

FCR
FIRST CALIFORNIA REALTY, INC.
DECEMBER 2020

REAL ESTATE NEWS BITES

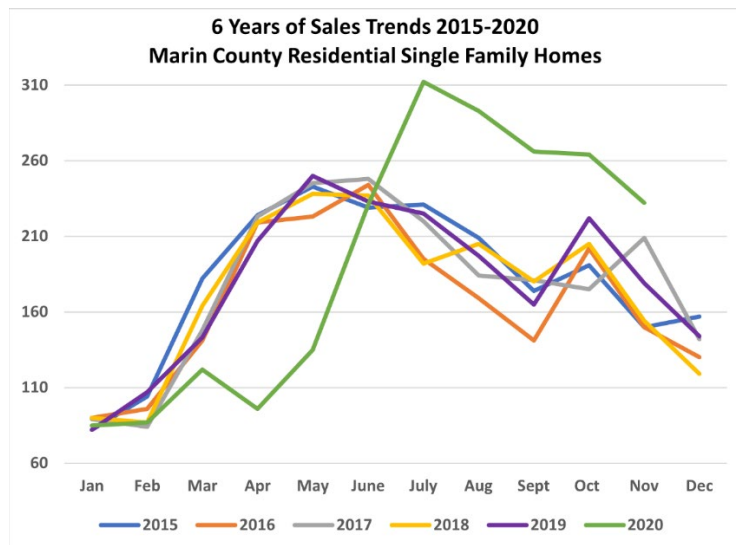
"This winter may be one of the best winters for sales activities." *Lawrence Yun, Chief Economist at the National Association of Realtors*

"We expect home sales in 2021 to come in 7% above 2020 levels" *Danielle Hale, Chief Economist Realtor.com*

"The various measures of housing demand can only be described as shockingly strong, in spite of the resurgence in Covid19 cases." *Zelman's Broker Survey*

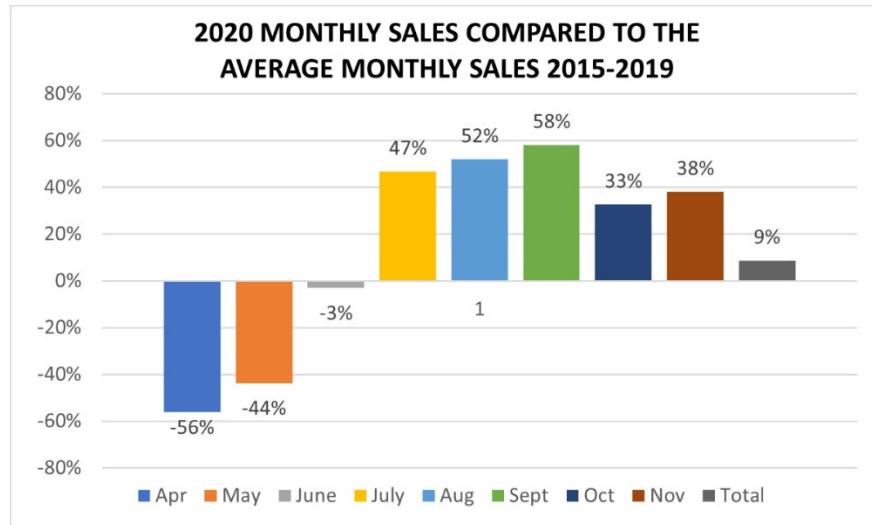
"Those shopping for a home can afford 10% more home than they could have one year ago while keeping their mortgage payment unchanged." *Mortgage News Daily*

