said the tech layoffs were affecting their market

In 2023, first-time buyers in my market will increasingly **use rate buy downs to secure a lower interest rate:**



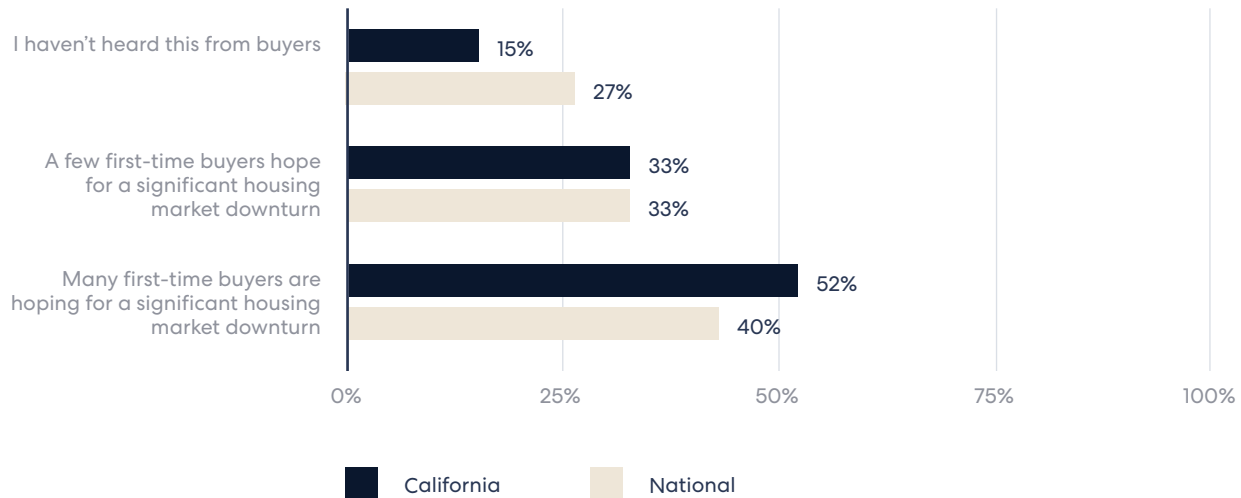
In 2023, **first-time buyers** in my market will (select any that apply):



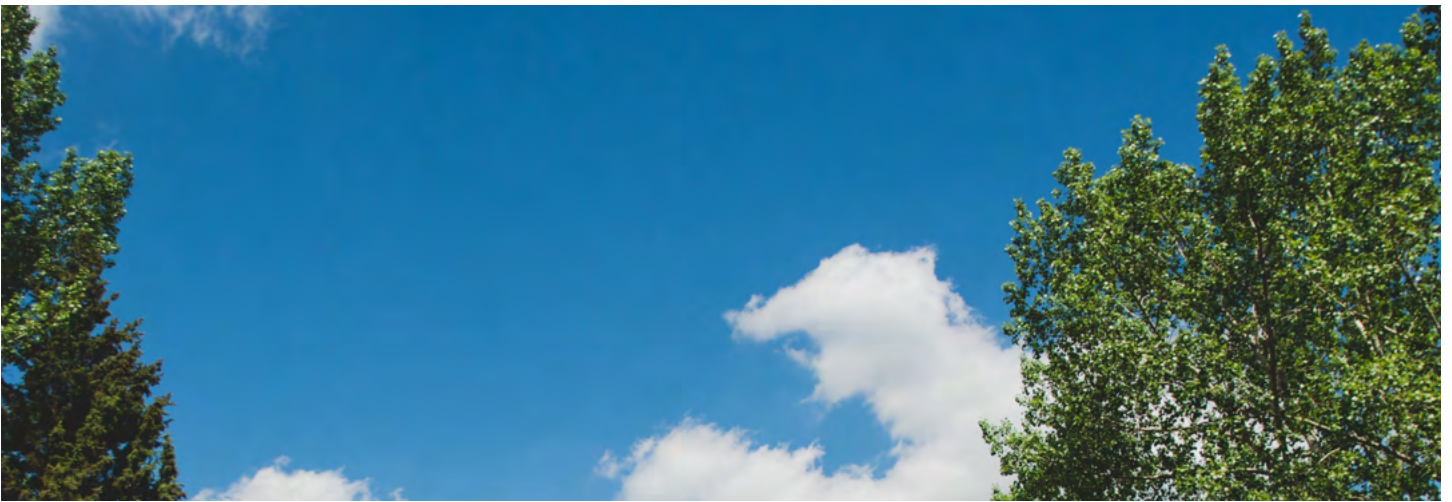




In uncertain times, sometimes gallows humor can help people cope. How common is it that you hear **first-time buyers “hoping” for a market crash** in 2023?



# Expensive mortgages spark heightened demand for ADUs



# Californians are renting out ADUs to offset higher interest rates or adding a unit to delay selling in a challenging market

It's been nearly seven years since California tore up the rulebook on accessory dwelling units (ADUs) and unlocked a new realm of housing possibilities across the state. During the most stressful times of the pandemic, these secondary living quarters were a lifeline that provided safe housing options for loved ones or were repurposed as makeshift gyms and home offices. In 2023, ADUs are getting their third wind as expensive mortgages make the ability to generate income, stay in a home longer, or split costs with family members all the more appealing.

When asked about which home renovations were trending in their area, survey participant [Irene Ryn](#), a top real estate agent in San Luis Obispo responded: "ADUs are the most popular right now. Adding a unit to the property to help with mortgages and/or sharing their property with extended family."

Also known as in-law suites or granny flats, ADUs typically take the shape of a smaller unit built onto an existing residential property with everything someone would need to live there independently; including bathroom facilities, a kitchen or kitchenette, and sleeping quarters.

Some ADUs are studios while others have one bedroom; a smaller portion have up to two. Units can be entirely detached as a backyard guest house or affixed to the main structure somehow, whether it's the garage or basement. Today, it's estimated that over [100,000 ADUs](#) are built in the U.S. each year, averaging about 400 square feet, according to a study by [Porch.com](#).

Most ADUs in the U.S. are concentrated in California

alongside Oregon, Texas, Florida, and Georgia. California's claim as a leader in the development of ADUs was solidified in 2016 when the state passed two bills ([S.B. 1069](#) and [A.B. 2299](#)), which slashed much of the red tape surrounding their construction on single-family lots. The new guidance established better permitting approval systems, stripped out onerous parking rules, and overhauled impractical design requirements.



Practically overnight, the process to build more precious housing became easier by leaps and bounds. Moving forward, local regulators generally [cannot impose ADU policies](#) that are more restrictive than what the state deems acceptable. And people have taken advantage of the opportunity. From 2017 to 2019, [ADU numbers in California](#) increased 11-fold. From 2018 to 2020, [22,695 ADUs](#) were added to the state's housing supply, according to California ADU.

A [map of ADU permitting rates](#) in California shows constellations in both rural and major metro areas along the coast. LA is the city with the [greatest number of ADUs](#), accounting for [20% of new units as of Q4 2022](#). There are also clusters of ADU



development in the Bay Area with rising interest in the [North Bay](#); however, San Francisco has been slower to jump on the trend compared to LA. ADU density in Sacramento is [thinner but growing](#), while San Diego officials recently proposed [loosening the rules](#) around where these units can be built to incentivize their construction.

All in all, ADUs offer much-needed flexibility whether someone is looking to offset cost challenges when buying a home or remain where they are to avoid entering today's challenging housing market. Our survey indicates four factors creating demand for ADUs in 2023:

### 1. Gen Z and millennial house-hacking

Agents in our survey estimate the average budget for a starter-home buyer is \$705,500 for the state of California, compared to [\\$410,000 nationally](#) (as collected in a previous HomeLight survey). In San Francisco, agent estimates for starter-home budgets rise to \$903,100, while Los Angeles (\$734,700) and San Diego (\$609,000) are still pricey. As a workaround to the sticker price of homes in the Golden State on top of higher interest rates, younger buyers are increasingly gravitating toward homes with income-generating potential.

"Interest rates are currently a huge factor in this cooling market," comments survey participant [Kristi Ramirez-Knowles](#), a top real estate agent in Redondo Beach. "There is a large growing audience with BiggerPockets and Future Flippers, which has helped to educate and motivate the millennials (especially the younger segment) as potential buyers to enter into the housing market in a unique way. I believe there will be an uptick in the younger bracket of millennials purchasing investment properties. They will purchase a multifamily home, purchase homes with an ADU or add one to a home, purchase a home to flip it, and/or buy a home to rent out. They are interested in multiple options to break into real estate."

For this generation of younger buyers, we asked agents for their opinion on where buyers in the state could find

the best deals on homes in 2023. The most common answer we received was Sacramento. While 40% of agents in California expect starter-home inventory to increase in their markets in 2023, this number rises to 57% in Sacramento. Agents in Sacramento estimate that the average budget for a starter-home buyer in their market is a more approachable \$405,300.

Agents we surveyed also recommended the Inland Empire (including San Bernardino, Riverside, and Menifee); Bakersfield; Stockton; and certain areas of San Jose including Berryessa or Blossom Valley for bargain hunters — though some cautioned that even in these areas, buyers are getting pushed to the outskirts.

"My area in Southern California (the Inland Empire) has historically been a first-time homebuyer's market," comments survey participant and top real estate agent [John Goga](#). "Higher home prices in the past couple years coupled with higher interest rates now have pushed a large band of typical homebuyers further out. Because many work in San Diego, Orange County, and even Los Angeles, this has added to the already lengthy and painful commute to work for many."



### 2. Multigenerational purchases

Many agents in our survey spoke to the rising trend of multigenerational relatives purchasing homes together. One survey respondent based in Los Angeles, who chose not to provide their name, urged homeowners to "put in an ADU — or figure out how

to add a lower level primary suite. A growing number of buyers are multigenerational and you will make your money back by providing what they want.”

“While baby boomers are in the process of downsizing, many Gen Z buyers are opting for real estate that accommodates parents and/or grandparents in ADUs or larger homes with private quarters,” added survey participant [Hugo Chinchay](#), a top real estate agent in Redlands.

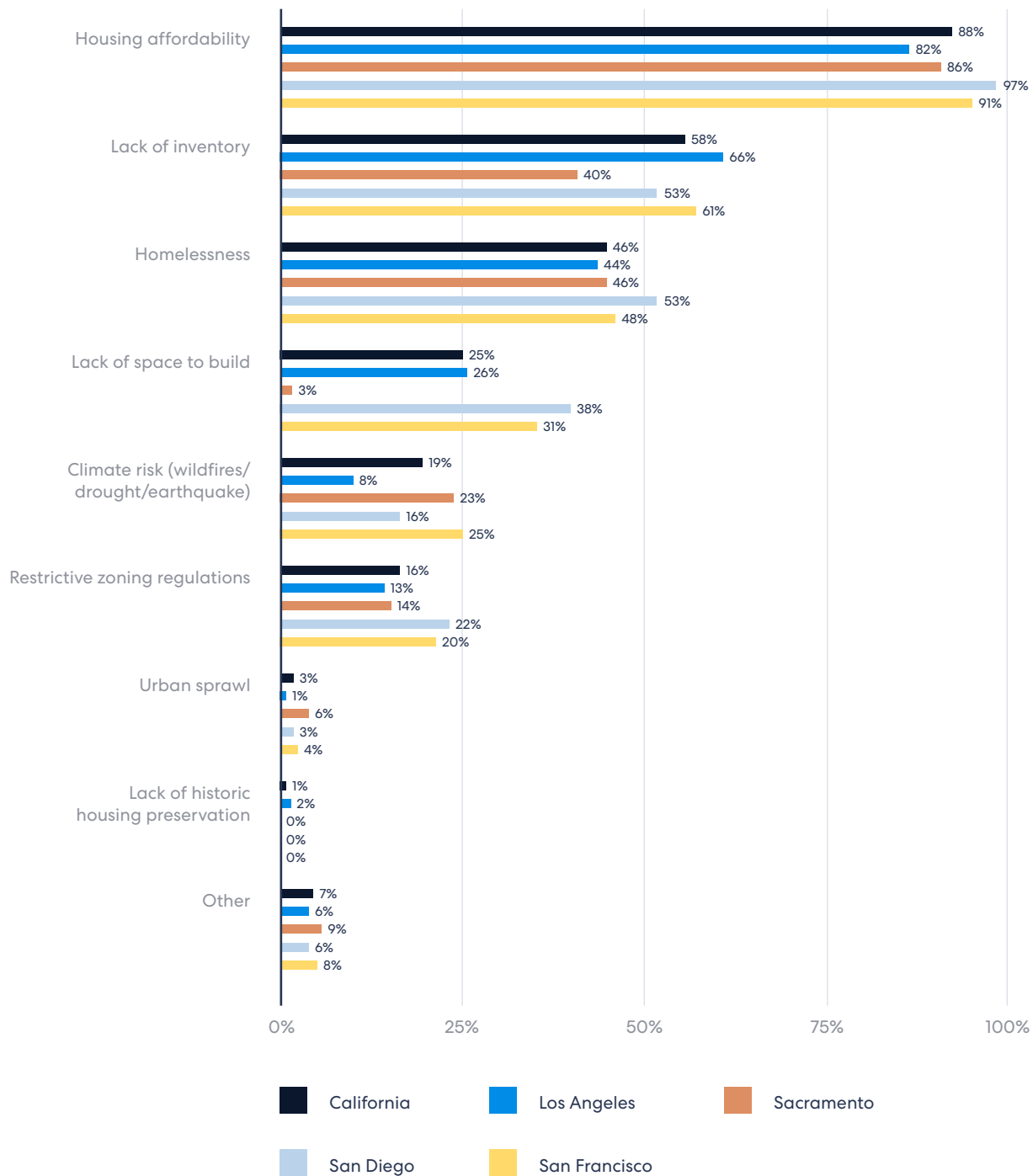
### 3. Stopgap to ride out the market

53% of agents in California expect homeowners with significant equity to prioritize room additions, home expansions, or room conversions (family room into a bedroom, or bedroom into a home office) to avoid selling their home in 2023. 35% of agents in California expect retirees to adapt their home for intergenerational living (by creating an ADU or expanding the property) in 2023, compared to 22% nationally. This number increases to 43% among agents in San Diego and 41% among agents in Sacramento.

