



# Jaime Pera's Marin Real Estate Market Update

## Year End 2019

Happy New Year!

Hoping that you enjoyed the holidays and that you had an opportunity to rest and recharge.

In my mid-year 2019 report, I talked about a growing trend of declining values that started in 2018 and continued into the first seven months of 2019. Data at the time showed that the average sales price for single-family dwellings for the first seven months of 2019 came in 6% lower than the same period in 2018. At the time I felt that if this trend continued that there would be a noticeable correction in values, something we had not seen since 2011 at a time when we were in the final stages of the last recession.

As it turns out, sales for the last five months of 2019 were strong, and the average sales price for single-family dwellings finished only 4.1% lower than 2018. This is a good thing as a robust market combined with low supply should create another seller's market with corresponding increases in real estate values in 2020. It is not unreasonable to expect prices to rise in the 3% to 4% range this year. Whether this happens will largely depend on how many new listings we see in the new year.

Statistics - Single Family Dwellings			
	<u>2019</u>	<u>2018</u>	<u>Variance</u>
For Sale	141	175	-19.4%
New Listing	2,108	2,185	-3.5%
Sold	1,927	1,893	1.8%
Sold - All Cash Offers	538	707	-23.9%
Percentage of All Cash Offers	27.9%	37.3%	-25.2%
Sold - Multiple Offers	890	1,208	-26.3%
Percentage of Multiple Offers	46.2%	63.8%	-27.6%
Months of Inventory (Closed Sales)	2.2	1.9	14.8%
Avg. Sold Price	1,598,912	1,667,550	-4.1%
Avg Days on Market	54	47	15.5%

Source: BAREIS Multiple Listing Service

Other Important Considerations:

- 1) On July 31, 2019, Marin's listing inventory for single family dwellings stood 29% HIGHER than July 2018. Amazingly however, by year end December 31, 2019 inventory finished 19.4% LOWER than December 2018. Low inventory will fuel rising home values in 2020.
- 2) interest rates for fixed rate mortgages are available as low as 3.5% and may go down further. Additionally, Marin/SF unemployment rates continue to hover around 2%.

- 3) The number of properties receiving multiple offers dropped sharply over last year (27.6%) after dropping 14% the year before. Buyers are not leaping to purchase properties with the same frenzy exhibited 2 years ago as they are looking for value and are exercising more caution. This trend will moderate 2020 price increases.
- 4) The number of all cash offers declined 25% over last year after declining 5% the year before. This trend will also moderate 2020 price increases.

Note to Sellers:

I believe that we are entering another great seller's market. The only thing that could derail this prediction is if an above average number of new listings hit the market in 2020. Inventory is very low right now, so it makes a lot of sense to list as soon as practically possible. I can help you determine the right market dynamics for your property. The correct price combined with appropriate home prep and marketing will ensure that you reap the highest reward from the market. Please contact me to receive a professionally prepared market analysis, discuss options, and answer any questions you have.

Note to Buyers:

Buyers also have a lot to be excited about in 2020! If you are truly looking to buy in 2020, I recommend that as you prepare your 2019 income tax returns that you simultaneously work with a lender to get pre-approved for a mortgage. The majority of documents a lender requires (tax returns, W-2s, bank statements, etc.) are also needed to prepare your tax returns, and when the right house comes along you'll be ready! Some economists are predicting further rate cuts and falling mortgage rates. If this happens, we will see historically low rates in 2020 which will increase affordability and purchasing power for buyers, even with the projected increase in real estate values. As a result, I expect fewer buyers will be priced out of the market and I also feel confident that they will see appreciation after purchase.

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