



NEWPORT BEACH

2015/16 PROPERTY TAX SUMMARY



The City of Newport Beach experienced a net taxable value increase of 5.9% for the 2015/16 tax roll, which mirrored the increase experienced countywide at 5.9%. The assessed value increase between 2014/15 and 2015/16 was \$2.6 billion. The change attributed to the 1.998% Proposition 13 inflation adjustment was \$690 million, which accounted for 26% of all growth experienced in the city.

The largest assessed value increase was reported on a commercial property at 630 Newport Center Drive owned by Irvine Company that added new improvement values on site and the property has been re-appraised for a year to year increase of \$38.3 million. This is the location of the voluntary seismic retrofitting of the parking garage in the Pacific Financial Plaza. Two commercial sites owned by Block 500 Newport Center Drive at 550 Newport Center Drive and 555 San Nicolas reported a combined increase of \$51.8 million. Both of these sites were transferred from the Irvine Company as part of a 4 parcel transaction in October 2014 and the value has been re-appraised due to the name change in this transfer and has been divided among the properties.

The largest decline was posted on property at 3121 W. Coast Highway owned by Newport Towers LLC that was assigned a new parcel number in 2015-16 and the values formerly assigned to this property were not included on the roll at its release. These are the Newport Bay Towers Condos. Values are often entered after the release of the roll for appraisals in progress and these values will likely make it to the roll before the tax bills are issued.

In most areas, the housing market has inched back towards normalcy in 2015 with more owner occupied sales and less distressed and investor purchases. Median sale prices for real estate have continued to increase steadily year over year while the numbers of sale transactions remains healthy with some expected seasonal dips. In some areas the current median has surpassed the median at the height of the real estate bubble. The median sale price of a single family home in Newport Beach from January through August 2015 was \$1,650,000. This represents a \$50,000 (3.1%) increase in median sale price from 2014.

| Year | SFR Sales | Median Price | % Change |
|------|-----------|--------------|----------|
| 2009 | 848 | \$1,100,000 | |
| 2010 | 1,152 | \$1,252,500 | 13.86% |
| 2011 | 1,190 | \$1,189,000 | -5.07% |
| 2012 | 1,667 | \$1,260,000 | 5.97% |
| 2013 | 1,546 | \$1,500,000 | 19.05% |
| 2014 | 1,354 | \$1,600,000 | 6.67% |
| 2015 | 1,023 | \$1,650,000 | 3.13% |

2015/16 Tax Shift Summary

| | |
|--------------|---------------|
| ERAF I & II | \$-11,047,776 |
| VLFAA (est.) | \$8,135,904 |
| Triple Flip | Expired |

Top 10 Property Owners

| Owner | Net Taxable Value | % of Total | Use Type |
|---------------------------------------|------------------------|--------------|-----------------|
| 1. IRVINE COMPANY | \$1,738,218,348 | 3.67% | Commercial |
| 2. BLOCK 500 NEWPORT CENTER DRIVE LLC | \$188,787,966 | 0.40% | Commercial |
| 3. NEWPORT BLUFFS LLC | \$149,368,474 | 0.32% | Residential |
| 4. BALBOA BAY CLUB VENTURES | \$132,740,207 | 0.28% | Cross-Reference |
| 5. UDR NEWPORT BEACH NORTH L P | \$127,976,292 | 0.27% | Residential |
| 6. CORONADO SOUTH APARTMENTS LP | \$123,228,435 | 0.26% | Residential |
| 7. BAY ISLAND CLUB | \$98,384,212 | 0.21% | Residential |
| 8. 100 BAYVIEW LLC | \$95,582,468 | 0.20% | Commercial |
| 9. JAZZ SEMICONDUCTOR INC | \$93,430,635 | 0.20% | Unsecured |
| 10. NEWPORT HEALTHCARE CENTER LLC | \$91,851,936 | 0.19% | Commercial |
| Top Ten Total | \$2,839,568,973 | 5.99% | |

Real Estate Trends

Home Sales

Home sales continue to rebound in many parts of the State but at a slower pace than last year. This is mainly due to inventory and affordability constraints. The reported median price of an existing, single family detached home in California during June 2015 was \$489,560. This was a 7.0 percent increase from \$457,700 in June 2014.

| All Homes | Units Sold June-2014 | Units Sold June-2015 | % Change | Median Price June-2014 | Median Price June-2015 | % Change |
|-----------------------|-------------------------|-------------------------|----------|---------------------------|---------------------------|----------|
| Imperial County | 115 | 155 | 34.78% | \$190,000 | \$185,000 | -2.63% |
| L. A. County | 6,911 | 8,171 | 18.23% | \$460,000 | \$500,000 | 8.70% |
| Orange County | 3,319 | 3,831 | 15.43% | \$600,000 | \$629,500 | 4.92% |
| Riverside County | 3,463 | 4,073 | 17.61% | \$298,500 | \$315,000 | 5.53% |
| San Bernardino County | 2,353 | 2,774 | 17.89% | \$240,000 | \$268,750 | 11.98% |
| San Diego County | 3,698 | 4,467 | 20.80% | \$450,000 | \$476,000 | 5.78% |
| Ventura County | 891 | 1,062 | 19.19% | \$470,000 | \$517,800 | 10.17% |

Pool of Prop 8 Reduced Property Values Restored Through 2014-15

Residential properties throughout California received value reductions to lower market rate values between 2008 and 2012. The reductions by Assessors for these properties reflected Proposition 8 declines in real estate values when the "Great Recession" impacted sale prices and the numbers of units selling. Beginning in 2013, most county assessors started reviewing properties that had received reductions in large numbers and restoring values as market values moved upward. In many communities we have started seeing median sale prices reported in 2015 that are exceeding those seen in 2006 or 2007 during in the peak of the real estate bubble. In several counties, the values restored in 2015-16 may be the last measurable Prop 8 increases to "boost" residential values for properties that experienced declines. Other counties may see one or two more years of restorations before returning to the more typical year over year changes resulting from the annual CPI adjustment, transferred properties, and new construction additions. **In Newport Beach 70.5% properties awaiting recapturing in 2012-13 have been fully reinstated.**

Estimated Percentage of Prop 8 Value Restored Since 2012-13