### 4. Future resale incentive

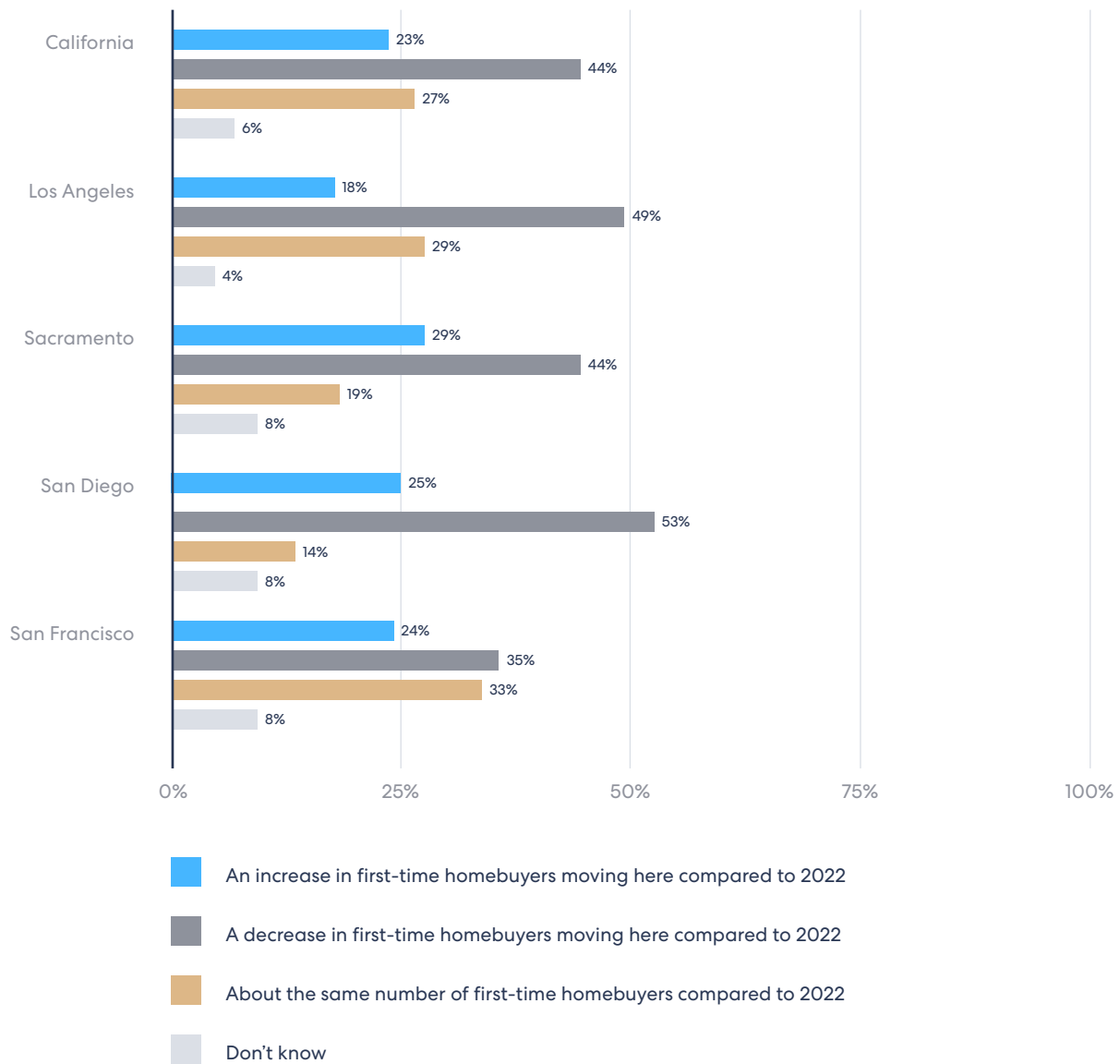
It's tough to be a seller right now, but if you have an ADU to market in your listing, that helps. California agents surveyed by HomeLight estimate that an ADU adds nearly \$138,000 in resale value to a property. Of the metros studied, they are worth the most in San Francisco (\$169,200), followed by Los Angeles (\$128,000), San Diego (\$152,300), and Sacramento (\$95,600). Since homes with an ADU are likely to have heightened demand compared to properties without one, sellers may see more buyer interest, helping to command a better price in a down market. Even if you don't have a full-blown ADU, survey participant [Marty Griffith](#) — a top real estate agent in Oakland — recommends steps such as “staging the garage or extra space as a studio.”

What do you believe are the most **pressing housing issues** facing your community? Select any that apply.

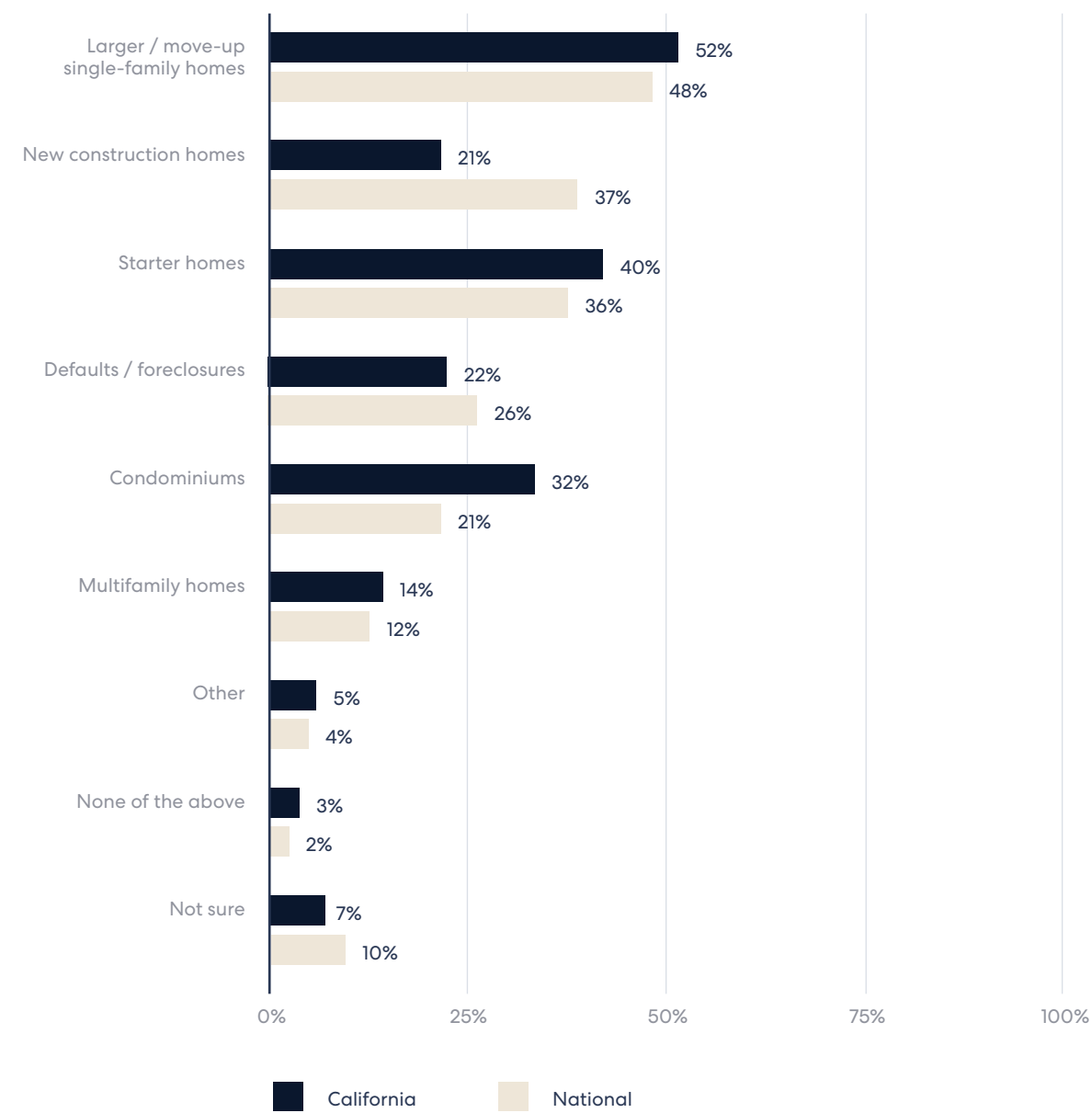




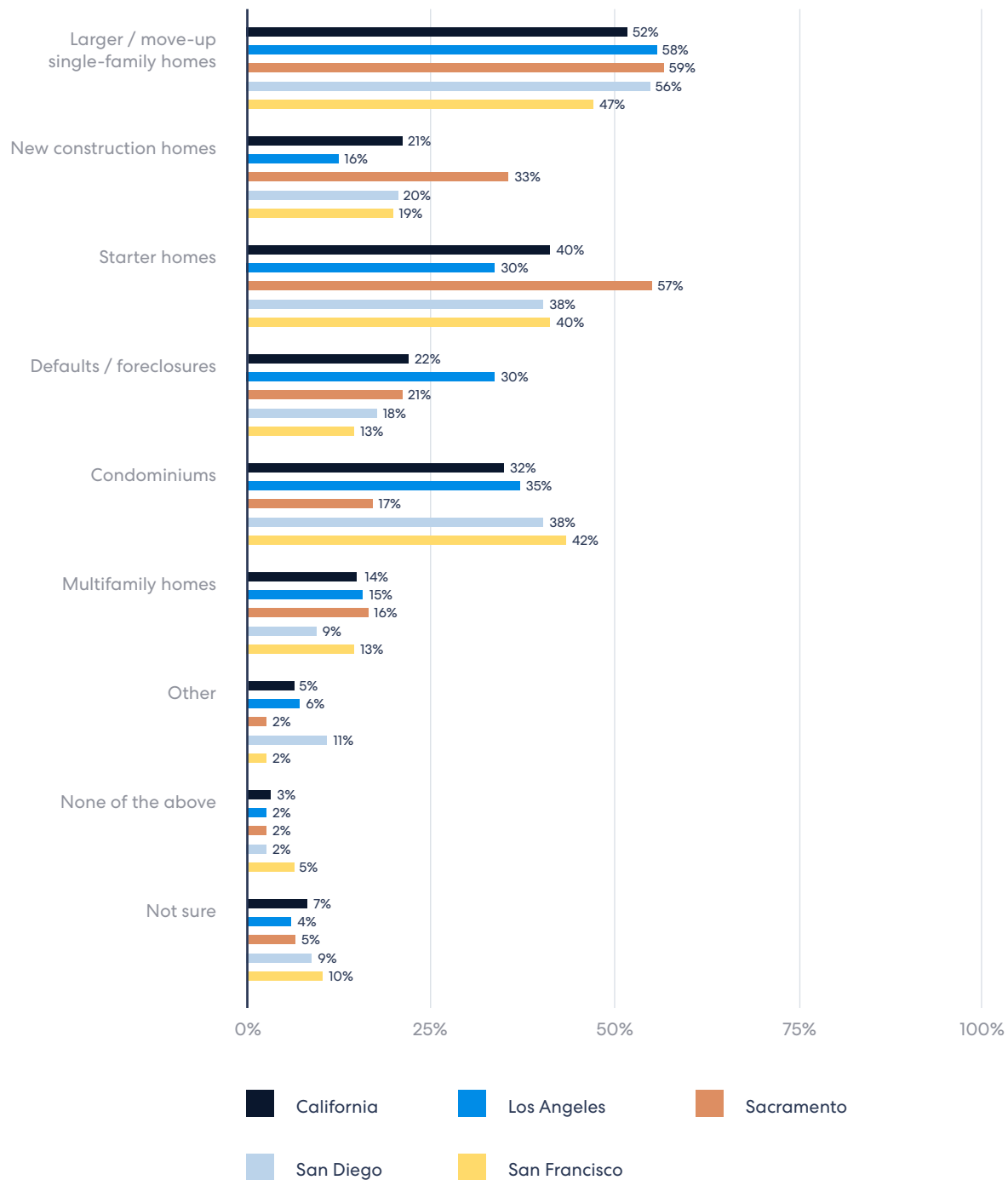
In **2023**, my market will see:



