



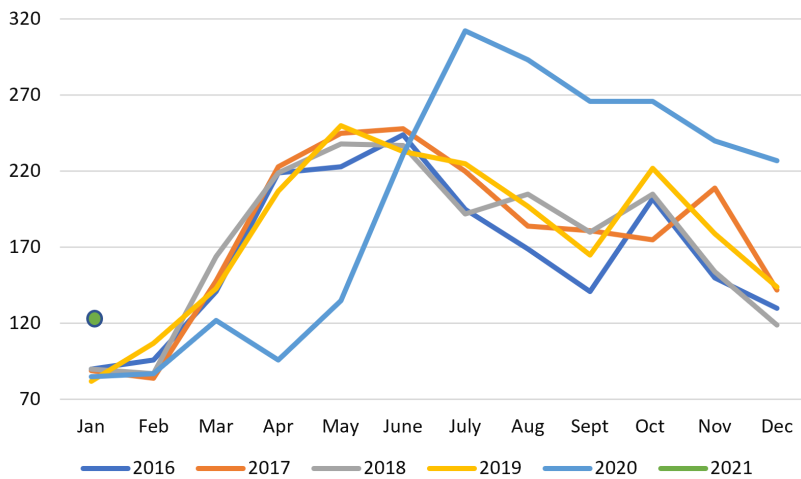
FIRST CALIFORNIA REALTY, INC.

FEBRUARY 2021

2021 - OFF TO THE RACES

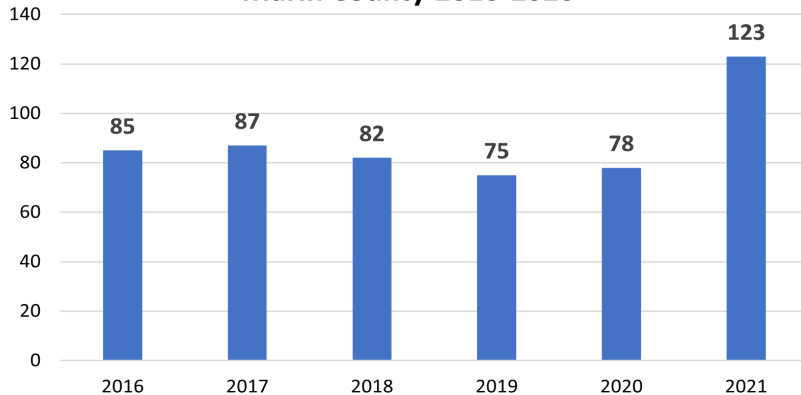
With one month in the history books, we begin 2021 well above January sales for each of the previous 5 years - as demonstrated in the first graph below. Unless market conditions reverse their current trend, the Seller's market we have been experiencing since the end of the "Great Recession" will continue, becoming even more extreme than in 2020. Interest rates remain unbelievably low, housing inventories continue to shrink and prices continue to rise. Despite the low supply of homes (putting sellers in a strong negotiating position) mortgage interest rates at or below 3% will continue to drive buyers into the market. Expect short marketing times, multiple offers on well-priced homes, and sales prices close to or exceeding list.

6 YEARS OF SALES TRENDS 2016-2021
MARIN COUNTY SINGLE FAMILY HOMES



This first graph plots monthly closed sales for six consecutive years. The blue line tells the story of how the onset of the Corona Virus dictated sales trends in 2020. The last half of the year more than made up for weak sales in the first half, when we struggled with how to transact real estate sales without putting people at risk. January 2021, represented by the green dot, eclipsed sales in the previous 5 years.

6 Years of January Sales
Marin County 2016-2020



In January, we closed 123 sales. That was a 58% increase over the 78 sales in January 2020, and 51% ahead of the average sales for the previous five

MARIN COUNTY SUMMARY OF KEY METRICS

SINGLE FAMILY HOMES—JANUARY 2021

Metrics	Year-Over-Year			Month-Over-Month		
	Jan. 2020	Jan. 2021	% Change	Dec. 2020	Jan. 2021	% Change
Closed Sales	78	123	57.7%	220	123	-44.1%
Listings Taken	109	90	-17.4%	62	90	45.2%
Days on Market	78	46	-41.0%	41	46	12.2%
SP/LP Ratio	98	101	3.1%	101	101	0.0%
SP/Original LP	93	99	6.5%	97	99	2.1%
Average Sales Price	\$1,628,000	\$1,685,000	3.5%	\$1,954,000	\$1,685,000	-13.8%
Price-Per-Square-Foot	\$690	\$751	8.8%	\$828	\$751	-9.3%
Median Sales Price	\$1,225,000	\$1,440,000	17.6%	\$1,423,000	\$1,440,000	1.2%
Mo. Supply of Listings	1.6	0.9	-43.8%	0.5	0.9	80.0%

