



Jaime Pera's Marin Real Estate Market Update December 31, 2017

Happy New Year and welcome to the 2018 version of the Marin Real Estate Market!

We ended 2017 with the lowest listing inventory for single family dwellings in the past 20 years with 164 (I didn't bother going back further but this is likely an all-time record). This number is 18.4% lower than December 2016 (201) and 70% lower than December 2011's balance of 547, just prior to the start of the real estate recovery. At the current absorption rate, it would take exactly one month to sell off this inventory if no new product were to come on the market. A balanced market where buyers and sellers more or less have equal footing is four months of inventory. Four months inventory at today's absorption rate equates to approximately 650 listings. Most experts however agree that the days of higher inventory levels are over and that moving forward we will continue to see low levels and an unbalanced market which favors sellers.

In 2017 the median price of single family dwellings rose 6.8%. The median price of Marin homes has risen 53% cumulatively since December 2011, a healthy 8.8% average annual increase. Additionally, December year end days on the market stood at 50 days, the lowest year end level in the past seven years. It is also interesting to note that 157 fewer new listings came on the market in 2017 vs 2016 (2,843 vs 3,000) but 74 more properties were sold in 2017 vs 2016 (2,646 vs 2,572), and amazingly the inventory absorption rate defined as the number of properties in escrow divided by the number of properties for sale rose to a sky high 67% in December 2017 vs 44% in 2016. Please note that these indicators are the clearest sign that buyers are highly engaged and that home values will continue to rise in 2018.

Marin Real Estate Market Key Statistics							
Source: BAREIS MLS							
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
For Sale - December Year End	164	201	195	246	283	280	547
New Listings Taken Full Year	2,843	3,000	3,330	3,479	3,626	3,401	3,970
Sold	2,646	2,572	2,964	3,038	3,131	3,000	2,506
Absorption Rate (Pended Sales) %	67	44	60	48	41	59	29
Days on Market	50	63	65	72	71	86	101
Median Price	1,074,023	1,005,666	939,966	875,338	808,978	675,739	650,214
% Median Price Increase	6.8%	7.0%	7.4%	8.2%	19.7%	3.9%	

Note to Sellers:

There is no doubt that this is a great time to sell! If you have been considering selling to either upsize, downsize, or relocate, I would not wait. A strategy I am recommending is to get your home on the market as soon as possible, ideally before the spring selling season starts since I have heard from a number of reliable sources that we will have a large number of new listings coming on the market in the spring. By being proactive and listing before spring, your home will stand out in a low inventory environment which means that you should receive top dollar. The further benefit for those that are downsizing with the need to sell before buying is that you will be in great position to land your replacement home in the spring when the listing inventory grows.

If you are anxious about upsizing or downsizing in a market where there aren't enough homes for sale, please read my blog article on this subject: <http://www.lifeinmarincounty.com/tips-upsizing-downsizing-inventory-constrained-market/>

Marin County Listing Inventory by City					
Single Family Dwellings					
As of 1/10/2018					
	# For Sale	Average Days on the Market	Minimum Price	Average Price	Maximum Price
Belvedere	7	162	4,158,888	6,961,270	16,995,000
Corte Madera	1	298	25,000,000	25,000,000	25,000,000
Greenbrae	1	27	1,480,000	1,480,000	1,480,000
Kentfield	2	73	4,995,000	5,495,000	5,995,000
Mill Valley	15	106	999,000	2,912,400	9,990,000
Novato	24	68	729,000	1,334,036	2,300,000
Ross	4	222	3,250,000	14,384,500	18,888,000
San Anselmo	9	64	769,000	1,916,444	2,995,000
San Rafael	26	72	689,000	2,209,515	8,750,000
Sausalito	5	81	795,000	3,704,600	6,985,000
Stinson Beach	1	110	2,295,000	2,295,000	2,295,000
Tiburon	17	227	1,499,000	2,295,000	2,295,000
West Marin	20	140	625,000	1,715,371	9,500,000
Totals	132	116	625,000	3,379,418	25,000,000

Source: Bay Real Estate Information Services

Note to Buyers:

Don't be fearful about this competitive market. Stick to your plan; know exactly what you are looking for, and how much you are willing to pay for it. If the home you are considering doesn't feel right and something about the situation makes you uneasy then it's likely not the right place for you! Here are some mistakes to avoid:

- 1) Moving forward on a purchase out of desperation
- 2) Hesitating on moving forward on the purchase of a property that feels right, causing delays, which results in not landing the home
- 3) Not making your best offer for the home that is right for you

- 4) Over analyzing the situation and failing to make an offer in a timely fashion
- 5) Not having a firm grasp on how much you can afford.
- 6) Making the mistake of working with an inexperienced agent in a competitive market
- 7) Overpaying for a home because you and your real estate agent have not properly evaluated comparable sales in the neighborhood of your target home
- 8) Not learning from prior mistakes

A Market Bubble?

This is the 10 year anniversary of the great recession and real estate crash. Is another bubble forming? The answer according to the experts that I follow is a resounding NO! Experts say that the previous crash was caused by low documentation standards and sub-prime loans and a desire to profit from short term gains. This market is characterized by low interest rates, the tightest lending standards in 20 years (Dodd Frank), historically low levels of properties for sale, low unemployment rates, and low housing starts.

Interesting Facts:

Finally, here are some interesting facts that further support my conclusion that Marin County real estate will continue to be a hot commodity in 2018 and that prices will continue to rise:

- The US unemployment rate is at a 17 year low of 4.1%. Marin and San Francisco unemployment rates stand at an identical 2.9%.
- The US consumer confidence indicator is at a 17 year high.
- The Dow Jones Industrial Average is at 25,800, the highest level in history.
- Interest rates for 30 year fixed rate jumbo mortgages are at 4.25%
- The tax reform act which lowers corporate and individual tax rates starting in 2018 will likely infuse large amounts of cash into our economy and drive asset prices upward (read real estate and stock market).

Please call me if you have questions about the Marin Real Estate Market or the value of your home. Upon request, I will be happy to prepare a high quality comparative market analysis and detail the steps you must take to list your home.

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