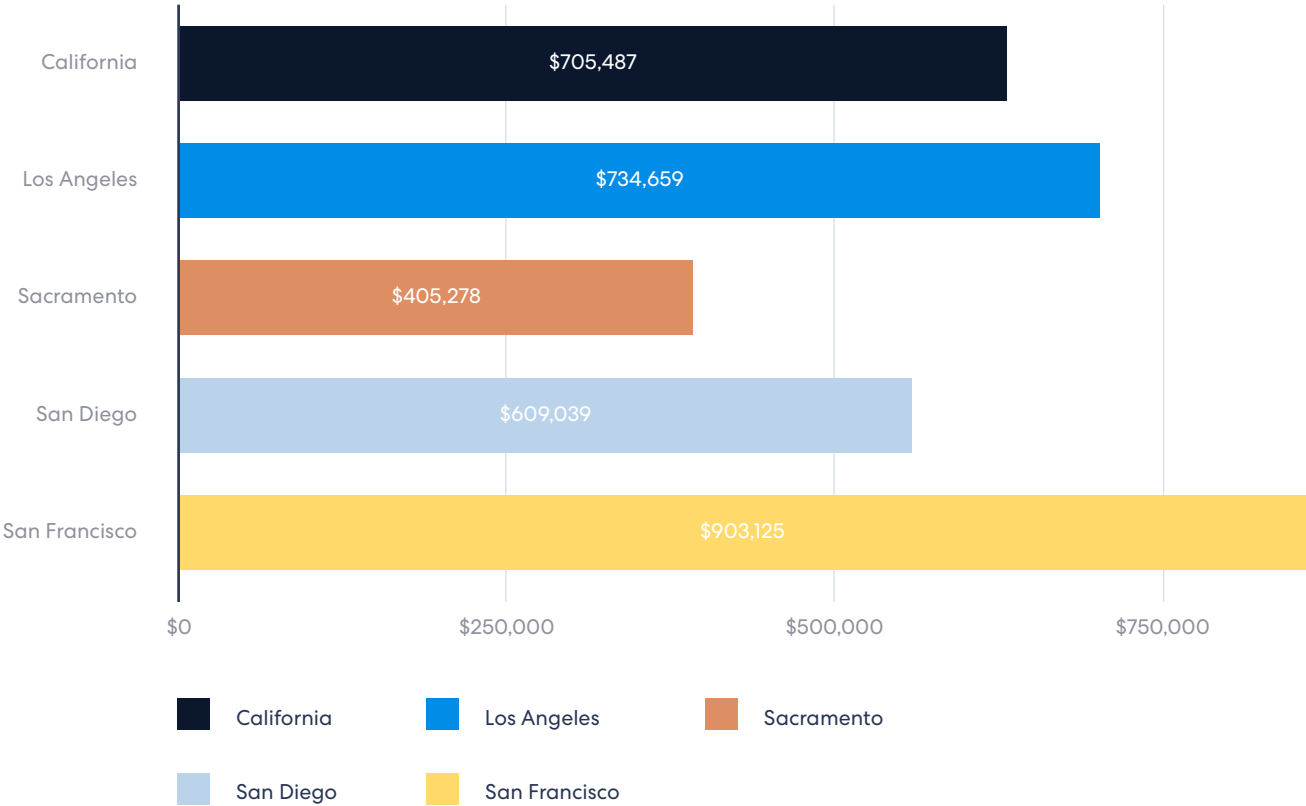
In 2023, I expect inventory in my market to **increase the most for** (select any that apply):



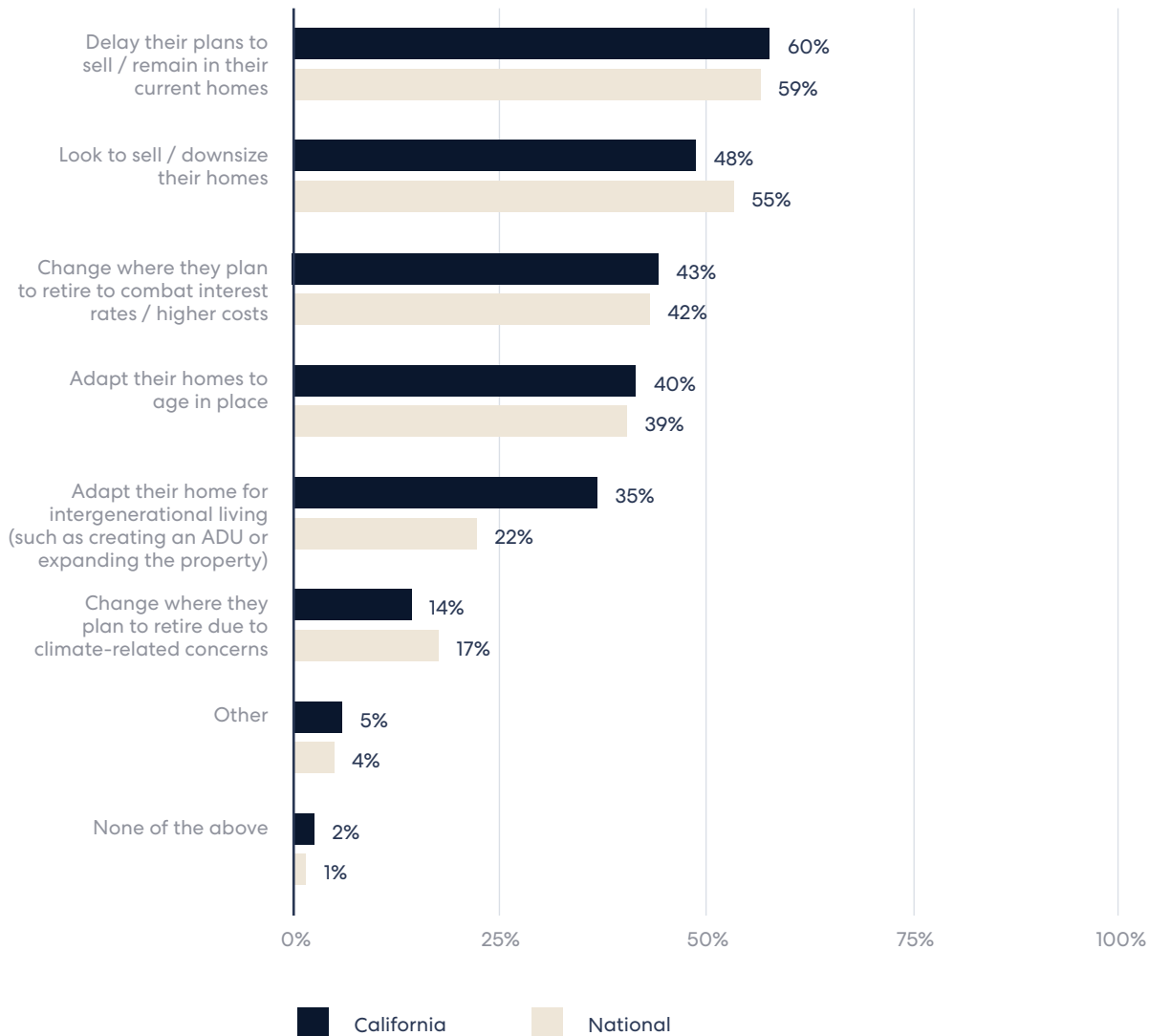
In 2023, I expect inventory in my market to **increase the most for** (select any that apply):



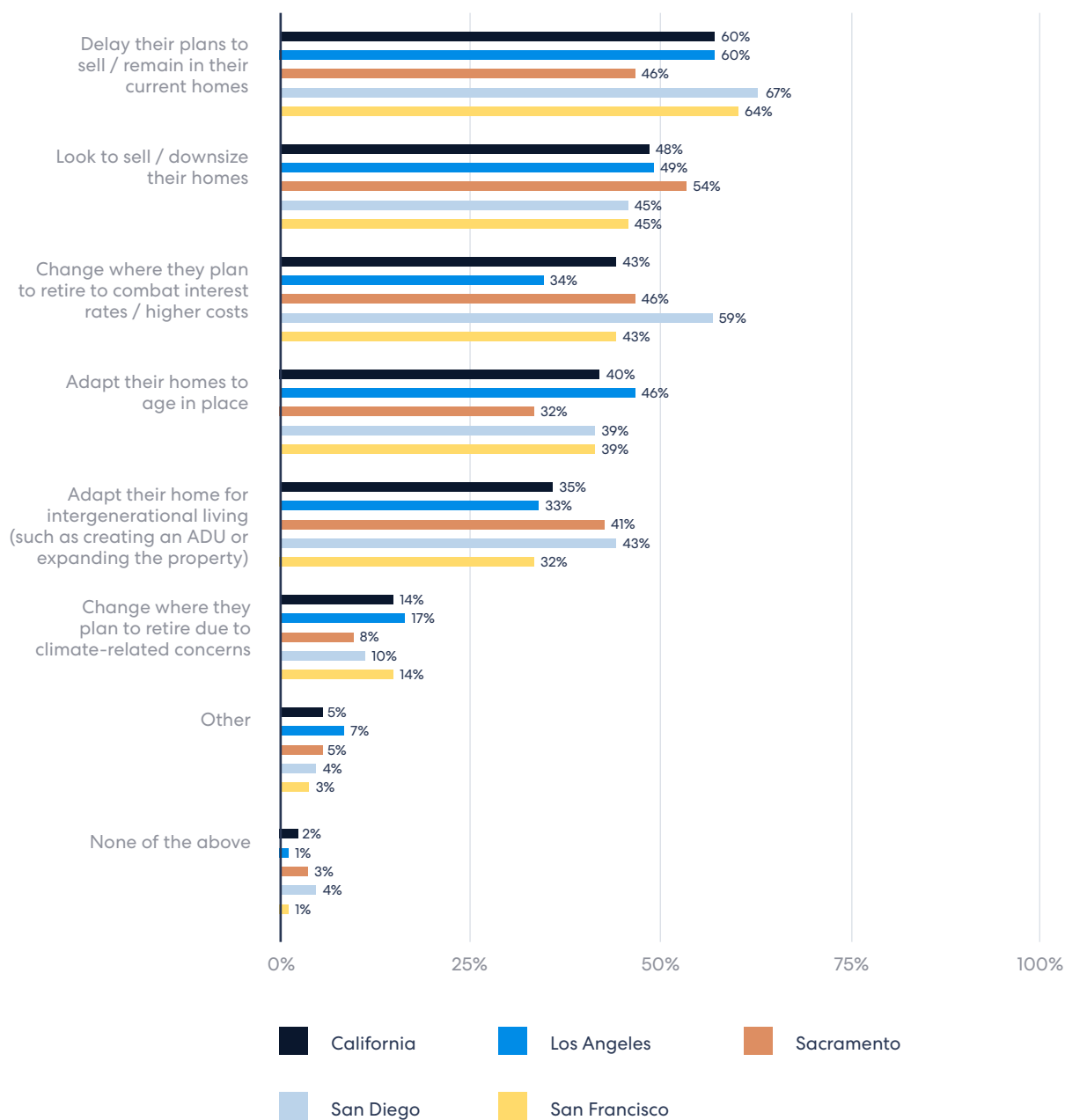
What is the **average budget of a starter-home buyer** in your market?



In 2023, I expect **retirees will increasingly** (select any that apply):

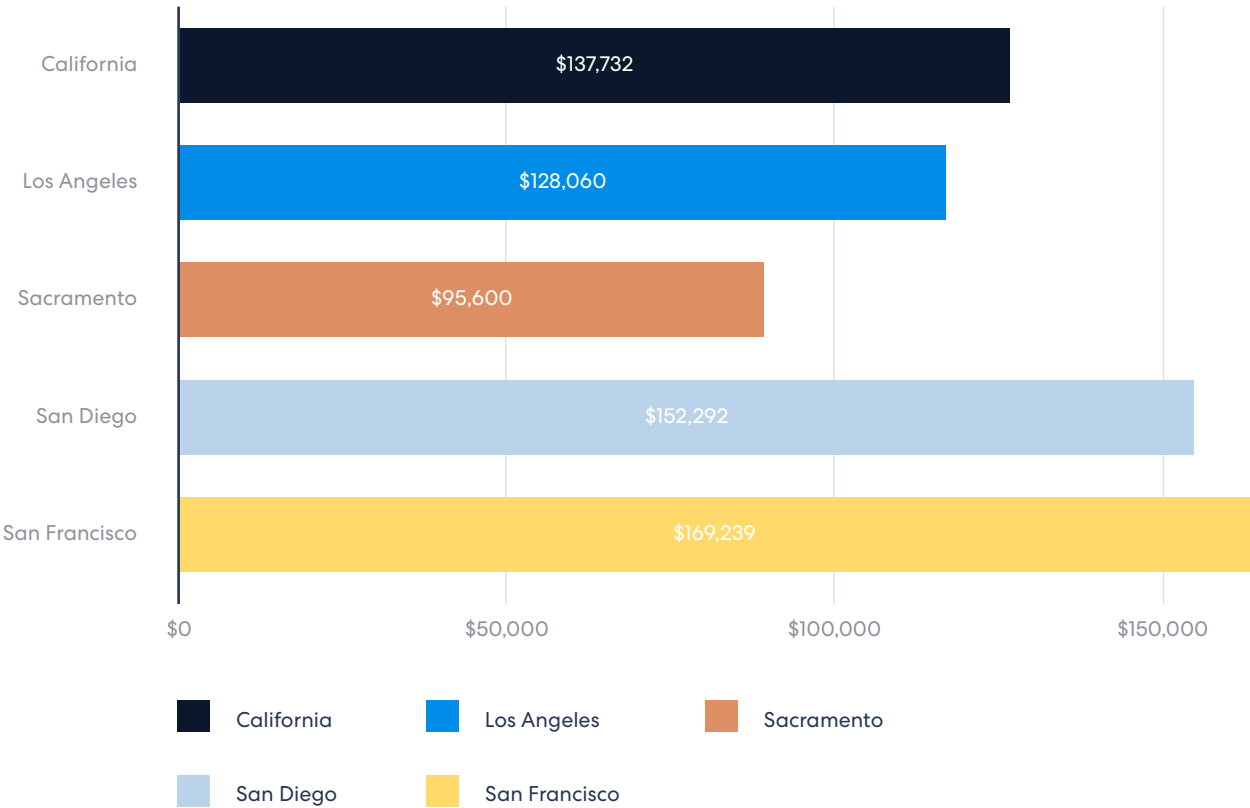


In 2023, I expect **retirees will increasingly** (select any that apply):





How much **resale value** does an ADU add to a property in your market on average?



# Beds, baths, and climate risk: The evolving criteria for California buyers



# Concerns over wildfires, droughts, floods, and other natural hazards bubble to the surface of California real estate

Climate risk is often brushed off as something that we can worry about later. However, according to our survey, Californians (or those who aspire to move to the state) are already thinking about it when it comes to making decisions about real estate. 57% of agents we surveyed in California say that people have become increasingly aware of climate risk when deciding where to move. This jumps to 73% for agents in San Francisco and 69% for agents in Sacramento. 43% of Los Angeles agents and 45% of San Diego agents say this is true for their market.