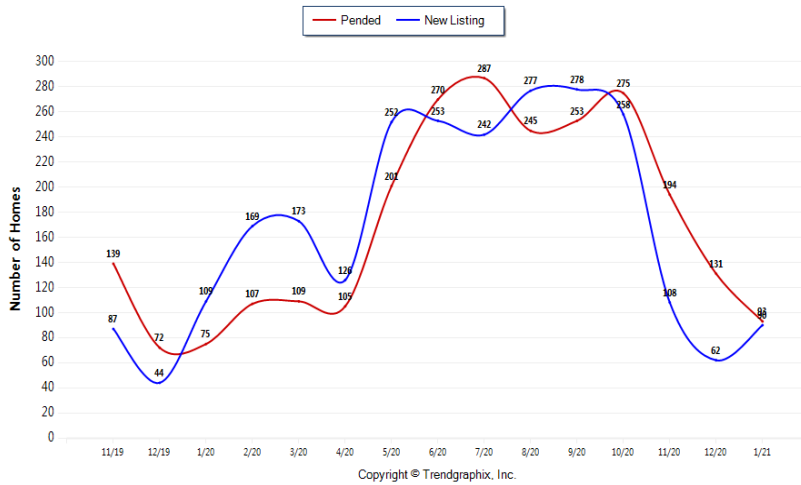
This table compares 2021 to 2020 trends in some of the most important metrics for sellers and buyers. In keeping with the usual seasonal trend, sales were down and new listings up, compared with December 2020. The long-term trend is revealed when comparing this January to January 2020. Year-over-Year, sales were up by **57.7%**, while new listings were down by **17.4%**. This supply/demand imbalance resulted in less than a one month supply of inventory to start this year compared with **1.6** months in January 2020. The average sales price increased by **3.5%** and the median price by **17.6%**. The increase in the sales price to list price ratio and decrease in days on market emphasize the strength of buyer demand as we get underway in 2021.

JANUARY MARKET TRENDS



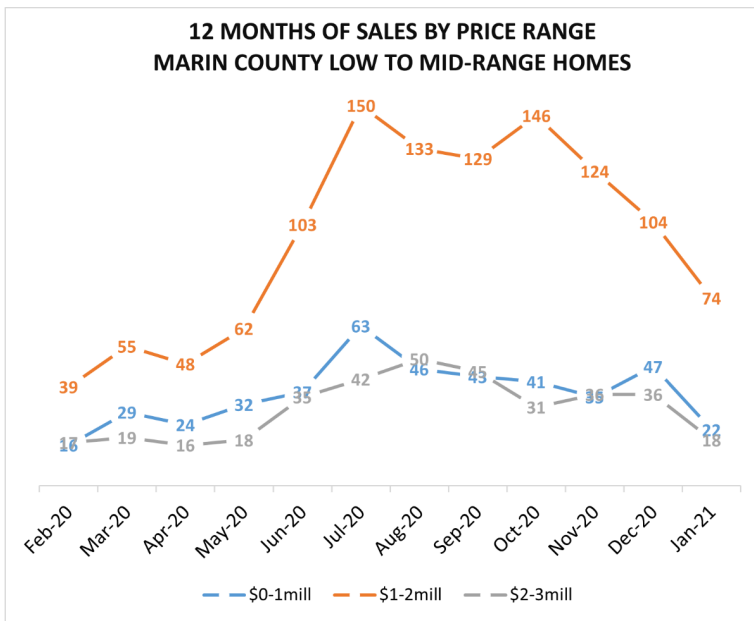
Homes For Sale in January 2021: 105 units. Down by 11.8% compared with December. Down by 13.9% compared with January 2020

Homes Closed in January 2021: 123 units. Down by 44% compared with December. Up by 57.7% compared with January 2020

