

RCFE Resource

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RCFE RESOURCE MARKET REPORT

Rates Rise, Values Slip

As rates surge higher and affordability diminishes even more, smaller changes in market times shift the market in the buyer's favor.

HIGHER RATES SQUEEZE THE MARKET
An Expected Market Time of 60 days is considered a Balanced Market today, yet that level used to be a Hot Seller's Market prior to the run-up in mortgage rates that began in January 2022.

Gasoline prices can undoubtedly fluctuate quite a bit. This year in California, prices ballooned from \$4.25 in January to \$5.90 at the beginning of this month. From August to October, gas climbed by \$1. These quick shifts in prices squeeze wallets and change the way consumers behave. Some will wait up to 25 minutes at Costco to fill up and save. Others will eat out less or run fewer daily errands. As gas prices climb, people drive less, and demand for fuel drops.

Similarly, mortgage rates have been much more volatile and have jumped all over the place this year. According to Mortgage News Daily, rates bounced from 5.99% on February 2nd to 7.1% on March 2nd. They then dropped back to 6.18% on April 6th until they jumped to 7.14% on May 26th. Recently, rates surged from 7.08% on September 1st to 7.8% today. This rapid evolution in rates can quickly disrupt the housing scene. Buyers behave differently as budgets are squeezed and are less willing to stretch regardless of low inventory levels.

Supply and demand, the good old Econ 101 principle, illustrates that as prices increase, supply rises while demand declines. As prices drop, supply shrinks while demand grows. From supply and demand levels, it can be determined when the market favors sellers or buyers. A balanced market, equilibrium, does not favor a buyer or seller.



Before the mortgage rate run-up at the beginning of last year, negotiations favored sellers when the Expected Market Time (the number of days to sell all listings at the current buying pace) dropped below 90 days. For perspective, during the Great Recession, the Expected Market Time soared to over 400 days, and bottomed at 19 days in March of last year.

As rates ballooned from 3.25% in January 2022 to 7.37% in October 2022, an unprecedented, swift climb, the Expected Market Time rose from 19 days in March to 87 days in October. Before skyrocketing mortgage rates, 87 days would have been considered a Slight Seller's Market. Yet, home values in many metro areas of California were falling. They peaked in May 2022 and dropped from June until they bottomed in December, seven straight months of declines. Yet, with a minimal inventory, the Expected Market Time never reached what previously was considered a Buyer's Market. Then why did values drop?

Home values dropped in the second half of 2022 due to the rapid deterioration in home affordability. This is true for typical residential homes and care homes alike. Many buyers were quickly priced out of the house-hunting game. They could no longer afford to purchase. As a result, demand dropped to levels last seen during the Great Recession. Yet, back then, the low demand was matched up against a glut of available homes, more than five times 2022 supply levels, and the Expected Market Time soared to record heights, over 400 days. In 2022, supply and demand were not just a function of price; a new variable, sky-high rates impacted them.

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Ask The Broker

WHY HOME PRICES ARE HOLDING STEADY

Excerpted from California Association of Realtors October 18, 2023 Report

Q: What is the long-term outlook for California residential care home real estate values?



A: Persistently high mortgage rates continue to test California's housing market as home sales fell for the fourth consecutive month in September, while the median price rose from the year-ago level for the third straight month to record its largest year-over-year gain in more than a year, the CALIFORNIA ASSOCIATION OF REALTORS® (C.A.R.) said two weeks ago.

Closed escrow sales of existing, single-family detached homes in California totaled a seasonally adjusted annualized rate of 240,940 in September, according to information collected by C.A.R. from more than 90 local REALTOR® associations and MLSs statewide. The statewide annualized sales figure represents what would be the total number of homes sold during 2023 if sales maintained the September pace throughout the year. It is adjusted to account for seasonal factors that typically influence home sales.

September's sales pace was down 5.4 percent on a monthly basis from 254,740 in August and down 21.5 percent from a year ago, when a revised 307,000 homes were sold on an annualized basis. RCFE and ARF home sales follow a similar trend, although the inventory of care homes is much lower, percentage-wise. Residential care home sales are included in the statistics provided in this article.

Home prices rose again from the year-ago level for the third straight month, as the statewide median price recorded its largest year-over-year gain in 15 months. Positive year-over-year price growth is expected to persist through the remainder of the year as housing supply is expected to remain tight.

With the Fed planning on holding rates higher for longer, the cost of borrowing will remain elevated and may not come down much in the near term. Housing affordability will continue to hinder sales activity for the rest of the year, especially in the low- and mid-price ranges.