The Northern region of the state is the most aware of climate risk (with 73% of agents saying it's top of mind), followed by the Central region (50%), and finally, the Southern region (44%). 32% of agents in Central California and 26% of agents in Northern California believe that climate risk (wildfires/drought/earthquakes) is one of the most pressing housing issues facing their community, compared to 10% in Southern California.

"Parts of Northern California have been devastated by wildfires, and risk and insurability are a necessary topic of conversation and disclosure," comments survey participant [Andrew Oldham](#), a HomeLight Elite agent in San Jose. "We are also seeing more and more concern about sea level rise, as it has a big impact on many neighborhoods in the San Francisco Bay Area."

Most recently, the state has been hammered by [400%-600% more rainfall than normal](#), with damage from the storm predicted to [exceed \\$1 billion](#) (though the [Southern California flood of 1938](#) was deemed to be worse). The past year for wildfires has been classified as [unusually quiet](#), but experts are saying not to trust it as a trend. With every recurring wildfire season, the possibility of megafires looms from wine country to SoCal, with over [1.2 million homes](#) in the state classified as at wildfire risk. Real estate agents are already quite familiar with how a home's level of risk must be handled in a sale — California has a





natural hazard [disclosure form](#) dedicated entirely to documenting a property's risks of fires, floods, and earthquakes.

Our survey uncovers the top three ways buyers and sellers in California are thinking about climate risk:

### 1. Insurance

65% of agents in California say rising insurance costs / ability to insure a home in the future is a top climate-related concern among buyers and sellers. This is true for 73% of agents in San Francisco, 72% in Sacramento, 71% in San Diego, and 56% in Los Angeles.

“Buyers are avoiding homes in high-fire-risk areas because of the inability to get good insurance,” comments survey participant [Meg Middleman](#), a top real estate agent in South Pasadena. “They do not want to opt for the California Fair Plan.”

Middleman refers to the private association in California that offers basic home insurance coverage for homeowners with high-risk homes who can't find insurance on the traditional market. The Fair Plan [has been criticized](#) for having policy loopholes (such as differentiating smoke damage from fire damage) and being too expensive.



California's Insurance Commissioner [continues to issue orders](#) that prevent insurers in the state from dropping

high-risk homes from their policies; however, it's unclear how long this solution will remain viable.

“Home insurance in high fire zones is harder to secure and very expensive,” comments survey participant [Amber Russell](#), a top real estate agent in Monterey. “High fire zones continue to expand every year.”

### 2. Personal safety

Second to insurance, 30% of California agents say personal safety is one of the top climate-related concerns among clients. This concern is the highest in San Francisco, with 40% of agents citing it as a top concern. 20% of agents in San Francisco also say that the ability to manage a higher-risk home at an older age (such as difficulties in evacuating, handling repairs, etc.) is a top concern among buyers and sellers in the area.

In addition, 29% of agents say that buyers and sellers are cognizant of the increased costs of owning a high-risk home — such as installing flame-resistant roofs or earthquake-proofing measures.

“I believe as time goes on and we have more natural disasters, people will be less likely to move into these areas unless they have an abundance of financial resources,” comments survey participant [Sheila Ananeh-Firempong](#), a top real estate agent in Pasadena.

### 3. Costly repairs and resale value

29% of agents across California (a number that jumps to 38% in San Francisco) also say clients are weighing the risk of declining resale values for higher-risk homes.

Determining how climate risk impacts resale value is fickle. In some cases, the added risks reduce the desirability of the home and therefore bring the value down. But because high-risk homes (in California and other coastal states) are often in areas with high

demand and meager supply, these homes, by nature, are often worth more.

Survey participant [Donna Nordby](#), a top real estate agent in Sonoma County, describes the contradiction: “Climate change is affecting the world. After COVID, folks are not returning to the office and want a relaxed and comforting environment. Therefore they want homes near water, in the trees, in the mountains where they can enjoy. These homes are subject to adversity due to climate change. When there is climate change, there is risk. Where there is risk, the cost of insurance is great, which leads to unaffordable housing.”

33% of California agents we surveyed say that climate risk impacted the resale value of homes in their area in 2022. 20% say that the resale value of homes decreased due to the higher risks of natural disaster and extreme weather. 13% say the resale value for higher-risk homes increased due to lack of inventory and high demand for the area.



Agents across California estimate that homes with increased climate risk can be worth anywhere from 15% less to 18% more than what's average for the area.

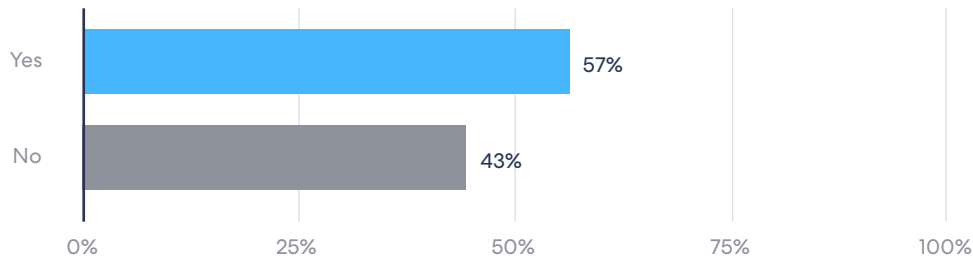
- In Sacramento, 58% of agents say resale values for high-risk homes decreased in 2022, nearly triple the average for the state as a whole. In Sacramento, agents saw a 17% drop in resale values for homes in areas with a higher risk for climate-related events such as droughts and wildfires.
- Agents in San Francisco (20%) were more likely to see a decline in resale values for homes in riskier locations than San Diego (13%) or Los Angeles (11%). In San Francisco, agents estimate that higher-risk homes lost 16% in resale value in 2022.

24% of agents in California say clients are considering the importance of investing in energy-efficient features to cut energy bills and reduce pollution, a number that jumps to 31% for agents in San Francisco.

## Climate becomes harder to ignore

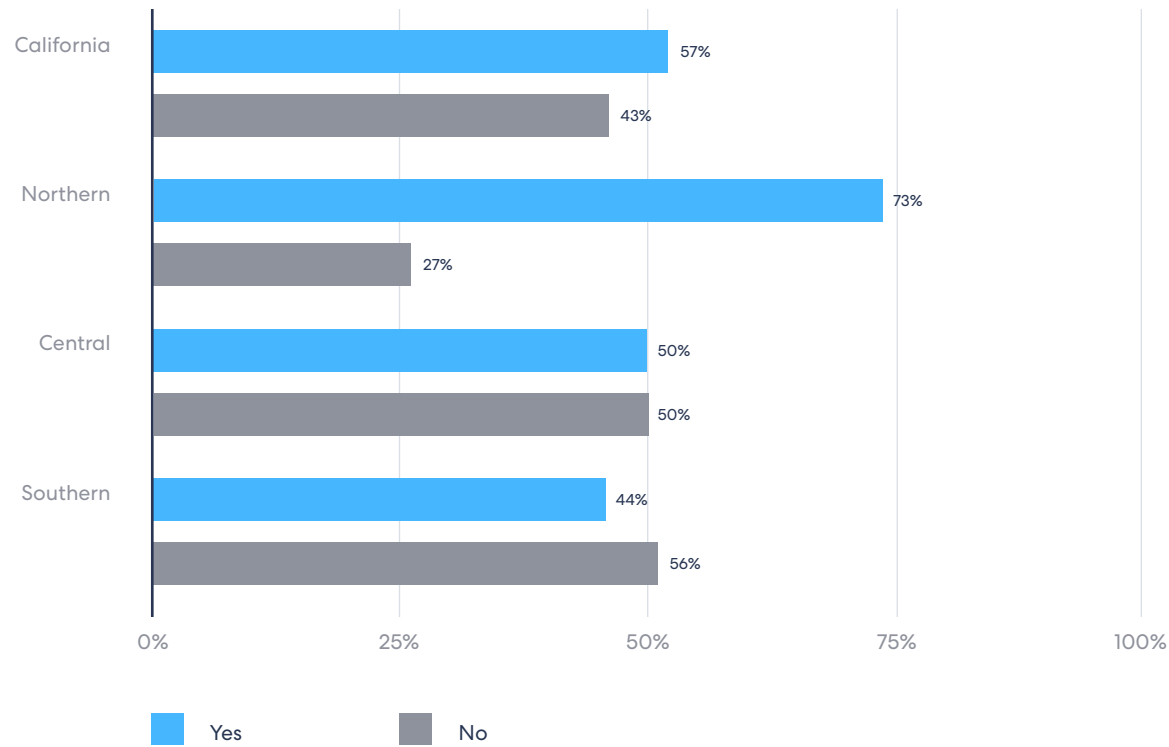
Like beds, baths, and square footage, climate risk has crystallized as a serious factor in the home search process for many California buyers, especially in the Northern part of the state. Insurance will be the most immediate problem to address. A home is typically someone's largest financial investment. Having that investment go sideways due to what insurance providers consider an “act of God” event is not a risk most people are willing (or can afford) to take — and it's one that mortgage lenders simply do not allow. With insurance risk pools in a tenuous position, buyers and sellers are starting to think more critically about where they decide to move. They're weighing wine country sunsets against the backdrop of an exorbitant insurance bill — and making tough choices on the level of uncertainty they're willing to tolerate.

Over the past few years, people in my area have become increasingly **aware of climate risk (such as wildfires, earthquakes, drought, landslides, etc.)** when deciding where to move:

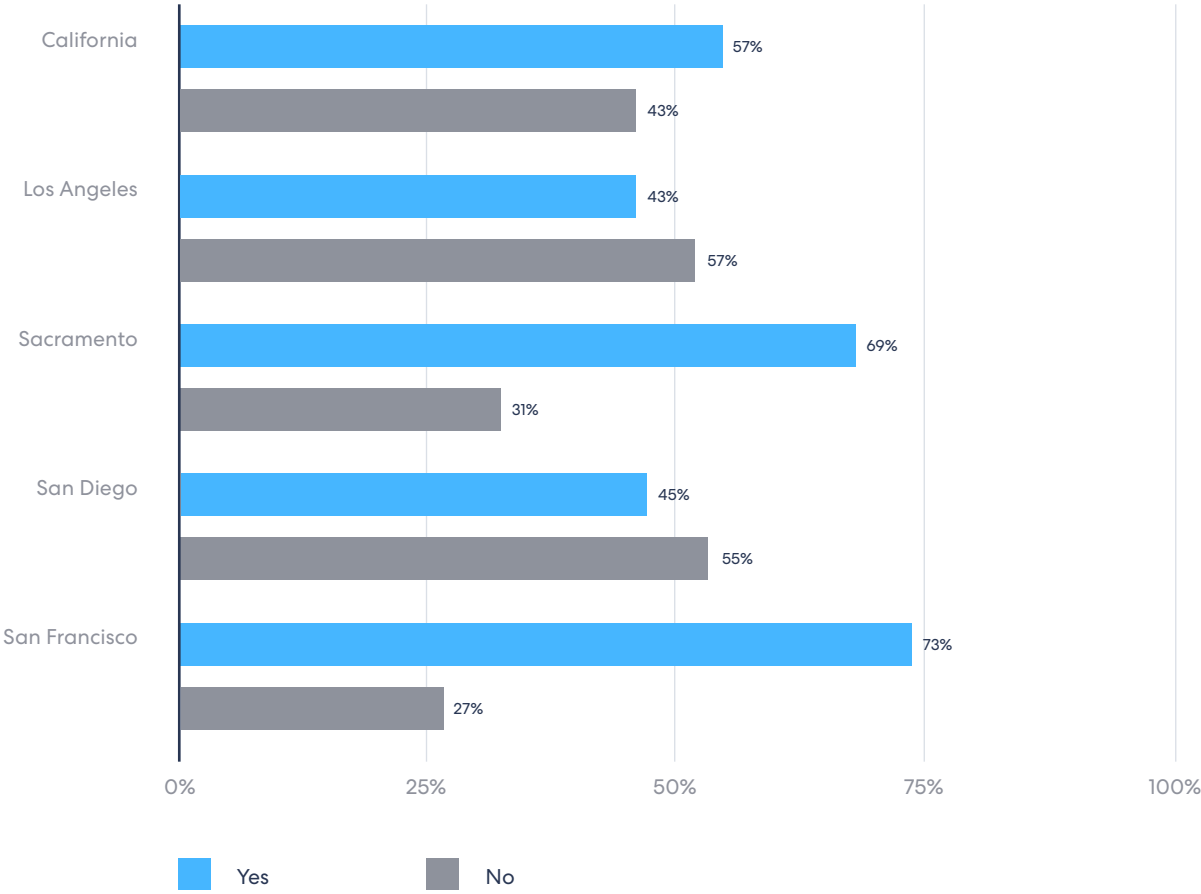




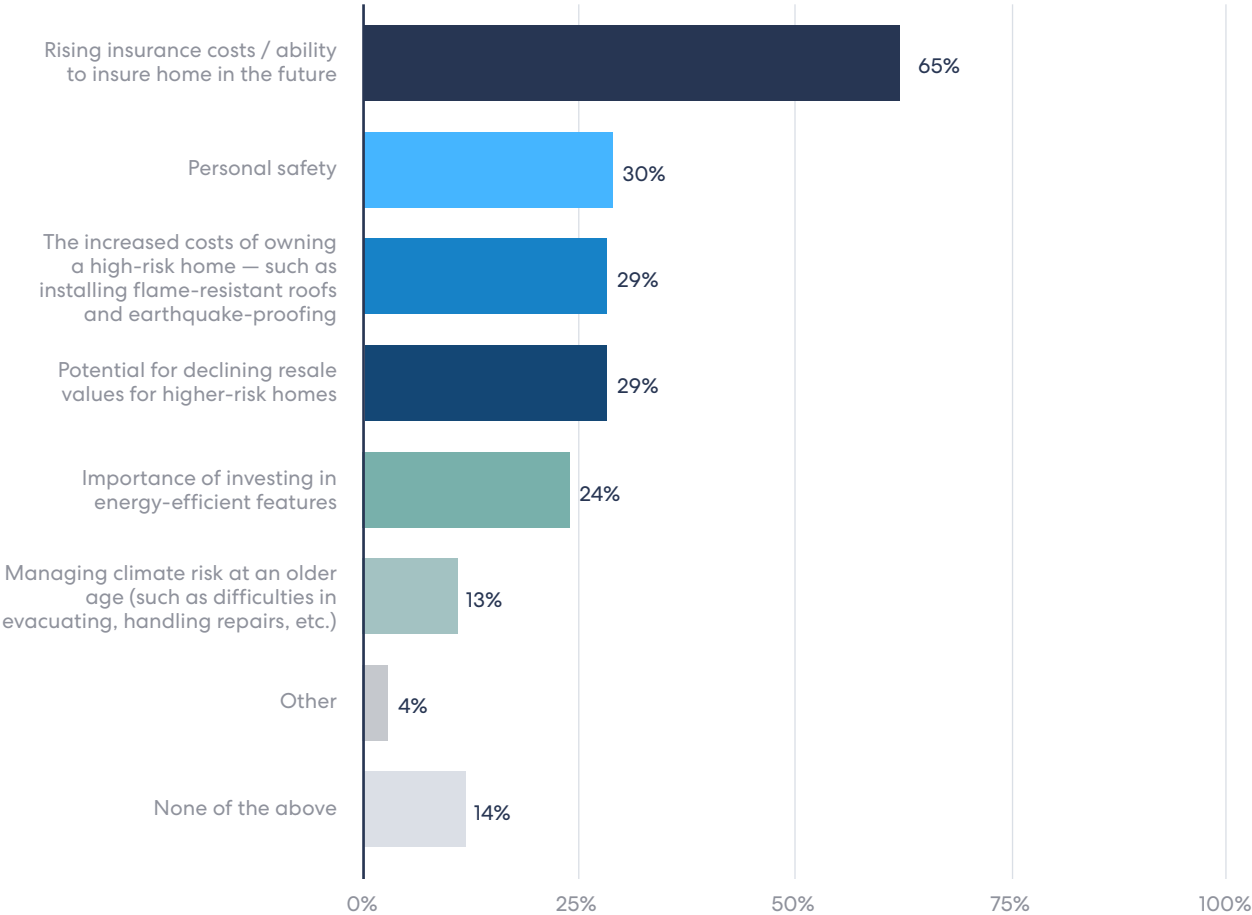
Over the past few years, people in my area have become increasingly **aware of climate risk (such as wildfires, earthquakes, drought, landslides, etc.)** when deciding where to move:



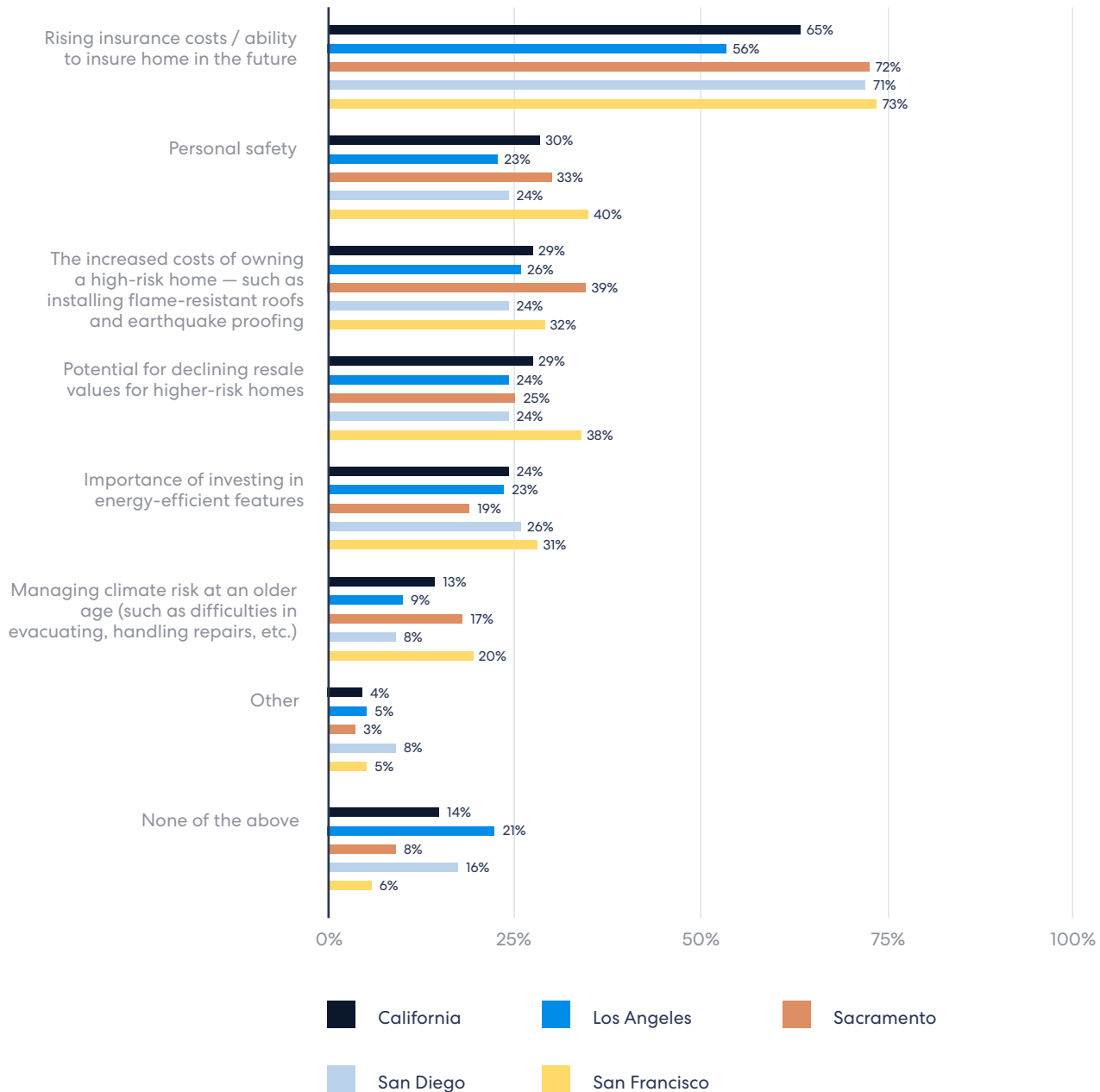
Over the past few years, people in my area have become increasingly **aware of climate risk (such as wildfires, earthquakes, drought, landslides, etc.)** when deciding where to move:



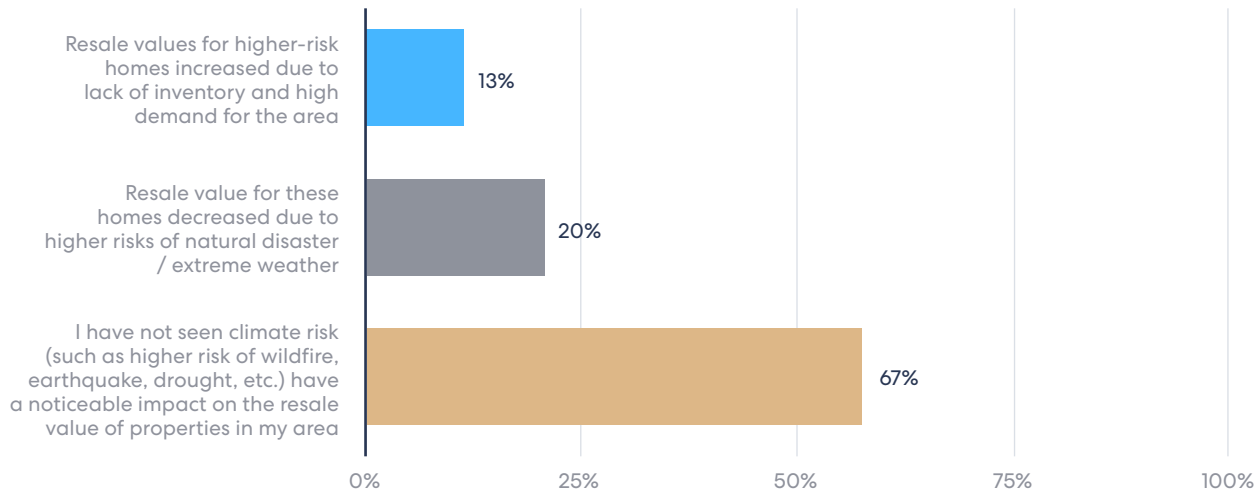
What are the **top climate-related concerns** (if any) among buyers and sellers in your market today?  
Select those that apply.



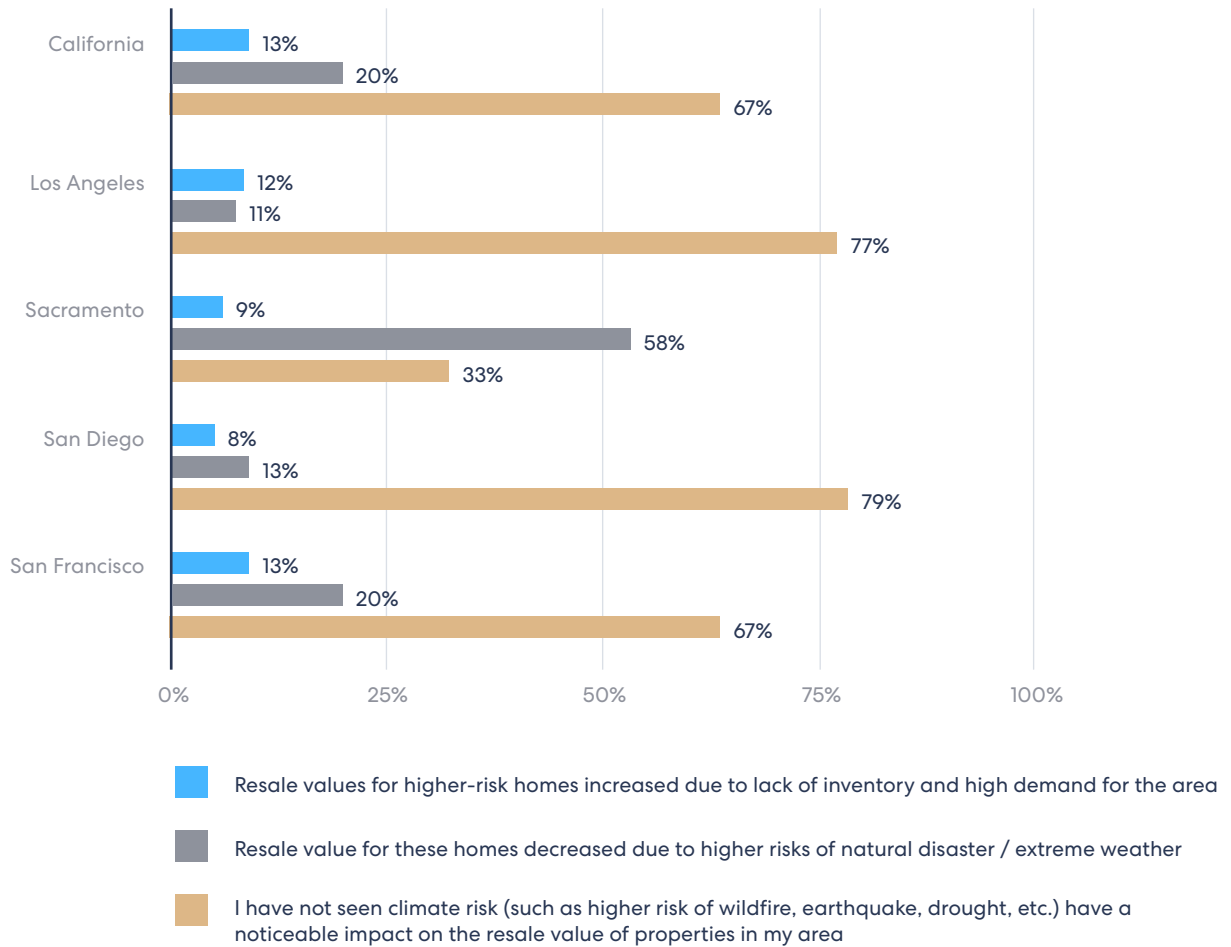
What are the **top climate-related concerns** (if any) among buyers and sellers in your market today?  
Select those that apply.