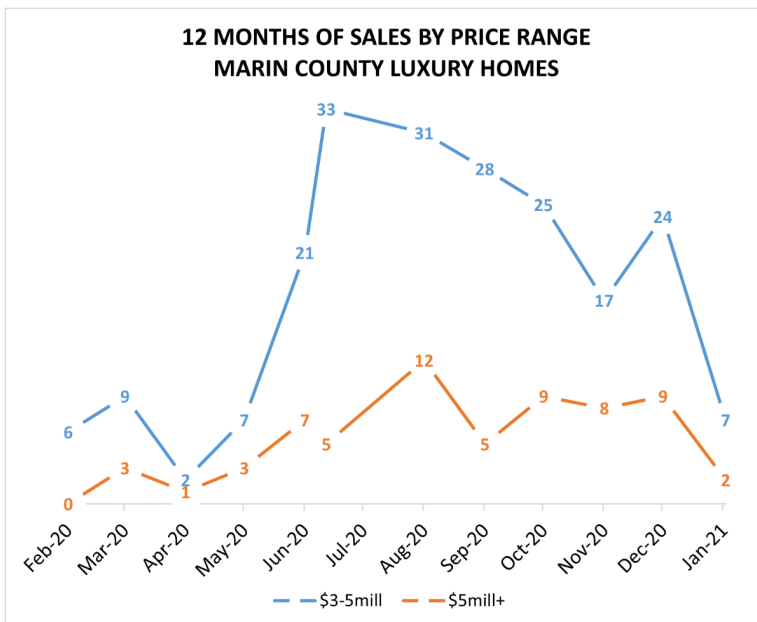


New Listings in January 2021: 90 units
Up by 45.2% compared with December.
Down by 17.4% compared with January 2020.

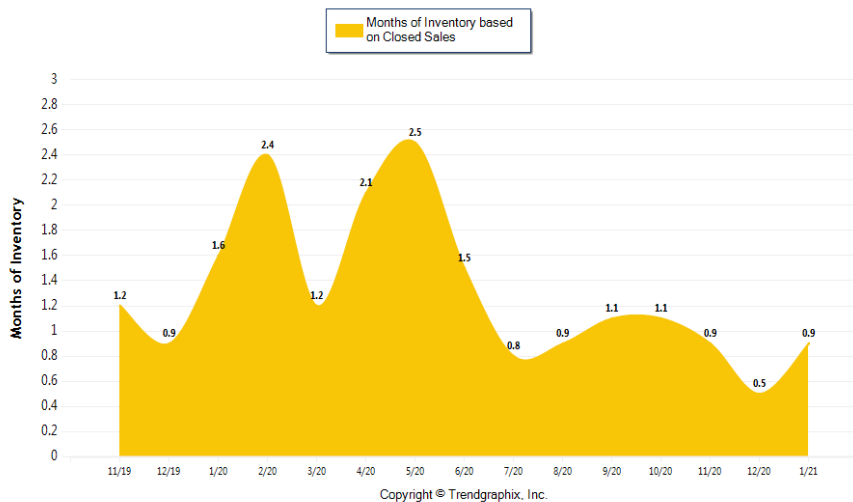
Pending (New) Sales in January 2021:
92 units. Down by 29.8% compared
with December. Up by 22.7% compared
with January 2021



This graph tracks monthly sales in low to mid-range priced homes. Sales of homes priced from \$0 to \$1,000,000 decreased from 47 in December to 22 in January. The most popular price range in Marin is \$1,000,000 to \$2,000,000 where sales dropped from 104 to 74. The sale of homes priced from \$2,000,000 to \$3,000,000 decreased from 36 to 18.

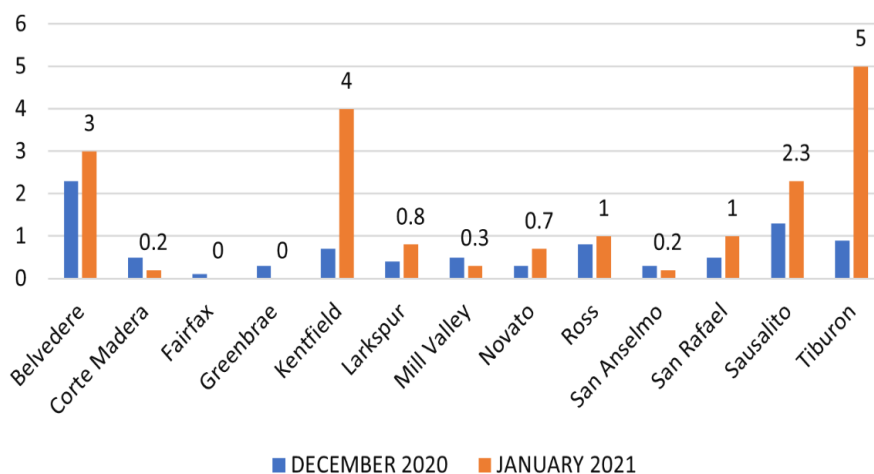


Sales in the \$3,000,000 to \$5,000,000 price range tumbled from 24 in December to 7 in January. Homes priced at \$5,000,000 and above fell from 9 in December to only 2 in January.