HOME SALES VS THE PANDEMIC



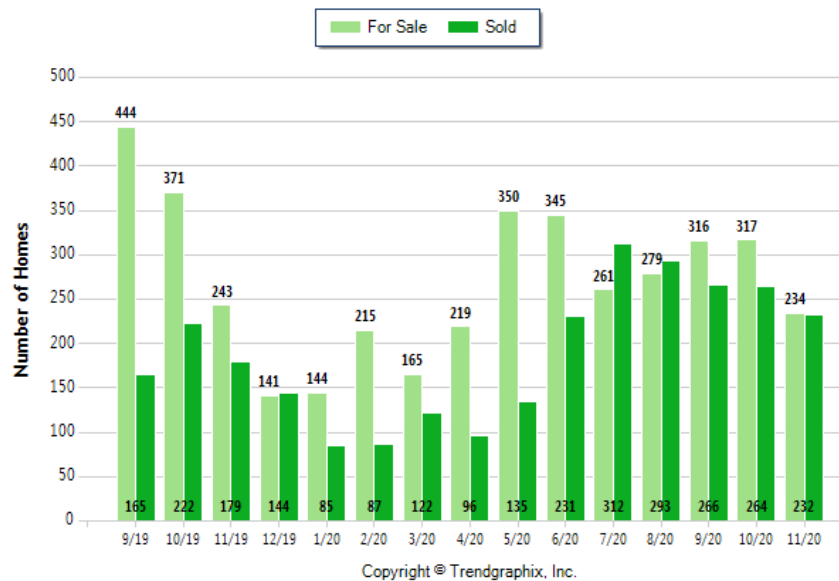
**November sales followed seasonal trends
but still outperformed each of the previous 5 years.**

The pent-up demand from March through May, when home sales suffered from the unknown health and economic effects of the pandemic, is beginning to be absorbed as buyers scramble to take advantage of historically low interest rates.



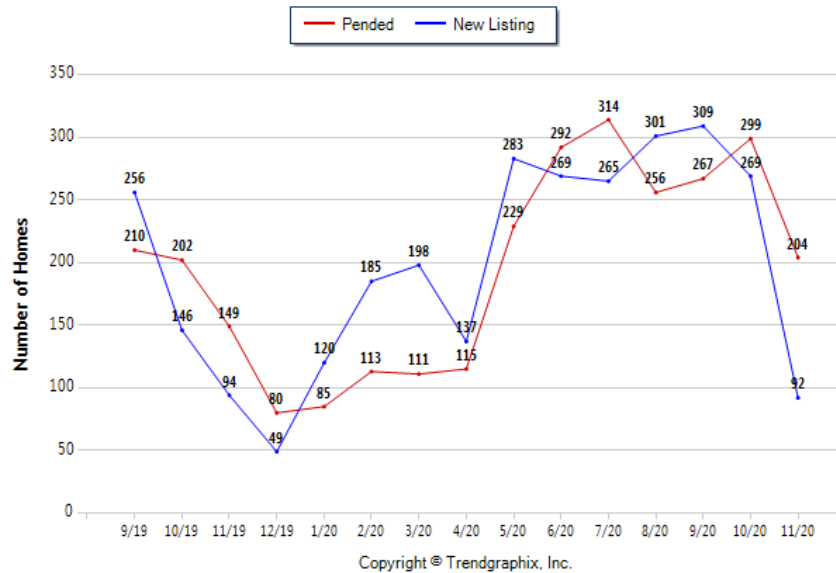
This graph compares 2020 monthly sales to the average of the previous 5 years. Sales dropped by **56%** in April, then surged in July - up **47%**. In September sales peaked, **58%** higher than the previous 5 years, dropped to **33%** in October, then bounced back to a **38%** increase in November. Overall, averaging the highs and lows, closed sales improved by **9%** April through November.

NOVEMBER MARKET TRENDS

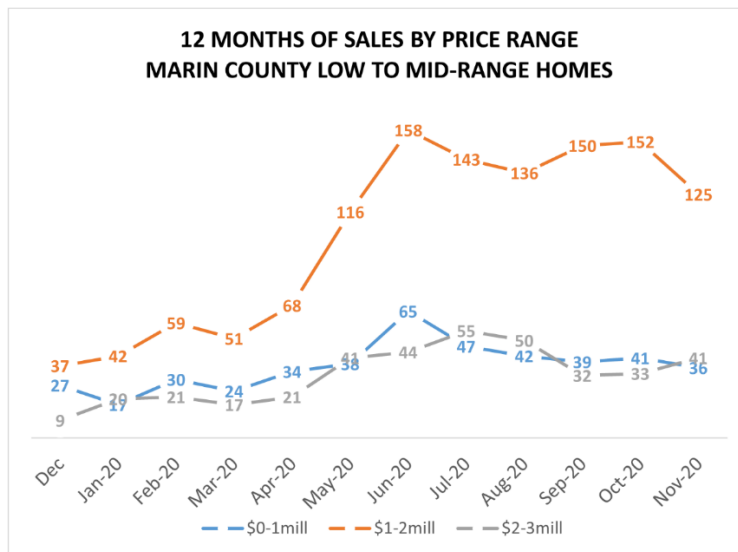


Homes For Sale in November 2020: 234 units
 Down **26.2%** compared with October
 Down **3.7%** compared with November 2019