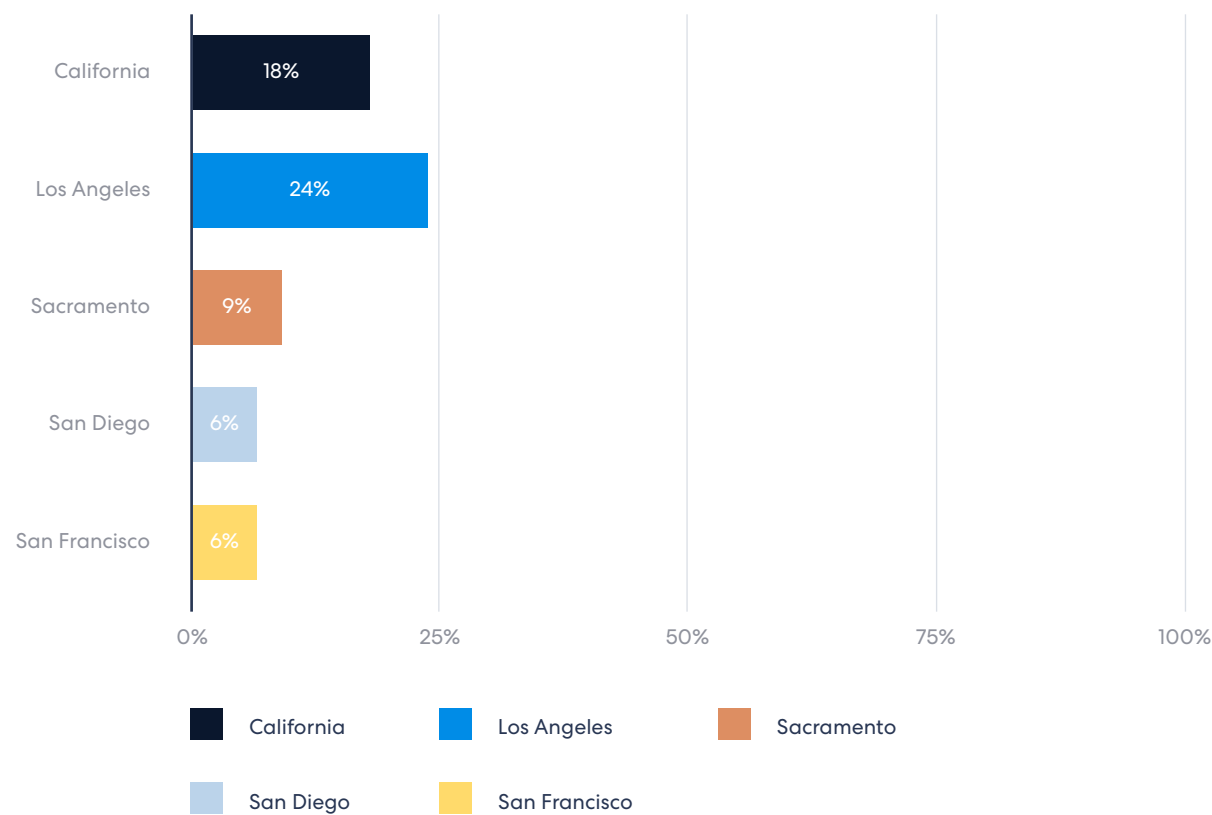
In 2022, how did **climate risk impact the resale value** of homes in your area? Select the answer choice that represents what you've seen the most.



In 2022, how did **climate risk impact the resale value of homes** in your area? Select the answer choice that represents what you've seen the most.

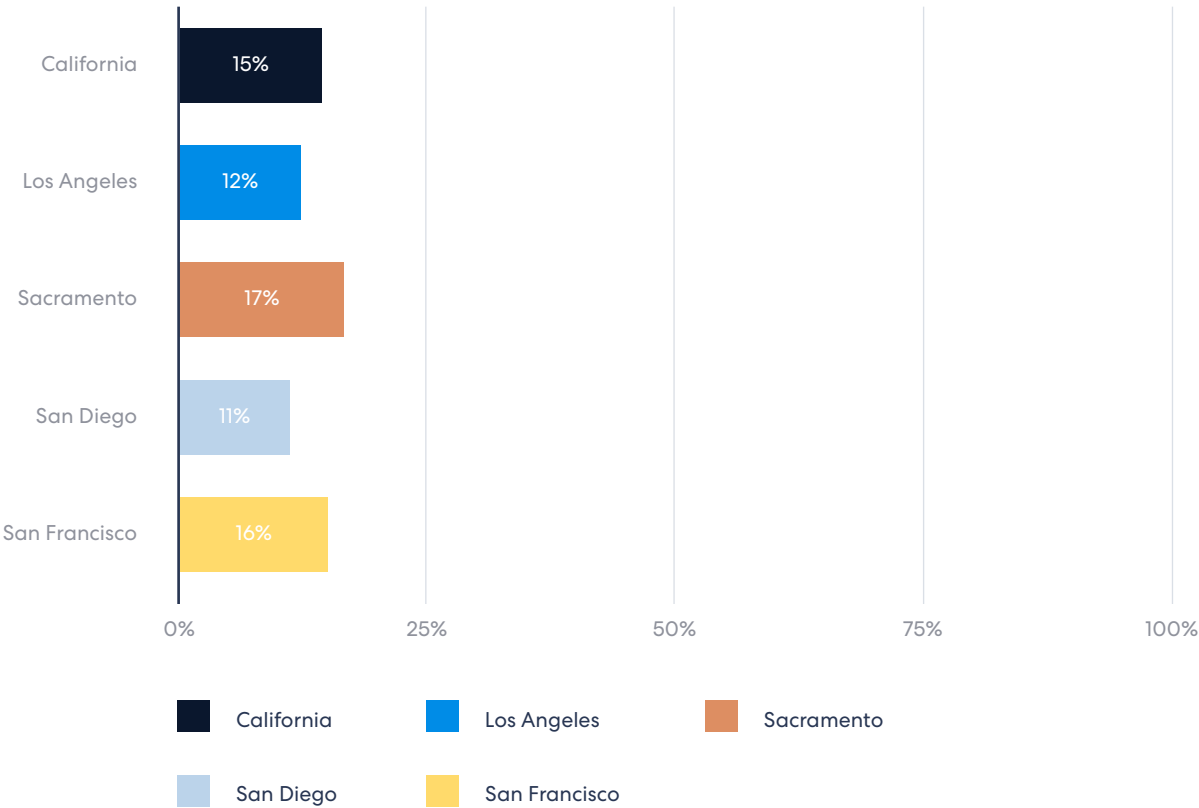


How much **more on average** are homes with increased climate risk worth in your area due to **lack of inventory and high demand**?



Average agent estimates — filtered for respondents who saw values increase for properties with high climate risk

How much **less on average** are homes with **increased climate risk** worth in your area?



Average of agent estimates — filtered for respondents who saw values decrease for properties with high climate risk



# Fireside Chat with HomeLight Elite Agents

We sat down with four HomeLight Elite agents, including Jennifer and Andrew Oldham (San Francisco Bay), Ed Kaminsky (Manhattan Beach), and Kyle Whissel (San Diego) to chat further about what they're seeing in their markets and how they're approaching their business in 2023.



## Jennifer and Andrew Oldham

The Oldham Group (San Francisco Bay Area)

- 22 years of experience
- 551 transactions
- Works with over 70% more single-family homes than the average area agent

**HomeLight:** Thanks so much for joining us! Let's first chat a bit about what's happening in your market. 42% of agents we surveyed in the Bay Area said it was a buyer's market in Q4, and 37% expect a buyer's market in 2023. How would you describe the market?

**Jennifer Oldham:** I don't think it's going to be a buyer's market for very long.

**Andrew Oldham:** We've been very interest rate driven, and the Fed raising rates really put a damper on the market. We went from the lowest interest rate in decades to the highest interest rate increase in decades. The Fed purposefully threw a wet blanket over a hot market. Until we see rate stability, it'll be a cooling market.

Everything signals that we're going to see rate stability, and we're going to see the Fed's probably stabilize at around 5.25%. I think we found a magic number for the market to heat up is 5.5%. We think we'll get to that interest rate stability in the spring (probably March, April, May), and then we're going to see it turn back into a seller's market (multiple bidding, appreciation increase).

Right now, it's a pretty good opportunity for our buyers. With our sellers, we're being a little more cautious and saying we may want to wait until March to put a house on the market. So it's going to be interesting in the spring, but we believe that we're going to see appreciation return to a seller's market — not crazy where we're competing against 20 buyers, but where we're competing against three or four.

**Jennifer Oldham:** I do believe that is dependent upon the area that we're talking about. It's not a general thought

process in all of Northern California. There are some markets like out in Livermore and the Valley where there is going to be cooling (where there already is), and that's where people went during COVID to buy larger homes. It's more bang for their buck, but the commute is killing them and they're trying to come back. The values just aren't going to be what they thought they were going to be when they purchased their homes.

**HomeLight:** How will your business strategy for 2023 differ from 2022?

**Andrew Oldham:** We're going to expand our marketing into different areas and try to be as diverse as possible in the way in which we market to consumers so that whether the market cools or heats up, we're balanced and we're pulling in business from both buyers and sellers and multi-geographical areas.

**Jennifer Oldham:** One of the things we do with our sellers (and it's not really changing how we do things — but it's just doing more of it): Say we have a seller right now who is thinking about selling their home, and they don't have to sell it right this minute. They're trying to figure out, "When is the right time?"

The "Coming Soon" tool is super important because it helps us dictate where the market's at, and it'll help us at the time if we get people on "Coming Soon." Let's say, for instance, they're targeting March or April. Get them on "Coming Soon" right now just to see who's out there, and who's willing to purchase a home in their area.

**Andrew Oldham:** One of the competitive advantages that we will continue to use are all the tools and resources that we're able to bring to buyers and sellers that others aren't. Thanks to our partners at HomeLight we're able to provide tools and resources that address the different market variables and that's been a real competitive advantage for us.

**Jennifer Oldham:** In fact, we have spent quite a bit of money on some professional commercials where we're actually talking about HomeLight products.

**HomeLight:** That's great! Next we're going to shift topics a bit. 45% of agents we surveyed in the Bay Area say that people are becoming more aware of climate risk (such as wildfires, earthquakes, drought, landslides, etc.) when deciding where to move. What's been your experience with this trend?

**Andrew Oldham:** Everybody's more sensitive to climate risk.

**Jennifer Oldham:** I don't know if it deters them as much, unless they can't get insurance.

**Andrew Oldham:** Climate risk gets addressed by buyers much more than it did in the past. So when we look at the Natural Hazard Disclosure reports, people are paying a lot more attention to those than they used to. I think these past several weeks have really shown that to be true. Another side of climate risk is with the hot topic of fires. Right now, everyone's sensitive to floods.

We closed escrow on a couple of buyers who had some water problems after we closed. We have a client who lives on Beach Drive, which was overwhelmed by the high tides, and today they're evacuating some of the luxury areas of Carmel. Climate risk is going to be more of a topic, and I think this winter is making us much more sensitive to climate risk.

**Jennifer Oldham:** One of the homes in Yankee Point got wiped out — got hit by a wave and it went through the glass. They were in the home, and the wave went through their front room and wiped out all their furniture, art, everything. Will that deter people from purchasing in Carmel and right on the ocean in certain price points? No, not if people have money. Will they be more aware of it? Yes. I think it depends on what you're looking at. There are a lot of flood

zones and people getting flooded out, like in Oakland. People are concerned, but if they really love a house, sometimes we just can't talk them out of it. I think it depends on price point and risk tolerance.

**HomeLight:** What are clients' top concerns about climate — whether it be insurance, resale value, personal safety, or cost of repairs?

**Andrew Oldham:** All of them. The areas we serve have all of those risks. We serve coastal communities and we serve mountain properties. There are earthquakes and landslides. All of those become a concern. Insurability is a big issue, too. Oftentimes, if there's a high fire risk zone, one of the first calls is to an insurance company to determine the insurability and the cost of insuring a property. If it's a condo in an urban area, it's probably not going to be a bigger topic, but if it's a house in the Santa Cruz mountains, it'll definitely be a topic. If it's on a floodplain, it's absolutely a topic. It's going to be interesting to see how people react to all the water and snow we received this winter.

**HomeLight:** 57% of agents we surveyed in the Bay Area say they expect to see a decrease in retirees moving into the area in 2023 compared to 2022. What impact are these trends having on your retiree clients?

**Jennifer Oldham:** We're seeing a lot of retirees wanting to leave. Property values are still high for them. They're properties they've been in forever, and now they want to live out the rest of their lives and not get California state taxes.

**Andrew Oldham:** I think for a lot of the folks in California, their retirement really was their home. For example, we have a client in Redwood city — he's an elderly gentleman — and the bulk of his wealth is his house. In order to free up that equity, he either has to do a reverse mortgage or move, and he's chosen to move to Florida. So he'll sell his house for \$2 million, free up \$1 million-plus in equity, buy a nice place in Florida, and still have funds capable of supporting him for the rest of his life. For a lot of Californians, their wealth is their house, and in order to free up that wealth, it's oftentimes more advantageous to move out of state.

**HomeLight:** Where are you seeing retiree clients move to?

**Andrew Oldham:** It used to be a lot of Texas, but we're not seeing as much of Texas anymore. We're seeing a lot of Arizona, still. Oregon has always been a consistent choice for Northern Californians.

**Jennifer Oldham:** Utah.

**Andrew Oldham:** We're seeing some of the southeastern cities, like Nashville, but I think the biggest destination for retirees is still Arizona and Florida. That's because they can buy a really nice place for \$300,000 and be in an area where they can feel good about their health deteriorating or not deteriorating because of the good weather. Retirees weren't really flocking away to cities like Austin. The high-tech workers were more flocking to areas like Austin and Atlanta, but not so much the retirees.

**HomeLight:** California has become a leader in the development of accessory dwelling units (ADUs) — and on average, agents in the Bay area estimate that an ADU adds \$170,000 in resale value to a property. How are you seeing ADUs being used in this economic climate?

**Andrew Oldham:** We love ADUs. ADUs are one of the quickest, most affordable ways to add value to a property in Northern California (in the Bay Area). It's definitely something we look for. It's nice to see the law encouraging ADUs. We're seeing a lot more multigenerational families as affordability is impacted, and ADUs really help with that. I think ADUs are amazing. Every buyer should put that into their thought process when they're searching for a home. "Is

there an ADU, and if not, can I build one?”

**HomeLight:** How do you account for an ADU in determining a home’s resale value?

**Andrew Oldham:** We usually use a square footage ratio. Let’s say a home is selling for \$1,000/square foot, and the ADU is 600 square feet, then it’s \$600,000. There is also a multiplier with an ADU because it’s a separate dwelling unit, and depending on if it’s truly a separate dwelling unit with a bathroom and the kitchen (a true ADU), I think it actually increases the price per square foot when you do the calculation.

**HomeLight:** Which demographics are you seeing gravitate toward properties with ADUs in the Bay Area?

**Andrew Oldham:** It’s the middle-aged folks that have parents they have to care for.

**Jennifer Oldham:** Also maybe with young children and they want the parents to come help out as they go back to work, or even elderly parents that they want to take care of.



## Kyle Whissel

Whissel Realty Group (San Diego)

- 19 years of experience
- 2,604 transactions
- Works with over 86% more single-family homes than the average area agent

**HomeLight:** Great to have you join us, Kyle! We're curious to hear about what's happening in your market. 56% of San Diego agents we surveyed expect to see a buyer's market in 2023, compared to 34% nationally. How do you expect the market to look in 2023?