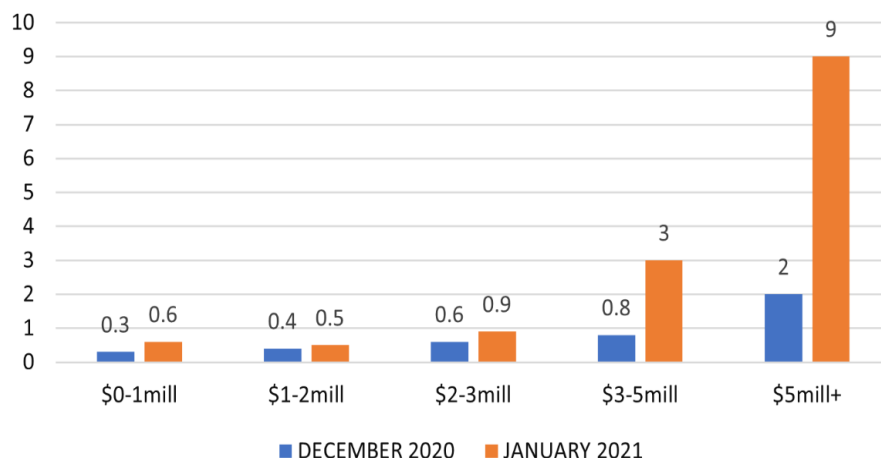
The Month's Supply of Inventory is defined as the number of months it would take to sell and close escrow on all currently active listings, given the current rate of sale. A comparatively low inventory is more beneficial to sellers while a higher inventory is better for buyers. The inventory of homes for sale increased from one-half of one month in December to nearly one full month in January. This dramatic increase was to be expected coming out of the holidays and into the new year.

**Months Supply of Inventory by City/Town
Marin County - December 2020 and January 2021**



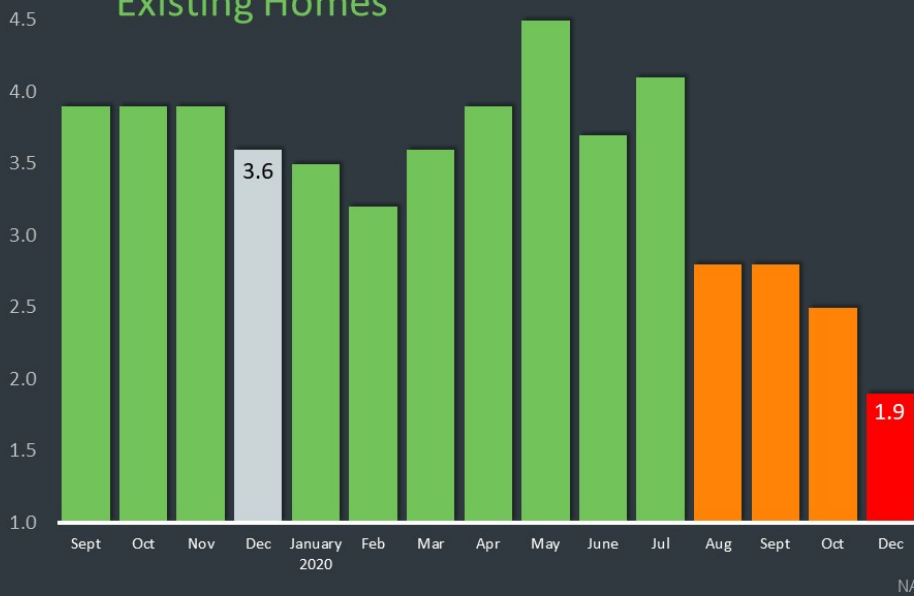
Viewing the supply of homes for sale by price range, January inventories varied from 0.6 months in the \$0-1,000,000 range to 9 in the luxury market of homes priced at \$5,000,000 and above.