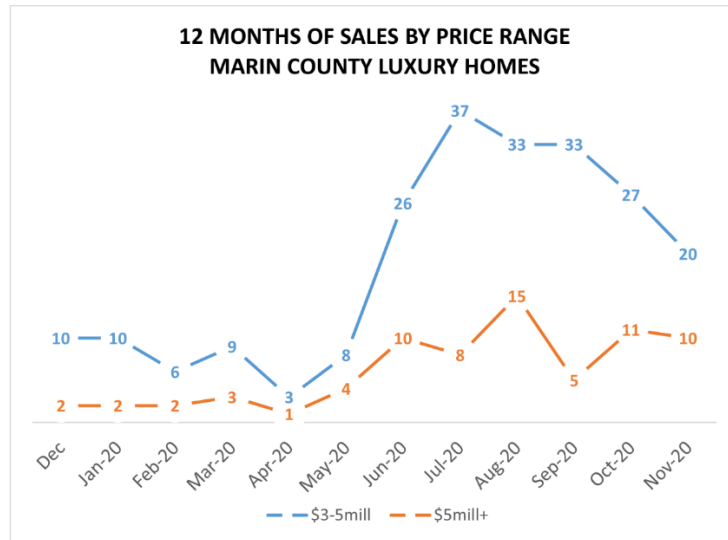
Homes Closed in November 2020: 232 units
 Down **12.1%** compared with October
 Up **29.6%** compared with November 2019



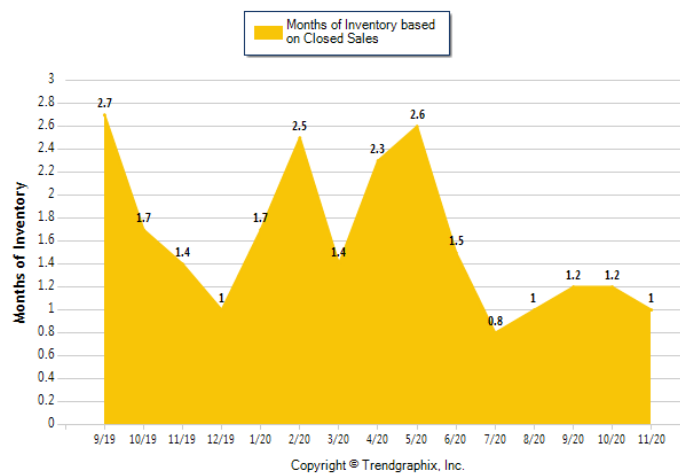
New Listings in November 2020: 92 units
 Down **65.8%** compared with October
 Down **2.1%** compared with last year
 Pending (New) Sales in November 2020: 204 units
 Down **31.8%** compared with October
 Up **36.9%** compared with last year



This graph tracks monthly sales in low to mid-range priced homes. Sales of homes priced from \$0 to \$1,000,000 dropped from 41 in October to 36 in November. The most popular price range in Marin is \$1,000,000 to \$2,000,000 where sales dropped from 152 to 125. The sale of homes priced from \$2,000,000 to \$3,000,000 increased from 33 to 41.