Other key points from C.A.R.'s September 2023 resale housing report include:

- At the regional level, all major regions experienced a sales decrease in September on a year-over-year basis, with all five major regions dropping more than 20 percent. The San Francisco Bay Area region recorded the biggest annual sales decline at -23.7 percent, followed by the Central Valley (-22.5 percent), the Far North (-22.3 percent), Southern California (-21.7 percent) and the Central Coast (-20.8 percent).
- Forty-six of the 52 counties tracked by C.A.R. registered a sales decline from a year ago in September, with 43 counties dropping more than 10 percent and 28 counties falling more than 20 percent from last year.
- At the regional level, home prices increased from a year ago in all five major regions.
- Home prices continued to improve in many counties across the state, but 21 counties still registered a year-over-year decline in their median prices in September.
- Housing supply in California continued to shrink from a year ago in September as mortgage rates remained elevated.
- Active listings declined in more than two-thirds of all counties from a year ago, with 26 counties dropping more than 10 percent on a year-over-year basis.

Note: The County MLS median price and sales data in the tables are generated from a survey of more than 90 associations of REALTORS® throughout the state and represent statistics of existing single-family detached homes only. County sales data is not adjusted to account for seasonal factors that can influence home sales. Movements in sales prices should not be interpreted as changes in the cost of a standard home.

The median price is where half sold for more and half sold for less; medians are more typical than average prices, which are skewed by a relatively small share of transactions at either the lower end or the upper end. Median prices can be influenced by changes in cost, as well as changes in the characteristics and the size of homes sold. The change in median prices should not be construed as actual price changes in specific homes.

See Chart on Page 6.

Current Listings



To view our current listings visit our website at

www.rcferesource.com

CURRENT LISTINGS

VALENCIA - LOS ANGELES COUNTY

ARF FOR SALE

- HOME AND BUSINESS
- LEVEL 4I
- Vendored for 4
- 5 BDR/3 BA, 2,200 s.f.
- \$875K for home; \$375K business

COMING SOON

(please call for details)

REDWOOD CITY - SAN MATEO COUNTY

RCFE FOR SALE

- Home and Business
- 5 BDR/3 Ba, 1,900 s.f.
- Details to follow

MENLO PARK - SAN MATEO COUNTY

2 RCFES FOR LEASE

- 6 BDR/3 BA, 2,900 s.f.
- Details to Follow

RANCHO MIRAGE - RIVERSIDE COUNTY

RCFE FOR LEASE

- 6 BDR/4 BA, 2400 sf.
- Licensed for 6

CATHEDRAL CITY - RIVERSIDE COUNTY

2 RCFE PORTFOLIO

- One 12-bed RCFE for Sale
- One 6-bed RCFE for lease
- Details TBA

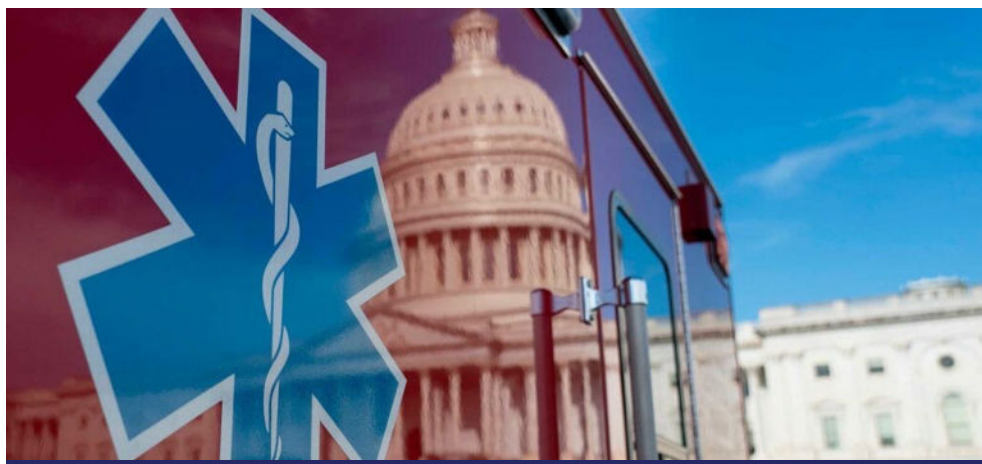
SACRAMENTO - RCFE FOR LEASE

- Licensed for 6
- 5 BDR/3 BA
- Many upgrades
- Details TBA

BAKERSFIELD - KERN COUNTY

2 RCFES FOR SALE

- Nice homes, quiet neighborhood
- Licensed for 6
- Home and Business



DEA EXTENDS TELEHEALTH PRESCRIPTION ALLOWANCES THROUGH 2024

Article Courtesy of: Mcknight's Daily Tech News | Aaron Dorman

For the second time this year, the Drug Enforcement Administration is extending telehealth prescription options as the agency continues to weigh how and when clinicians can provide drugs virtually.