**Month's Supply of Inventory by Price
Marin County - December 2020 and January 2021**

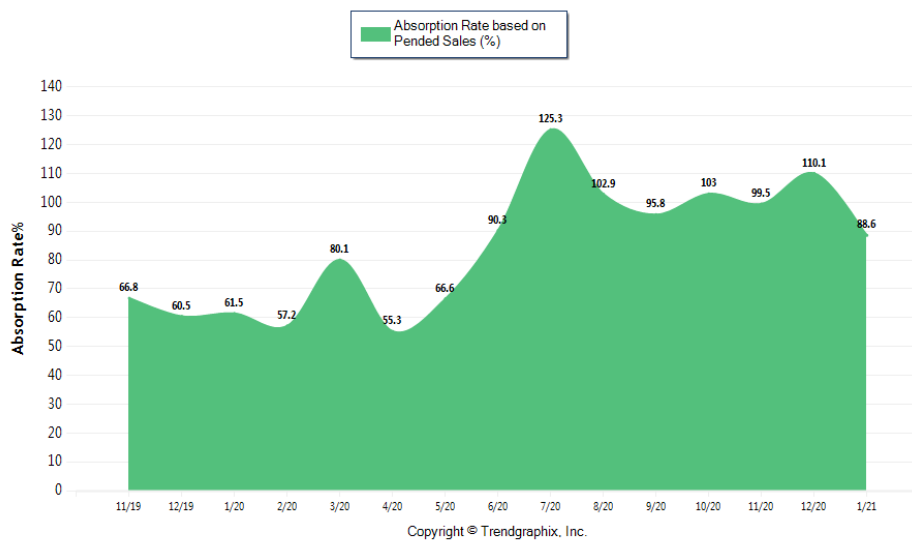


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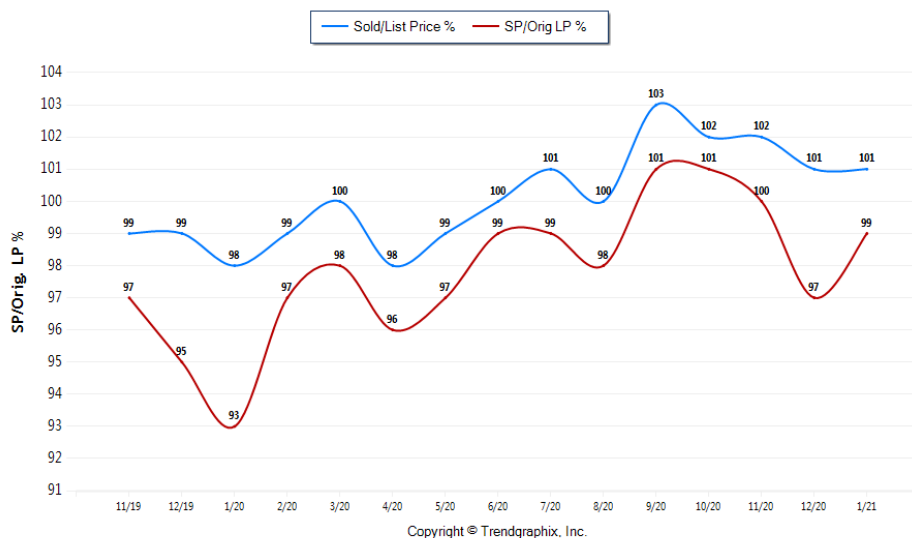
Months Supply of Available Inventory Existing Homes



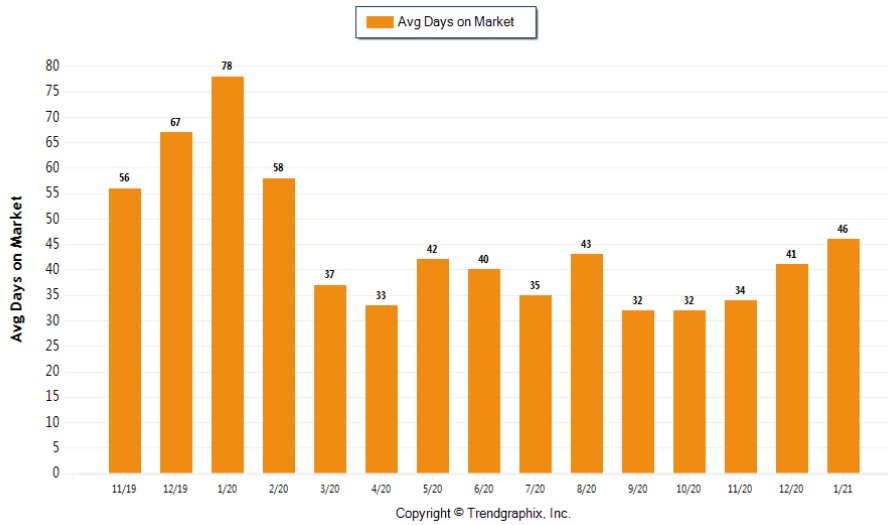
The shrinking of housing inventories is a wide-spread phenomenon. This chart shows the precipitous drop Nationally since May 2020.