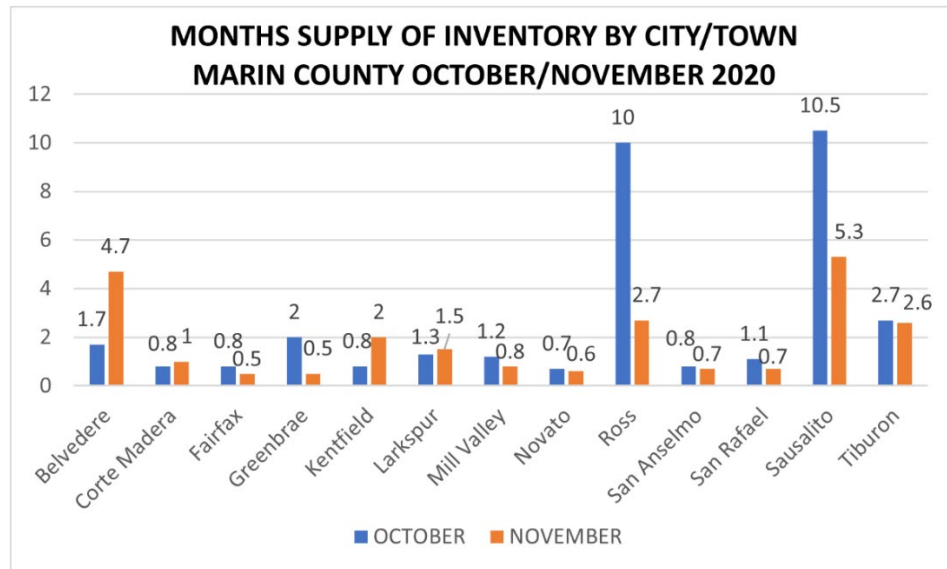


Sales in the \$3,000,000 to \$5,000,000 price range decreased from **27** in October to **20** in November.
Homes priced at \$5,000,000 and above decreased from **11** in October to **10** in November.

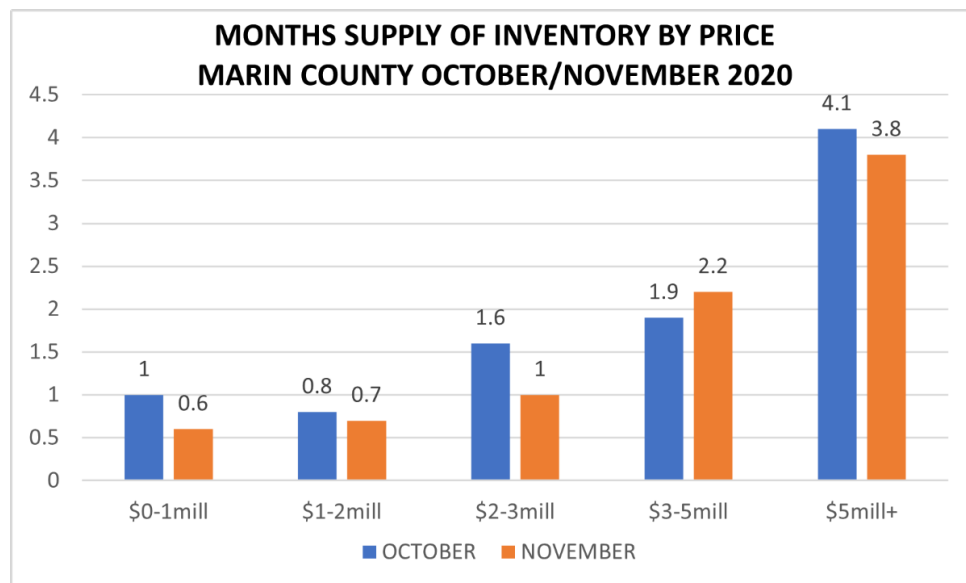


The Month's Supply of Inventory is defined as the number of months it would take to sell and close escrow on all currently active listings, given the current rate of sale. A comparatively low inventory is more beneficial for sellers while a higher inventory is better for buyers.

In November, the inventory of homes for sale dropped from 1.2 to 1 month. The decrease was the result of active listings falling 26.2% while closed sales only fell by 12.1%.



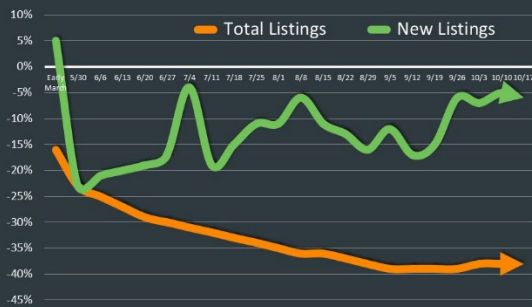
Knowing that we have one month's worth of housing inventory is not that relevant to the inventory in your city/town. In November, the housing supply varied from 2 weeks in Fairfax and Greenbrae to 5.3 months in Sausalito. Last month inventories were down in 9 cities/towns and up in 4.