The flexible rules, which have been in place since the COVID-19 pandemic, were set to expire this year, but numerous organizations and leaders within the long-term care sector have advocated that they be made permanent.

The DEA received 38,000 public comments over the summer on the issue and held a two-day listening session last month.

Although the DEA is concerned with access to opioids or other controlled substances, many advocates for the telehealth flexibilities argue that, for many older adults, access to pain relieving medication via telehealth is vital, particularly for those in either palliative or hospice care.

The original rule to limit tele-prescribing would place a heavy burden on pharmacies, said Chad Worz, PharmD, CEO for the American Society of Consultant Pharmacists.

"We appreciate that the DEA is taking the time to hear stakeholders and get the final rule right," Worz told McKnight's on Tuesday. "The rulemaking failed to envision how telemedicine technologies are currently used in long-term care facilities. We hope that DEA will take our comments into consideration when drafting the final rule to ensure that patients have access to needed specialists and medications."

The DEA's newest extension is now set to run through 2024. Beyond that, DEA officials have suggested the agency could allow for a special registration period for certain telemedicine prescriptions.

"We continue to carefully consider the input received and are working to promulgate a final set of telemedicine regulations, giving patients and medical practitioners time to plan for, and adapt to, the new rules once issued," DEA spokespersons said in a statement last week.

RCFE RESOURCE MARKET REPORT: (CONTINUED)

Rates Rise, Values Slip

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Affordability takes into account home prices, interest rates, and median incomes. As rates swelled, affordability rapidly crumbled. It was such a jarring shock to the marketplace that the buyers that remained cautiously approached purchasing and were unwilling to stretch the asking price at all despite not having many choices of available homes. Due to the market dynamics, sellers were forced to pivot and felt compelled to accept offers that were a little less than comparable sales. Thus, home values dropped slightly.

High rates squeezed the market and altered the criteria for how a buyer's market or seller's market is determined. With today's rates approaching 8%, a Seller's Market has evolved to an Expected Market Time below approximately 53 days. It is a slight Seller's Market from 40 to 53 days and a Hot Seller's Market below 40 days. The market is balanced between 53 to 67 days. It is a Slight Buyer's Market between 67 to 80 days and a Deep Buyer's Market over 80 days.

Mortgage rates have been stuck above 7% since the end of July as the financial markets now believe that the Federal Reserve will keep rates "higher for longer." Since the Federal Reserve met last month and confirmed that they will keep the short-term rate higher for longer than previously anticipated, rates have climbed from 7.33% to 7.8% today, levels last seen in November 2000.

The housing market is strikingly different now that rates have shifted towards 8%, squeezing home affordability further and, in many markets, starting to favor buyers. For typical single-family homes, as well as for care homes, as long as the inventory rises and demand falls, the Expected Market Time will climb; however experts predict that California real estate values will still hold strong.

HEALTHY BAKED APPLES WITH OATMEAL FILLING



This dessert is not only delicious but also healthy. Apples are high in fiber and vitamin C, while oats are a great source of important vitamins, minerals, fiber, and antioxidants. Walnuts add a nice crunch and are packed with good fats, fiber, vitamins, and minerals. This is a nutritious treat your residents will love!

Ingredients:

- 4 medium apples
- 1/2 cup of oats
- 1/4 cup of brown sugar Stevia substitute
- 1/4 cup of chopped walnuts
- 1/2 teaspoon of cinnamon
- 1/4 teaspoon of nutmeg
- 1 cup of water
- 1 tablespoon of honey

Instructions:

1. Preheat your oven to 350°F (175°C).
2. Cut off the top of each apple and scoop out the core, leaving a well in the center.
3. In a bowl, mix together the oats, brown sugar substitute, chopped walnuts, cinnamon, and nutmeg.
4. Fill each apple with the oat mixture and place them in a baking dish.
5. Pour the water into the bottom of the dish.
6. Bake for 30-40 minutes, or until the apples are cooked through and soft.
7. Drizzle each apple with a bit of honey before serving.

Note: Please adjust recipe accordingly for residents with food sensitivities or tree nut or other allergies. If in doubt, consult with your resident's physician or dietician.