**Kyle Whissel:** Well, I'm glad we're having this question today because if you asked me this question two weeks ago, I would've given you a very, very different response. Our market has completely flipped the switch since the first of the year, and we're seeing listings that had been sitting for months get multiple showings and offers on them.

We're seeing multiple offers on almost every single new listing. We've seen our open house traffic increase substantially. I track a lot of internet trends, and we're seeing the searches for the phrases "buy house," and "buy home" have increased significantly. We're seeing every indicator on Earth that we've turned a corner in the market. So, my feeling about the direction of the market in 2023 is that I believe we have probably seen the worst of the correction.

The media is typically looking at median home values, and you'll likely those still drop through the first quarter just because there's a lag with how that stuff gets reported. By the time we hit the second quarter, you'll see values, median prices, either flatten or start increasing.

A big part of it is that the interest rates have come down a full percent off of their highs of 7.25%. They're down in the low six's right now. By the time the next inflation report comes out, I think you'll see rates drop even further. I think as inflation continues to drop, buyer confidence continues to increase.

**HomeLight:** With San Diego consistently ranking as one of the most expensive markets in the country, what can buyers in your area do to succeed in 2023?

**Kyle Whissel:** The key for buyers to succeed is buying in areas where there is growth. There are some parts of San Diego that have had very little new business coming in, and I'm not nearly as optimistic about the future of those areas.

We just put an office in La Mesa, for example. There's a cute little village in La Mesa, including new restaurants, new bars, and new shops coming in. Getting into an area where you have a lot of businesses that want to be there — those are the type of areas that I'd recommend buyers look at. When you have new businesses, that tends to make a location more desirable and because of that home values tend to increase faster.

**HomeLight:** How will your business strategy for 2023 differ from 2022?

**Kyle Whissel:** In 2023, we're focusing on increasing our reliance on relationships. We're going much deeper on relationships with our existing clientele, and we're going much deeper on our relationships with our staff and our agents.

The other thing I would say is that we're going a lot heavier on brand. We've seen how a strong brand increases response rate on the marketing that we put out there. It increases conversion rate on the calls that we make, and on the appointments that we go on. It increases our commission rate. All in all, "a rising tide lifts all boats." If your brand can be that high tide, everything else rises with it.

**HomeLight:** 45% of agents we surveyed in San Diego say that people are becoming more aware of climate risk (such as wildfires, earthquakes, drought, landslides, etc.) when deciding where to move. What have you seen?

**Kyle Whissel:** Wildfire is the biggest risk we've seen here, specifically in San Diego and Southern California as a whole. The beautiful thing about living here is that we get very little rain relative to pretty much anywhere else in the country. The negative with that is it increases the fire risk.

I actually live in a home that was burned down. (It didn't burn down while I lived in it, but I live in a home that did burn down in a wildfire, so I'm personally extra conscious of that.) Insurance companies have become very cautious. There are a lot of homes that they either won't insure or have astronomical rates to insure.

In the case of a home like mine that is in a high-risk area, I cannot get traditional insurance. I have to resort to something called the California Fair Plan, which is a very limited insurance policy that's expensive and requires I have to add a supplementary policy to it. So, the cost is much higher. I think buyers are taking things like the fire risk and the insurance cost into consideration when buying a home here.

**HomeLight:** Have you adapted your business in any way for when clients bring up climate risk?

**Kyle Whissel:** We've established very strong insurance relationships so that we can get them answers quickly. What we find — as the client has interest in a home — we need to be able to assess the different zones for fire risk. By having strong relationships with insurance companies, we can determine what zones these homes are in, so that we can determine the fire risk and the associated costs.

**HomeLight:** What are clients' top concerns about climate — whether it be insurance, resale value, personal safety, or costly repairs?

**Kyle Whissel:** I think they're factoring in the cost of doing mitigation, so things like clearing out brush are going to be necessary when buying a home that's in a higher fire risk area.

**HomeLight:** Which demographics are most likely to bring up climate risk?

**Kyle Whissel:** In San Diego we're obviously on the ocean, but the more inland you come into San Diego, you start to get into more mountainous areas, where there's a lot more brush. The wildfire risk increases the more inland you go, or the further East you go, and the demographic that tends to buy there tends to be a little bit older. For us, we see people who have the concerns are the older demographic who are buying in the higher fire risk areas.

**HomeLight:** Only 11% of agents we surveyed expect the number of remote workers moving to San Diego to increase in 2023. Is this a shift — do you see San Diego becoming less popular for remote workers over time?



**Kyle Whissel:** There was a temporary blip on the radar where we saw a substantial increase in the number of people working remotely when COVID hit. We've settled back into a normal cadence, similar to how the real estate market has settled. We still are seeing increased demand from people who are moving from the Bay Area.

There's migration data that we track, and the primary place in San Diego that people are relocating from is the Bay Area. We are still seeing people relocating down here who have the ability to work remotely for Bay Area companies. A big part of that is that our cost is significantly lower. You're getting a lot more for your money, and you're getting arguably significantly better weather here.

**HomeLight:** How do you expect remote work to impact the housing market in San Diego long term?

**Kyle Whissel:** I think that San Diego will benefit because if you can work remotely, you want to live where you live. Seattle is one of our larger inbound migration areas. We've seen people that would much rather live here if the cost is the same, if not lower. I think San Diego will continue to benefit from the fact that we have a lower cost compared to high tech areas.

We also see people that want to have extra bedrooms in houses. When you can go from a three bedroom house to a four bedroom house, there's much more value in that today than there was pre-COVID because people need that extra bedroom for an office. Either having another bedroom or having a dedicated office space has become far more desirable in a home than it was three years ago.

**HomeLight:** 73% of agents we surveyed in San Diego say they expect to see a decrease in retirees moving into the area in 2023 compared to 2022. 53% say retirees are changing their plans to retire to combat higher interest rates and cost of living. What impact are these trends having on your retiree clients?

**Kyle Whissel:** I would agree. We're seeing people leaving here when they retire. A lot of retirees are sitting on a mountain of equity, and so they're choosing to sell their homes here and move to less expensive markets where they can buy a home (in an ideal world) with cash and eliminate having a mortgage commitment. We've seen the primary areas people are either moving to are the Las Vegas area, in Nevada, the Phoenix area in Arizona, and all various parts of Texas. They just can't afford to live in San Diego with what it takes today.

**HomeLight:** Are there any cities gaining popularity among retirees leaving San Diego that weren't necessarily top choices a few years ago?

**Kyle Whissel:** The Phoenix area is probably the most common one. That number skyrocketed through COVID. Home prices are half of what they are (if not a third of what they are) in San Diego. That's become very desirable. I think that there were people who were moving to Phoenix previously, but there are far more today.

**HomeLight:** In the midterm election, San Diego passed a ballot measure to allow buildings over 30-feet high in most areas west of Interstate 5. How do you foresee this change affecting the housing market in the future?

**Kyle Whissel:** They're allowing much higher density than they've ever allowed before. They're allowing buildings to go much taller than they've ever allowed them to go. There's definitely resentment, especially when you go west of Interstate 5, where there are extremely high-priced homes.

We're seeing these large buildings go in where you have a single-family house, a single-family house, and then a monster apartment building right next to it. That's decreasing desirability for traditional homeownership in those areas. People bought a home to get away from apartment life, and then now all the sudden you have apartment buildings going in next door to you. I think that does decrease the desirability of those neighborhoods.

The other thing that's really important: they have made substantial changes on the parking requirements when developing properties. So when you do a development, you can get away with having very little to no parking. Imagine having two houses next door to you and now you have 65 apartment units with no parking. You'll see an impact in the neighborhoods where this happens, and I think that will affect the desirability of those neighborhoods.

**HomeLight:** California has become a leader in the development of ADUs — and on average, agents in San Diego estimate that an ADU adds \$152,000 in resale value to a property. How are you seeing ADUs being used in this economic climate?

**Kyle Whissel:** The value that the buyer sees versus the value that an appraiser adds are often out of alignment with each other. Appraisers are giving a much lower value to these ADUs, where a buyer says, "Wow, this is so valuable. I have this two-bedroom unit I rent out and I can rent this for \$3,000 per month." Appraisers aren't seeing it the same way because they are just going more on comps.

A lot of buyers specifically come in and want an ADU. Sometimes they want it for extended family. I have an ADU on my property. I love that my mother-in-law lives there. She's close enough, but not too far away.

Millennials are very big on the whole "house-hacking" thing. They see the ability to come in, live in one of the units, rent out all the other units and offset the mortgage. Maybe they could've only afforded a \$600,000 condo, but now they can buy a property that has a couple ADUs on it, and they have three units effectively. Now they can buy something for \$1.5 million because of the rent that comes in from the ADUs.





## Ed Kaminsky

The Kaminsky Real Estate Group (Manhattan Beach)

- 36 years of experience
- 1,126 transactions
- Works with over 66% more single-family homes than the average area agent

**HomeLight:** Thanks for sitting down with us, Ed! Let's get an idea of how your market is looking. Mortgage rates have caused most markets in the U.S. to quickly rebalance. However, 19% of agents we surveyed in the LA area said it was a seller's market in Q4, which was more than double that of the Bay Area and San Diego. Any particular forces preventing LA from cooling faster than other major metros in the state?

**Ed Kaminsky:** I see mixed things happening out there. There's definitely a reduction of activity and sales. It depends what the definition of a seller's market is, but we still have a balance of inventory in the marketplace. Inventory is reduced right now, but the demand is dramatically lower.

There's the ability for some buyers to be able to negotiate. There are some homes coming on the market that are still seeing multiple offers. Overzealous sellers who are pricing their homes improperly are experiencing a lack of showings and a lack of offers. I wouldn't call it a seller's market. I wouldn't really fully call it a buyer's market. I think we're in more of a balanced market right now.

**HomeLight:** How will your business strategy for 2023 differ from 2022?

**Ed Kaminsky:** The business strategy for this year is spending a lot more time with clients educating them on where the market is, where it potentially can go, and the risks associated with their decisions. This is my third time going through a market shift and having been through a couple before, I see the mistakes that people have made in the past. It costs them a lot of money. So just coaching them on how to avoid those mistakes prior to coming on the market as a home seller.

For buyers, just understanding that you have to look to the future as much as you do today. A lot of buyers are "today focused," but you need to be able to look at where the market's going to be a year from now, two years from now, three years from now, and how it would affect them financially. What are the honest projections of interest rates and where they're going to go? Will it work to their advantage, to buy now while there are fewer competing buyers and grab their home — and then just ride the interest rates down (should that happen)?

**HomeLight:** Do you expect the market to strengthen or weaken as 2023 progresses?

**Ed Kaminsky:** It's so hard to say. What I'm seeing right now is a lack of confidence in buyers and sellers in the marketplace, and I think that psychological warfare that goes on in their head is going to affect the market. We're going to see a softness in the market for the first six months, for sure.

The projections are that interest rates will go down in the fourth quarter. And I think once that starts happening, we may see multiple offers again if we don't see any significant increase in inventory.

Most people who bought homes with low interest rates have zero interest in moving, so they're not putting inventory on the market. So, without that inventory, I don't think it will be a very rough year for prices. Some people will experience disappointment in what they can sell their home for because they want last year's prices.

**HomeLight:** 43% of agents we surveyed in LA say that people are becoming more aware of climate risk (such as wildfires, earthquakes, drought, landslides, etc.) when deciding where to move. 56% cite rising insurance costs / ability to insure a home as a top concern. Do you expect awareness of climate risk to rise in LA in the coming years?

**Ed Kaminsky:** Wildfires, earthquakes, mudslides — they happen. The reality is they happen in very limited areas. It affects a limited amount of people. And it's going to happen again each and every year. So I don't agree with that. I do believe that warm weather influences people to want to move here after dealing with the brutality of winter.

**HomeLight:** 66% of agents we surveyed in LA say they expect to see a decrease in retirees moving into the area in 2023 compared to 2022. Is there anything aside from lack of affordability motivating retirees to go elsewhere?

**Ed Kaminsky:** It's affordability. That's what it is. There are a lot of communities outside of Los Angeles that are much more affordable. I think there's a push from Sacramento to increase housing for seniors, but they're mostly apartments more than purchasable housing. I think those who are retiring at this age do have more liquidity than in the past and they want to own something. So it just makes more sense to look at those options in cities that have more affordability.

**HomeLight:** California has become a leader in the development of ADUs — and on average, agents in LA estimate that an ADU adds \$128,000 in resale value to a property. How are you seeing ADUs being used in this economic climate?

**Ed Kaminsky:** Flippers and developers who are looking to improve properties are using that as the ability to increase profits. So they're typically purchasing homes that already need work, but have space for an ADU. If they can get another unit on there and increase the value of the property, thus the sale price and thus the profits, they're going to do that. That's become a new creative way of finding home improvement opportunities for the developers in our marketplace.

**HomeLight:** How do you account for an ADU in determining a home's resale value?

**Ed Kaminsky:** In LA it's one thing, but when you're in certain communities (like I work in the beach community), there are other factors that affect the actual value of the property outside of the ADU. How big is the actual home that comes with the ADU? What condition is it in? What's the lot size? Is there any yard leftover, or any parking leftover?

You have to take in other factors outside of the fact that there's an ADU there to determine the actual value of the property. I don't assess something strictly on the ADU and its dollar value but evaluate the global picture of the entire property to determine what it's going to sell for.

**HomeLight:** Which demographics are you seeing gravitate toward properties with ADUs in your market?

**Ed Kaminsky:** The work-from-home demographic sees it as a benefit to be able to get out of their house and also have a backup guest house for family or friends who come over. That's a common use for them. They're designed to be able to create a second family to live there. That's what the state of California is hoping because we do have a shortage of housing, and this could solve it. They also could be the 20- to 30-year-old demographic that's still living

at home for whatever reason — that's a big trend these days. So that does create the opportunity for families who have that dynamic to be able to have them at home but not in their face.