Viewing the supply of homes for sale by price range, November inventories varied from .6 months in the \$0-1million range to 3.8 in the luxury market.

The graph below shows that, nationally, the inventory of homes for sale has been dropping since early March. The positive result for sellers is that the supply/demand imbalance is driving up home appreciation.

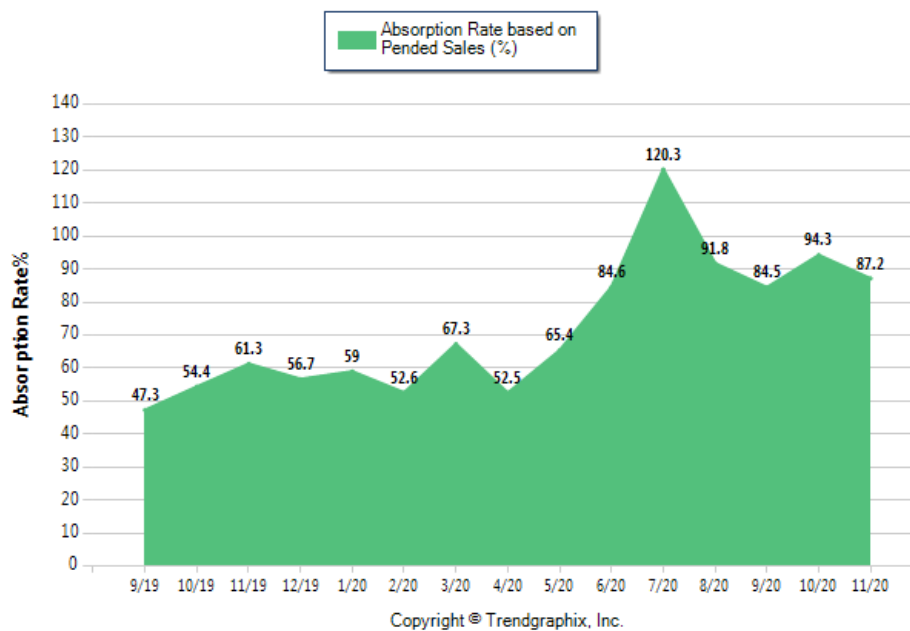
Year-Over-Year Change in Listings



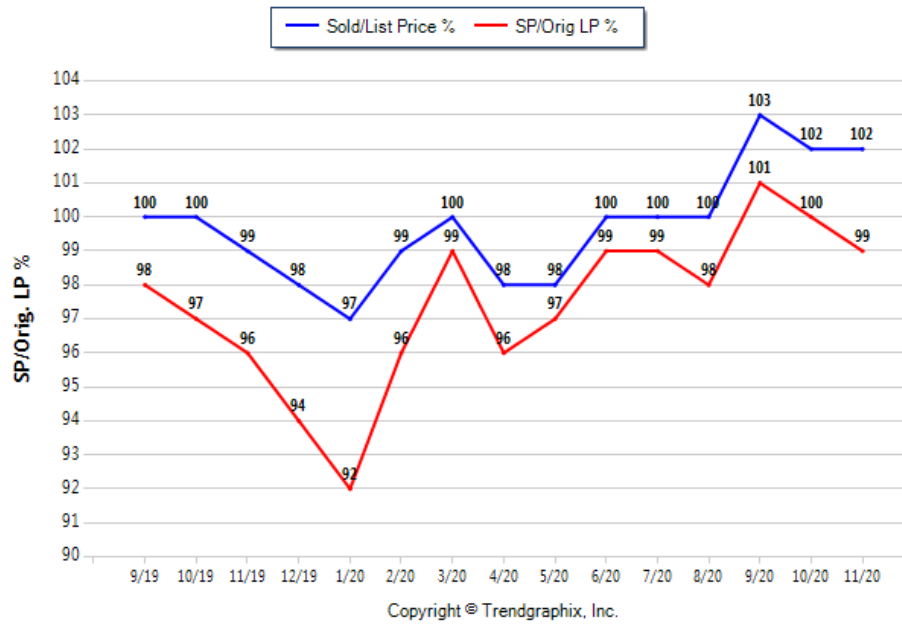
"Since the beginning of the COVID pandemic in March, **nearly 400,000 fewer homes have been listed compared to last year**, leaving a gaping hole in the U.S. housing inventory..."