INNOVATIVE WAYS TO SHOW CAREGIVER APPRECIATION

Caregivers are the unsung heroes of our society, often working tirelessly to provide comfort, support, and assistance to those in need. Whether they are professional caregivers or family members who have taken on the role, their dedication and selflessness deserve recognition and appreciation. While traditional methods of expressing gratitude, such as thank you cards or gift baskets, are always appreciated, there are many other creative and thoughtful ways to show your appreciation for a caregiver.

1. Personalized Artwork:

Art is a beautiful and unique way to express gratitude. Consider commissioning a local artist to create a piece that reflects the caregiver's personality or the bond they share with the persons they care for. This could be a portrait, a symbolic painting, or even a piece of handcrafted jewelry. This gesture not only supports local artists but also provides the caregiver with a one-of-a-kind memento.

2. A Day Off:

Caregiving can be a difficult job, and a day off can be a rare luxury. Arrange for a substitute caregiver and plan a day of relaxation for them. This could be a spa day, a day at the beach, a hiking trip, or simply a day at home with no responsibilities. The key is to give them time to recharge and enjoy themselves.

3. Memory Book:

Create a memory book filled with photos, notes, and mementos that capture the journey they've shared with the persons they care for. This can be a touching tribute to their dedication and a beautiful keepsake they can cherish.

4. Cooking Their Favorite Meal:

If you know the caregiver's favorite meal, surprise them by cooking it for them. Or, if they have a favorite restaurant, arrange for a meal to be delivered to them. This not only gives them a break from cooking but also shows that you've taken the time to learn about their preferences.

5. Plant a Tree:

Planting a tree in the caregiver's honor is a beautiful, eco-friendly way to show appreciation. As the tree grows, it will serve as a living testament to their dedication and care. You could also add a small plaque or sign with their name and a message of thanks.

6. Virtual Concert:

If the caregiver has a favorite band or musician, arrange a virtual concert for them. Many artists are



offering virtual performances during the pandemic, and this could be a great way to bring some joy and entertainment into the caregiver's life.

7. Subscription Box:

Subscription boxes are a gift that keeps on giving. Choose a box that aligns with the caregiver's interests, whether that's books, gourmet food, beauty products, or even a monthly flower delivery. Every time they receive a box, they'll be reminded of your appreciation.

8. Personalized Playlist:

Music has a unique way of lifting spirits and bringing joy. Create a personalized playlist for the caregiver, filled with songs that you feel reflect their personality, their journey, or simply tunes you think they'll enjoy.

9. Virtual Classes:

If the caregiver has a hobby or interest they've been wanting to pursue, consider gifting them an online class or workshop. This could be anything from painting to cooking to yoga. It's a thoughtful way to encourage them to take some time for themselves.

10. Star Dedication:

For a truly unique gesture, consider naming a star after the caregiver. There are several online services that allow you to dedicate a star to someone, complete with a certificate and coordinates to locate the star in the night sky.

Remember, the most important aspect of showing appreciation is sincerity. It's not about how grand the gesture is, but the thought and care that goes into it. Even the smallest act of kindness can make a big difference in a caregiver's day.

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SEPTEMBER 2023 COUNTY SALES AND PRICE ACTIVITY

(REGIONAL AND CONDO SALES DATA NOT SEASONALLY ADJUSTED)

September 2023	Median Sold Price of Existing Single-Family Homes			Sales			
	Sept. 2023	Aug 2023	Sept 2023	Price Month To Month % Change	Price Year To Year % Change	Sales Month To Month % Change	Sales Year To Year % Change
Calif. Single-Family Home	\$843,340	\$859,800	\$817,150	-1.9%	3.2%	-5.4%	-21.5%
Calif. Condo/Townhome	\$650,000	\$657,000	\$620,000	-1.1%	4.8%	-16.8%	-18.7%
Los Angeles Metro Area	\$780,000	\$792,500	\$750,000	-1.6%	4.0%	-10.7%	-20.8%
Central Coast	\$950,000	\$950,000	\$920,000	0.0%	3.3%	-6.3%	-20.8%
Central Valley	\$481,000	\$485,000	\$465,000	-0.8%	3.4%	-9.8%	-22.5%
Far North	\$385,000	\$369,000	\$379,740	4.3%	1.4%	-15.4%	-22.3%
Inland Empire	\$550,000	\$569,990	\$562,240	-3.5%	-2.2%	-12.8%	-24.8%
San Francisco Bay Area	\$1,300,000	\$1,260,000	\$1,220,000	3.2%	6.6%	-9.6%	-23.7%
Southern California	\$820,000	\$830,000	\$783,380	-1.2%	4.7%	-12.4%	-21.7%

THINKING OF BUYING OR SELLING?

Let our RCFE Resource team of professionals bring proven expertise to help you get the highest sales price for your RCFE or ARF!

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