The Absorption Rate is the percentage of listings that sell each month. In January, 88.6% of the active listings were placed into escrow. That was down from 110.1% in December and up from 61.5% in January 2020, again the result of shrinking inventories and growing demand.

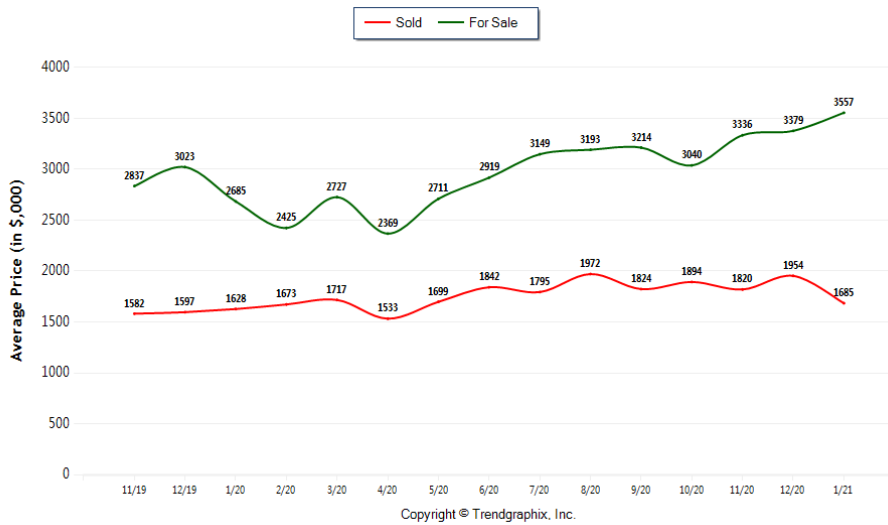


In January, Marin County single family homes sold on average for 101% of the list price at the time offers were accepted, and 99% of the original list price indicating that, on average, it required a 2% price reduction to obtain acceptable offers.

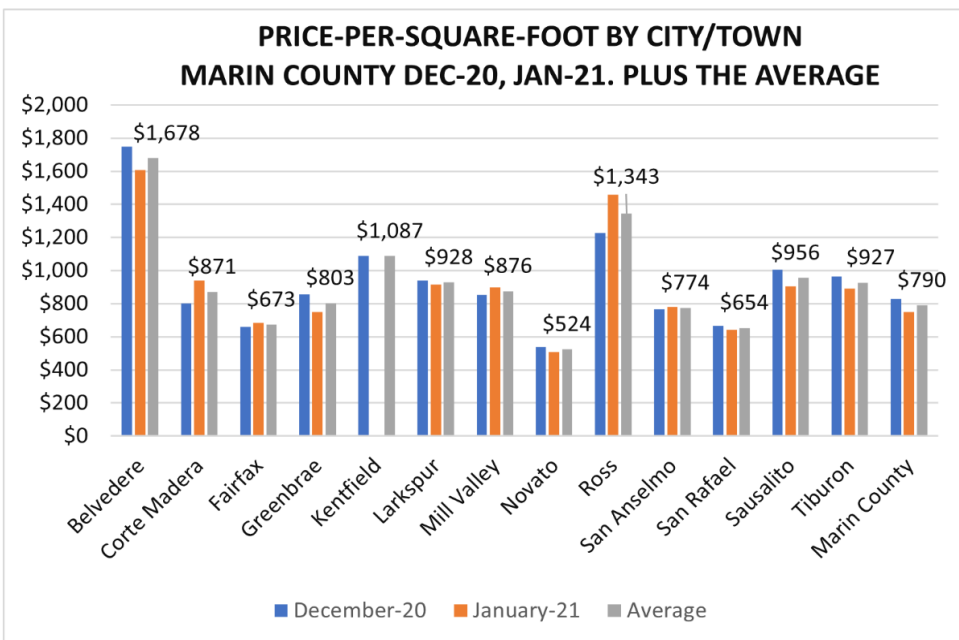


Last month, the number of days from listing date to sale date, with all contingencies removed, increased from 41 days in December to 46 days in January. The long-term trend is found by comparing this January's 46 days with last January's 78 days. That is a decrease of 41% year-over-year.

HOME PRICE TRENDS AND FORECASTS



In January, the average list price of a Marin County single-family home was \$3,557,000, up from \$3,379,000 in December. The average sales price was \$1,685,000, down from \$1,954,000.