As a result, **home prices are accelerating at double last year's pace.**"

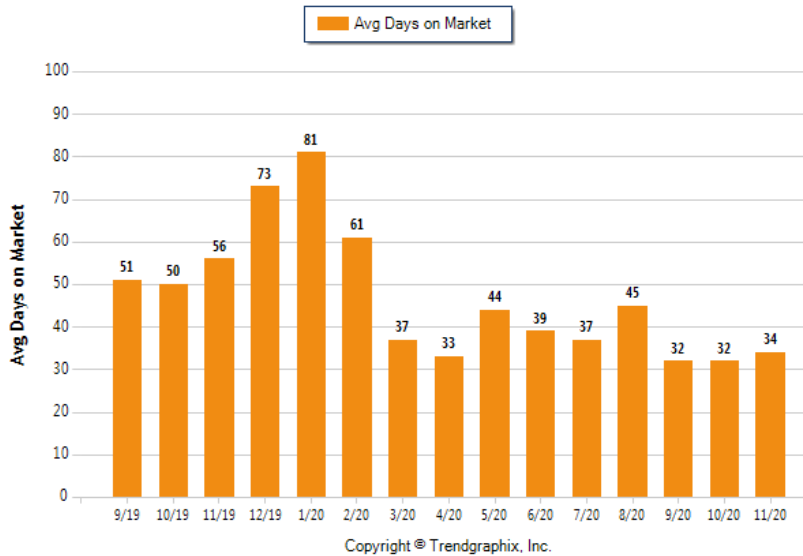
realtor.com



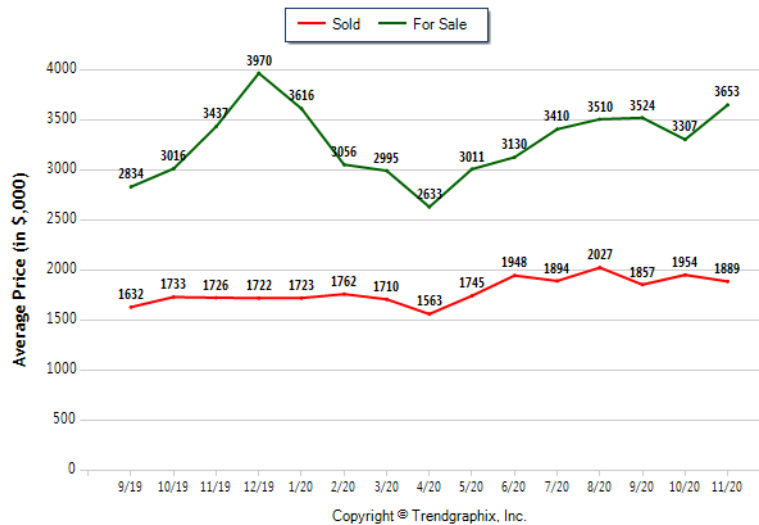
It is no wonder inventory is shrinking. In November 87.2% of active listings were placed into escrow. Comparing the right side of the graph to the left side, you can see why housing inventory has been contracting since May.



