



Jaime Pera's Marin Real Estate Market Update

Mid Year 2019

Happy Summer!

Hoping that everyone has had an opportunity to enjoy a much-needed vacation. If not, there still is time!

The market has changed quite a bit since my last update, as the warning signs that appeared in 2018 particularly in the second half of the year have now been documented statistically (prices have decreased). The changes may appear subtle but if this trend continues, I believe we will see a continued reduction in Marin home values. To keep things in perspective, average prices for Marin Single Family Dwellings have risen almost 80% since 2013 when values began to recover. So, to some degree it makes sense that sooner or later we would enter a period of declining values. What is difficult to comprehend however is why this is happening at a time when we have a very strong local and national economy, live in an area with some of the highest household income in the nation, we are enjoying record low unemployment rates (Marin & SF have a 1.9% rate!), and at a time when 30 year fixed rate mortgages stand at 3.75% for conforming loans and 4.00% for jumbo loans.

KEY STATISTICS - MARIN COUNTY SINGLE FAMILY DWELLINGS					
Date	Jan - June '17	Jan - June '18	Jan - June '19	% Chg from '17	% Chg from '18
For Sale	331	367	474	43%	29%
New Listing	1,304	1,298	1,267	-3%	-2%
Sold Properties	934	914	899	-4%	-2%
Sold Properties - Off Market	89	116	115	29%	-1%
Percentage of Properties Sold Off Market	10%	13%	13%	34%	1%
Sold Properties - Multiple Offers	522	492	400	-23%	-19%
Percentage of Properties With Mult Offers	56%	54%	44%	-20%	-17%
Avg. Sales Price	1,617,852	1,736,849	1,637,971	1%	-6%
Percentage of Properties with Price Reduction	11%	15%	20%	82%	33%
Avg Days on Market	47	46	53	12%	14%

Source: BAREIS Multiple Listing Service

Here is what I see in these statistics:

- 1) There has been a substantial increase in our listing inventory as it has increased 43% over 2017 and 29% over 2018. This is an indicator that prices are high and buyers are looking for value.
- 2) The number of properties sold continues to trend downward. This has been the case for over two years.
- 3) The number of properties receiving multiple offers is down sharply over last year (19%). Buyers are not leaping to purchase properties with the same frenzy exhibited 2 years ago.
- 4) The percentage of listings with price reductions has increased 82% over 2017 and 33% over last year. This is an indication that sellers continue to believe that prices are increasing when they are NOT!
- 5) The average sales price is down 6% over last year! The last time we saw a reduction in sales price was in 2011 when we were in the final stages of the recession.

Anecdotally, I can tell you from the open houses I've recently hosted that there are a lot of buyers out there. As a group however they are taking a more cautious approach to home buying as they want value, are looking for turnkey solutions, and bottom line do not want to overpay!

Looking at the second half of the year, I expect that the current trend will continue with higher inventory levels and 5-7% fewer homes selling in 2019 vs 2018. I also expect that prices will finish the year 6%-8% lower than in 2018.

Note to Sellers:

To succeed in today's market and maximize the return on the sale of your home it is imperative that you price your home at market value. Homes priced close to market value that require no price reductions have sold for 101.4% of the original list price. Homes requiring at least one price reduction sold for 88.6% of the original price. This is a 12.8% spread.

Wondering about your home's value? Please contact me to receive a professionally prepared market analysis, discuss options, and answer any questions you have.

Note to Buyers:

This is an excellent time for buyers to negotiate! I recommend that you start by searching for a diamond in the rough by scouring homes that have been on the market for 45 days or longer. There are some beautiful homes out there. Currently, 32% of all single-family dwellings, or 131 homes (out of 411) across all price ranges have been on the market for 45 days or longer! Given the fact that most sellers do not realize that prices are declining I expect that as days on the market increase that those that must sell will ultimately have no option but to accept lower offers. The 12.8% spread discussed in the note to sellers is equivalent to approximately \$200,000 on a \$1.5M home, some portion of which can likely be attributed to a penalty for overpricing the home in the first place. This penalty is money in the pocket of buyers!

Bottom Line:

Don't be afraid of a declining market! The decision to buy or sell is a personal one, and although market trends can tell you what's happening overall, they don't accurately reflect what is going on in your own life:

relocating, job promotion, growing family, shrinking household, need for lower maintenance, etc. In a seller's market, people still buy. In a buyer's market, people still sell.

Let's talk about what's right for you now and in the long-term.

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My Recent Activity – Past 30 Days



Just Sold:
19 Ross St, San Rafael
Multiply Family - 4 Unit Property

Sold for: \$1,318,000



Sale Pending:
2336 Shelter Bay Ave, Mill Valley
Water Front Condominium

Listed For: \$730,000

The future belongs to those who believe in the beauty of their dreams.

Eleanor Roosevelt