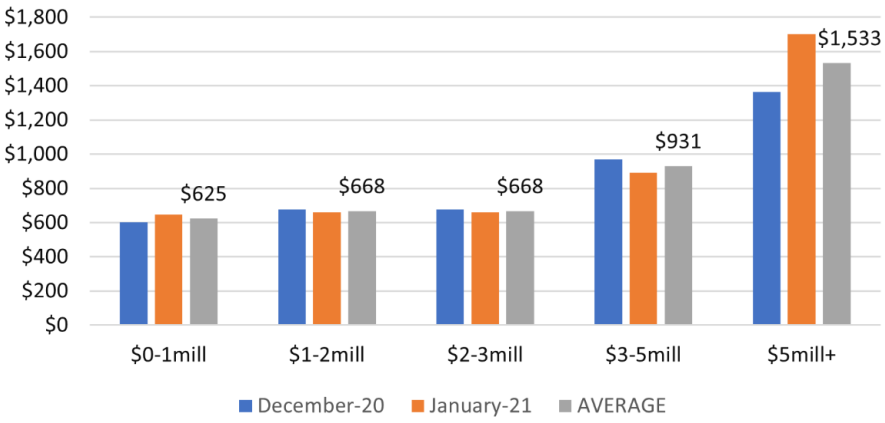


Sellers often use the price-per-square-foot (PPSF) of comparable properties to arrive at a competitive list price for their homes. Buyers use the PPSF to compare the affordability of alternative areas or homes. This graph plots the PPSF for December 2020, January 2021 and the average of the two in the 13 core Marin cities/towns. Averaging the two months, the highest PPSF, and so the least affordable area was Belvedere at \$1,678. The most affordable area was Novato at \$524.

	December-20	January-21	Average	Ranking
Belvedere	\$1,750	\$1,606	\$1,678	1
Corte Madera	\$802	\$940	\$871	8
Fairfax	\$661	\$684	\$673	11
Greenbrae	\$858	\$748	\$803	9
Kentfield	\$1,087	\$0	\$1,087	3
Larkspur	\$939	\$917	\$928	5
Mill Valley	\$854	\$897	\$876	7
Novato	\$540	\$507	\$524	13
Ross	\$1,228	\$1,458	\$1,343	2
San Anselmo	\$768	\$779	\$774	10
San Rafael	\$666	\$642	\$654	12
Sausalito	\$1,006	\$905	\$956	4
Tiburon	\$963	\$890	\$927	6
Marin County	\$828	\$751	\$790	

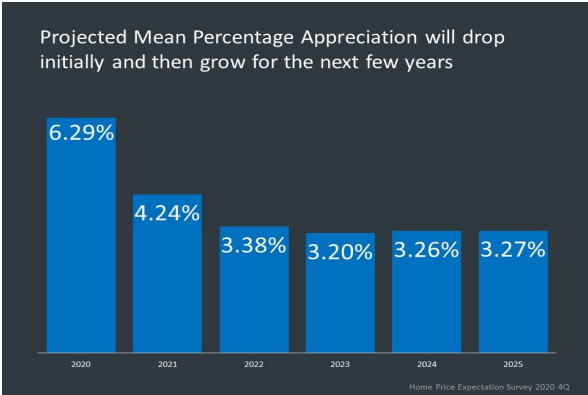
This table lists all of the numbers used to create the graph plus rankings from highest PPSF to lowest.

**PRICE-PER-SQUARE-FOOT BY PRICE RANGE
MARIN COUNTY DEC-20, JAN-21 PLUS THE AVERAGE**



The price-per-square-foot by price range went from \$625 in the \$0-1,000,000 range to \$1,533 in the \$5,000,000 market.

2021 Home Price Forecaster	Projection
National Association of Realtors	6%
Zelman & Associates	6%
realtor.com	5.7%
Freddie Mac	5.3%
Mortgage Bankers Association	5.1%
Fannie Mae	4.2%
CoreLogic	2.9%
Average of all seven	5%