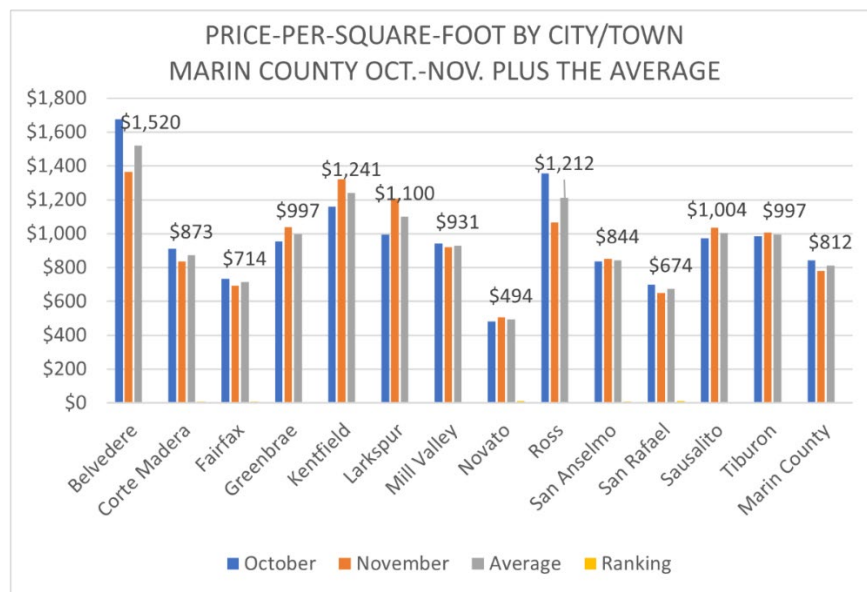
Another indicator of low inventory and high demand is the sales price to list price ratio. In November, Marin County single family homes sold on average for 102% of the list price at the time offers were accepted. They sold for 99% of the original list price indicating that, on average, it required a 3% price reduction to obtain acceptable offers.



Last month, the number of days from listing date to sale date, with all contingencies removed, increased from **32** days in both September and October to **34** days in November.



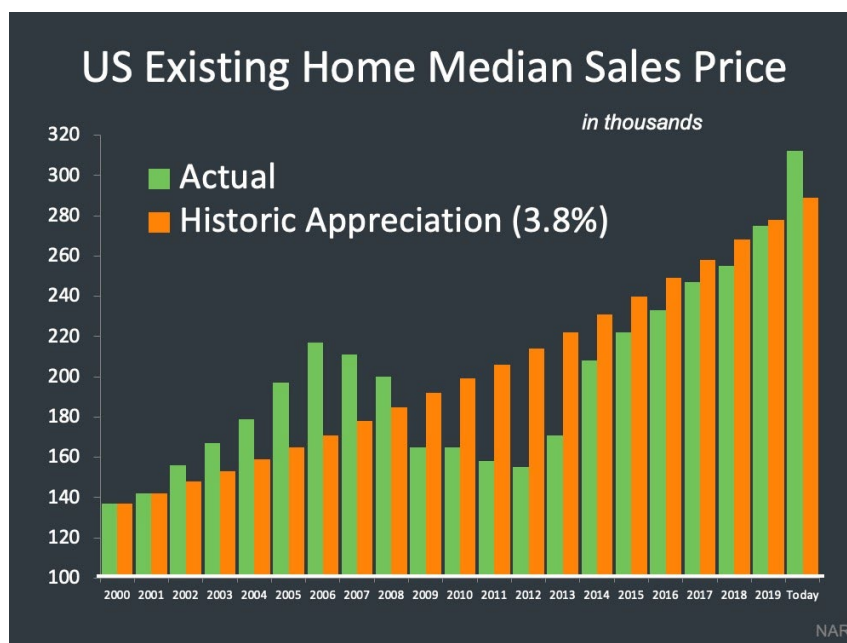
In November, the average list price of a Marin County single-family home was **\$3,653,000**, up from **\$3,307,000** in October. The average sales price was **\$1,889,000**, down from **\$1,954,000**.



Sellers often use the price-per-square-foot (PPSF) of comparable properties to arrive at a competitive list price for their homes. Buyers use the PPSF to compare the affordability of alternative areas or homes. This graph charts the PPSF for October, November and the average of the two in the 13 core Marin cities/towns. Averaging the two months, the highest PPSF, and so the least affordable area was

Belvedere at **\$1,520**. The most affordable area was Novato at **\$494**. The table below lists all of the numbers used to create the graph plus rankings from highest PPSF to lowest.