**HomeLight:** Only 10% of agents we surveyed expect the number of remote workers moving to LA to increase in 2023. Is this a shift — do you see your market becoming less popular for remote workers over time?

**Ed Kaminsky:** I don't think people move to LA so they can work remotely but I think they're moving to different parts of LA because they can work remotely. Because LA is such a difficult city to travel and the traffic is horrendous, you can be in one part of the city and be taking 90 minutes to get to another part of the city. So the ability to work remotely while living in LA is allowing buyers to purchase in areas they otherwise wouldn't have. I don't think people are moving to LA because of it, but I think they're moving around LA because of it.

**HomeLight:** How do you expect remote work to impact the housing market in LA long term?

**Ed Kaminsky:** We'll see people moving further away from the heavy to dense work locations (like West LA, Century City, Downtown, etc.). A lot of people I know who have worked in those areas only go to the office once a week, so they're really content living further away now and not so worried about having to fight the traffic. The communities that have a draw for other things — like schools, space, or affordability — will continue to grow in popularity as this trend continues.

**HomeLight:** Is there anything you'd like to add about any of these categories that we didn't cover?

**Ed Kaminsky:** The big, big change for this year that's coming is the mansion tax, and I think that's going to impact the market. It's unforeseen what's going to happen for sure. Once you crack \$5 million, which isn't hard to do in LA city, you're paying a big mansion tax to sell your home. I think that's going to have an effect on where people choose to live.

**HomeLight:** Thank you so much for sharing your insights!

# A Special Thanks to HomeLight Elite Agents Who Participated In Our Survey

Here, in alphabetical order by the first name, we recognize HomeLight Elite agents who took the time to participate and share their expertise for this survey. Members of HomeLight Elite represent the top 1% of agents nationwide and receive access to HomeLight's game-changing financial products including [Buy Before You Sell](#) and [Cash Offer](#), among other benefits. We'd like to give the following Elite agents a special thanks for their help:



**Aaron West**

PMZ Real Estate (Modesto, CA)

- 17 Years of Experience
- 1,462 Transactions
- Works with over 72% more single-family homes than the average area agent



**Anthony Alfano**

The Alfano Group, Inc. (Sacramento)

- 14 years of experience
- Works with over 84% more single-family homes than the average area agent
- Sells 25 more condos than the average area agent



**Benjamin Strock**

eXp Realty of California, Inc. (Santa Cruz, CA)

- 21 Years of Experience
- 1,086 transactions
- Works with over 67% more single-family homes than the average area agent



**Gabby Taylor**

RE/MAX Advantage (Redlands, CA)

- 19 years of experience
- Works with over 68% more single-family homes than the average area agent
- Sells 12 more townhomes than the average area agent

**Glen Henderson**

Premier Homes, a division of Big Block Realty, Inc (San Diego)

- 19 years of experience
- 1,949 transactions
- Sells 611 more condos than the average area agent

**James Suarez**

The Suarez Team- Keller Williams (Playa del Rey)

- 19 years of experience
- Works with over 85% more single-family homes than the average area agent
- Sells 145 more condos than the average area agent

**Jennifer and Andrew Oldham**

Compass (San Jose)

- 22 years of experience
- Works with over 70% more single-family homes than the average area agent
- Sells 61 more condos than the average area agent

**Julee Patterson**

Gateway Properties (Roseville)

- 20 years of experience
- Works with over 85% more single-family homes than the average area agent
- Sells homes 65% quicker than the average area agent

**Mike Chou**

The Chou Team - Keller Williams Executive (South Pasadena, CA)

- 14 Years of Experience
- Works with over 87% more single-family homes than the average area agent
- Sells 91 more condos than the average area agent



**Todd Jones**

Rodeo Realty (Los Angeles)

- 17 years of experience
- Has sold 58 more condos than the average area agent
- Works with over 24 more townhomes than the average area agent



**Zach Harris**

Harcourts Prime Properties (Inland Empire)

- 18 years of experience
- Works with over 80% more single-family homes than the average area agent
- Completes 17% more sales than the average area agent

# Top Agents Who Made This Survey Possible

Listed below, in alphabetical order, are the top real estate agents who participated in our survey and voluntarily offered to share their name to be included in the report. All of the real estate agents in our survey were identified by HomeLight as top performers in their market based on the same performance data HomeLight uses to identify top real estate agents for over a million homebuyers and sellers nationwide.

Agents listed below with a star next to their name are members of an Elite team. Those with a badge next to their name have been identified as performance superstars by an additional layer of metrics including transaction close rate, time to contract, and ratings from past clients. Participants who are not mentioned by name here chose to remain anonymous or didn't provide enough identifying information in our survey to be listed.

Name	Primary market	Name	Primary market
Aaron Bellings	San Francisco	Christopher Rael	San Francisco
Alan C. Schmitt	Palm Springs	Christy Rabe	Tehachapi
Amber Russell	Monterey	Chuck Cummings	Mission Viejo
Andrea Castaneda 🏠	Lancaster	Claudia Lopez	Benicia
Andrea Swetland 🏠	San Francisco	Connie Gidal	Rocklin
Andrew Lopez ★	San Diego	Connie Gohata	Cypress
Andrew Urban	Benicia	Connie Martin	San Jose
Andrew Weir ★	Manhattan Beach	Craig Buntin	Sacramento
Annalise Tran	Sacramento	Craig Diez	Sacramento
Anuj Chopra ★	Orange County	Daniel Marin	Orange County
Art Nora	Inland Empire	Daniel Sanchez	Irvine
Barry Brown	Arroyo Grande	Dany Blanco	Sacramento
Bart Tipton	Bakersfield	Darcy Richardes ★	Los Altos and Sunnyvale
Bethany Mendoza	Modesto	Darin Holwitz	San Francisco
Bjorn Berg ★	Santa Cruz	Darren Babby	Sacramento
Blake Mashburn	West Ventura County	Dave Knight	Pasadena
Bonna Stratton	Vacaville	David Bittner	Costa Mesa
Brad Staplin	Sacramento and Roseville	David Tapper	San Mateo County
Bradley Reeves	Sacramento	Dayna Summers	Rocklin
Brenda Washburn	Temecula	Deanna Wallo-Whipp	Manhattan Beach
Brian Burry	Fresno	Debbie Monceaux	Tracy
Caleb Vink ★	Santa Cruz	Deborah Cole	Marin County
Carmelita Silva	Colusa	Deborah Hall	Tracy
Carmina Garcia	Long Beach	Deborah Jacobs	Redlands
Carol Smith	Phelan	Deborah Trevino	Chula Vista
Caroline Fuller	Santa Rosa	Declan Spring	Berkeley
Casey Martin ★	San Diego	Derek Han 🏠	Berkeley
Cathi Little	Napa	Dipen Solanki	Modesto
Cesi Pagano 🏠	Orange County	Don Dowe	Temecula
Chad DeMas	Davis	Donna Nordby	Sonoma County
Cheyenne Blue	Lakeport	Doug Goss	San Jose

Dustin Von Yokes	San Diego	KC Cormack	San Francisco
E.M. "Angel B" Carney	San Francisco	Keli McCall 🏆	Laguna Woods
Edwin Ordubegian	Los Angeles	Kelley DuHain	Sacramento
Elaine Wirsching	San Francisco	Kelli Foley	Sacramento
Elisa Tosti	Santa Monica	Kelli Wellhausen	Bay Area
Elizabeth Miffleton	Inland Empire	Kenny Truong 🏆	Oakland
Ellis Archerda	Manteca	Kent Brostroem	Orange County
Eric Chu	Hillsborough	Kent Winter	Malibu
Ernesto Osuna	Bakersfield	Kerry Maxwell	Long Beach
Fred Calloway	Woodlands Hills	Kevin Cooper	Elk Grove
Gary Kent	San Diego	Kevin Kwan	Arcadia
Gary Keshishyan 🏆	Granada Hills	Kevin McDonald	Loomis
Giselle Lampe	Napa	Kevin Silverstein ★	San Diego
Helen Gardin and Dale Warfel ★	San Jose	Kristi Ramirez-Knowles	Redondo Beach
Henry Javaherian	Woodland Hills	Kristina McCann 🏆	Lafayette
Holly McDonald	Orange County	Kristina Vanderpool 🏆	Apple Valley
Hugo Chinchay	Redlands	Larry Bammer	Laguna Hills
Hugo Pompa	Santa Ana	Larry Watson 🏆	Simi Valley
Hunter Thompson	San Clemente	Laura Lanzone 🏆	San Francisco
Irene Ryn	San Luis Obispo	Laurel Davies 🏆	Sacramento
Jacqueline Rowell	Walnut Creek	Lauren Espey	Hemet
James Cottrell	Riverside	Leonardo Gonzalez	San Diego
James Johnson	Stockton	Leslie Peterson 🏆	Castro Valley
Jason Walters	Oxnard	Lisa Torres	Sacramento
Jaydee Sheppard ★	Placer County	Lisa Weber	Calabasas
Jeanette Wayland	Irvine	LisaMarie Theis	Sacramento
Jeannie Verdugo	Wofford Heights	Lorena Prado R.	Orangevale
Jeffrey Fritz	Santa Monica	Lori Schaffhauser	Los Angeles
Jennifer Burden	San Francisco	Louise Juracek 🏆	Bakersfield
Jennifer Stojanovich	Clayton	Luis Guevara	Huntington Beach
Jennifer Wise	Lodi	Lynne French 🏆	Clayton
Jennifer Yager	Fresno	Maria Fernanda	Antioch
Jenny Magana	Bakersfield	Marisol Otanez	Whittier
Jesse Lobato	Sacramento	Marissa Olivar	Concord
Joan Gillham	Porterville	Mark Otis	Berkeley
Joe Polyak	San Mateo	Mark Schweller	Discovery Bay
Joel Stieber	San Jose	Marty Griffith	Oakland
John Cirignani	Orange County	Marty Leatherman	Chico
John Goga	Inland Empire	Matthew Miller	Los Angeles
Jonathan Epstein	Sacramento	Maureen McDermut 🏆	Santa Barbara
Jose Gilberto Ramirez	Los Angeles	Meg Middleman	South Pasadena
Joseph Colangelo	Stockton	Melissa Roybal ★	Folsom
Justin Bonney	San Fernando Valley	Melissa Tucci	San Diego
Karen Castillo	Los Angeles	Michael Davar	Aliso Viejo
Karen Castillo	Los Angeles	Michael Garcia	Hayward
Karl Parize 🏆	Los Angeles	Michael Murphy	San Jose
Katie Butler	Sacramento	Michael Ramos 🏆	Silicon Valley
Katie Moe	Pleasanton	Michael Verdone	San Mateo



Michael Wood ♀	Reno	Tess Pollitz	Danville
Michael Young ♀	Bay Area	Teresa Hamme ★	South Bay (Los Angeles)
Michelle Gallant	Roseville	Tiffany Torgan	La Jolla
Michelle McGowen	San Diego	Tim Freund	Westlake Village and Thousand Oaks
Montell Johnson	Sacramento	Tina Etue ♀	San Diego
Neal Alie	Elk Grove	Tomaj Trender	Bay Area
Nick Delis	Burlingame	Tony Ngai	Silicon Valley
Nicole Tekiela	Los Angeles	Tony Vo	Sunnyvale
Nicole Tonti	Santa Cruz County	Traci Butler	Danville
Nicole Ushakoff	Carmel	Wally Drake	Riverside
Noelle Micka ★	Placer County	Wendy Harnage ★	Placerville
Oscar Montalvo	Los Angeles		
Patricia Billings Malone	Los Angeles		
Paul Haworth	Fresno		
Rama Mehra	San Ramon		
Rhonda Maehl ♀	Magalia		
Rob Roham	Silicon Valley		
Robb Stroyke ★	South Bay		
Robert Bittle	Sacramento		
Robert Dilley	Long Beach		
Robert Souza	Napa		
Roberto Pilato	San Diego		
Robin Young	Pleasanton		
Ronald Halcrow	Santa Clarita		
Roxane Eskin	Beverly Hills		
Ryan Gresham	Lodi		
Sandra Schraeder	Sacramento		
Scott Crawford	Lomita		
Sergio Sosa	Oakland		
Sharon Armstrong	Long Beach		
Sheila Ananeh-Firepong	Pasadena		
Sir Toledo	Sacramento		
Sonja Bush	Mammoth Lakes		
Stacy Stanley	Grass Valley		
Stephen Christie ♀	Westlake Village		
Steve Gomez	Los Angeles		
Steve Maurer ♀	Danville		
Steve Mortensen	Orange County		
Steve Trumbo	Livermore		
Steven Huang	San Francisco		
Steven Kilgore	San Diego		
Steven Padilla ♀	Downey		
Sue Enos	Woodland		
Susan Brownlie	Monterey		
Susan Chace	Newport Beach		
Susan Fixsen ♀	Morgan Hill and Hollister		
Susan Hewitt	Marin County		
Tasha Baza	Bay Area		

# About HomeLight

HomeLight is building the future of real estate — today. Our vision is a world where every real estate transaction is simple, certain, and satisfying for all.

The best real estate agents rely on HomeLight's platform to compete and win — and ultimately deliver better outcomes to homebuyers and sellers during every step of the real estate journey, whether that's enabling an all-cash offer, unlocking liquidity of their existing home to buy a new one, or creating certainty through a modern closing process.

Each year, HomeLight facilitates billions of dollars of residential real estate business on its platform for thousands of agents.

Founded in 2012, HomeLight is a privately held company with offices in Scottsdale, San Francisco, New York, Tampa, and Seattle, with backing from prominent investors including Zeev Ventures, Menlo Ventures, Group 11, Crosslink Capital, Bullpen Capital, Montage Ventures, STCAP, Citi Ventures, Google Ventures, and others.