PRICE-PER-SQUARE FOOT—MARIN COUNTY SINGLE FAMILY HOMES				
	October	November	Average	Ranking
Belvedere	\$1,675	\$1,365	\$1,520	1
Corte Madera	\$911	\$835	\$873	8
Fairfax	\$734	\$694	\$714	10
Greenbrae	\$954	\$1,040	\$997	6
Kentfield	\$1,159	\$1,323	\$1,241	2
Larkspur	\$994	\$1,206	\$1,100	4
Mill Valley	\$943	\$919	\$931	7
Novato	\$483	\$505	\$494	12
Ross	\$1,357	\$1,067	\$1,212	3
San Anselmo	\$837	\$851	\$844	9
San Rafael	\$699	\$649	\$674	11
Sausalito	\$972	\$1,035	\$1,004	5
Tiburon	\$987	\$1,006	\$997	6
Marin County	\$843	\$780	\$812	



The National Association of Realtors created this graph comparing actual annual appreciation to the average annual appreciation since 1991. The green bars represent actual appreciation. Starting in 2002, actual home appreciation shot up above the average due to the overly aggressive lending practices which led to the "great recession" of 2007/2008. During the recession homes depreciated, dropping the rate well below the average. In 2012 prices began to recover and today the national rate of appreciation is around 7%, nearly double the average of 3.8%.

MORTGAGE INTEREST RATES



The table below gives you a history of rates from 9/2/2020 through 12/9/2020 for some of the most popular loans.

COMPARE MORTGAGE RATES

3-month trend	<u>30-Year Fixed Rates</u>	<u>15-Year Fixed Rates</u>	<u>5/1 ARM Rates</u>	<u>30-Year Jumbo Rates</u>
12/9/2020	2.990%	2.390%	2.930%	3.400%
12/2/2020	3.000%	2.420%	3.020%	3.440%
11/25/2020	3.010%	2.440%	3.010%	3.440%
11/18/2020	3.030%	2.450%	3.050%	3.460%
11/11/2020	3.120%	2.500%	3.080%	3.480%
11/4/2020	3.040%	2.470%	3.010%	3.480%
10/28/2020	3.030%	2.460%	3.010%	3.490%
10/21/2020	3.060%	2.470%	3.090%	3.490%
10/14/2020	3.050%	2.470%	3.090%	3.500%
10/7/2020	3.080%	2.530%	3.070%	3.480%
9/30/2020	3.050%	2.490%	3.170%	3.500%
9/23/2020	3.100%	2.530%	3.200%	3.520%
9/16/2020	3.090%	2.530%	3.210%	3.550%
9/9/2020	3.110%	2.550%	3.250%	3.570%
9/2/2020	3.100%	2.560%	3.240%	3.550%

Mortgage Rate Projections

Quarter	Freddie Mac	Fannie Mae	MBA	NAR	Average of All Four
2020 4Q	3.0	2.9	3.0	2.9	2.95%
2021 1Q	3.0	2.8	3.1	3.1	3.00%
2021 2Q	3.0	2.8	3.1	3.1	3.00%
2021 3Q	3.0	2.8	3.2	3.2	3.05%

This is a table of rate predictions from Freddie Mac, Fannie Mae, The Mortgage Bankers Association and the National Association of Realtors. If these predictions are accurate, interest rates will remain as low as 3.5% through the third quarter of next year.

Not a lot of change since October. The inventory of listed homes continues to contract, demand remains high as mortgage rates remain low, and home prices continue to move up though the rate of appreciation has been slowing down. What about 2021? Nationally, Danielle Hale, Chief Economist at Realtor.com predicts home sales to increase by 7% over 2020, "following a more normal seasonal trend, building momentum through the spring, and sustaining the pace in the second half of the year."

Below are the California Association of Realtors housing predictions for California in 2021. They predict that sales will increase by 3.3% over 2020, median home prices will increase by 4.4%, home affordability will decrease slightly due to rising prices, and 30-year fixed mortgages will average 3.1%.

Have a wonderful, safe holiday season!

California housing market outlook (baseline)

	2015	2016	2017	2018	2019	2020p	2021f
SFH Resales (000s)	409.4	417.7	424.9	402.6	398.0	398.8	411.9
% Change	7.0%	2.0%	1.7%	-5.2%	-1.2%	0.2%	3.3%
Median Price (\$000s)	\$476.3	\$502.3	\$537.9	\$569.5	\$592.4	\$661.1	\$690.3
% Change	6.6%	5.4%	7.1%	5.9%	4.0%	11.6%	4.4%
Housing Affordability Index	31%	31%	29%	28%	31%	32%	31%
30-Yr FRM	3.9%	3.6%	4.0%	4.5%	3.9%	3.2%	3.1%