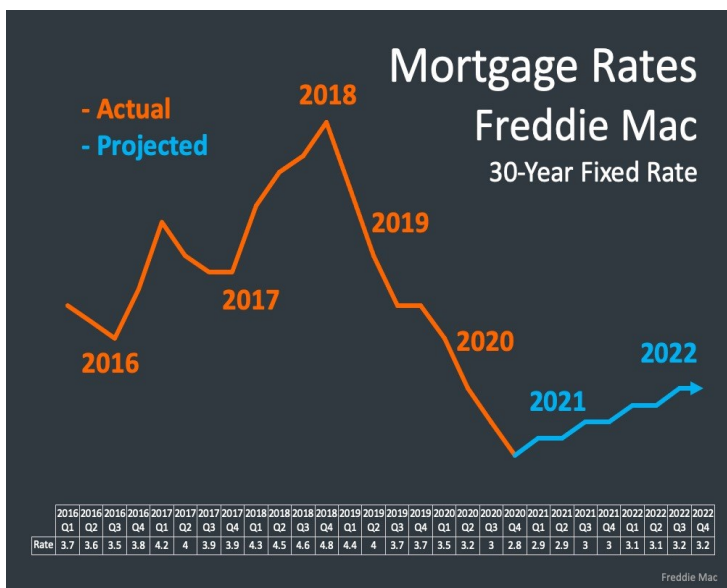


How much will home prices appreciate Nationally going forward? The industry experts on the left-hand graph predict that growth will be in the range of 2.9% by CoreLogic to 6% by the National Association of Realtors and Zelman and Associates. The average of the seven predictions is 5%. On the right, long-term projections from the Home Price Expectation Survey of 100 economist and financial leaders shows the mean percentage appreciation rates falling through 2023 then increasing into 2025.

MORTGAGE INTEREST RATES

Mortgage interest rates as of February 10, 2021.

Product	Interest Rate	APR
30-Year Fixed Rate	2.820%	3.110%
30-Year Fixed-Rate VA	2.720%	3.070%
20-Year Fixed Rate	2.760%	3.050%
15-Year Fixed Rate	2.340%	2.650%
7/1 ARM	2.860%	3.860%
5/1 ARM	2.950%	3.980%
10/1 ARM	2.990%	3.900%
30-Year Fixed-Rate FHA	2.660%	3.540%
30-Year Fixed-Rate Jumbo	2.840%	2.950%
15-Year Fixed-Rate Jumbo	2.340%	2.410%
7/1 ARM Jumbo	2.940%	3.830%
5/1 ARM Jumbo	2.910%	3.880%



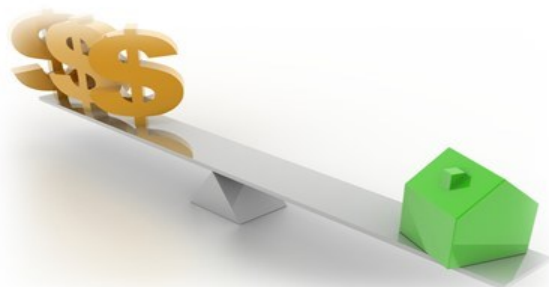
Mortgage Rate Projections

Quarter	Freddie Mac	Fannie Mae	MBA	NAR	Average of All Four
2021 2Q	2.9	2.7	3.1	3.0	2.92%
2021 3Q	3.0	2.8	3.3	3.0	3.02%
2021 4Q	3.0	2.8	3.4	3.1	3.07%
2022 1Q	3.1	2.9	3.5	3.2	3.17%

The graph on the left shows the actual interest rate trends from Q1 2016 to Q4 2020 plus predictions from Freddie Mac for 2021 and 2022. They predict that rates will slowly increase from 2.8% in Q4 2020 to 3.2% in Q4 2022. On the right are rate predictions from Freddie Mac, Fannie Mae, the Mortgage Bankers Association, and the National Association of Realtors. The average of their projections are for a rate of 2.2% in Q2, 2021, rising to 3.17% in Q1, 2022.

Buyer's Purchasing Power

RATE					
	\$ 4,919	\$ 4,796	\$ 4,673	\$ 4,550	\$ 4,427
4.25	\$ 4,919	\$ 4,796	\$ 4,673	\$ 4,550	\$ 4,427
4.00	\$ 4,774	\$ 4,654	\$ 4,535	\$ 4,416	\$ 4,297
3.75	\$ 4,631	\$ 4,515	\$ 4,400	\$ 4,284	\$ 4,168
3.50	\$ 4,490	\$ 4,378	\$ 4,266	\$ 4,154	\$ 4,041
3.25	\$ 4,352	\$ 4,243	\$ 4,134	\$ 4,026	\$ 3,917
3.00	\$ 4,216	\$ 4,111	\$ 4,005	\$ 3,900	\$ 3,794
2.75	\$ 4,082	\$ 3,980	\$ 3,878	\$ 3,776	\$ 3,674
	\$1,000,000	\$ 975,000	\$ 950,000	\$ 925,000	\$ 900,000
	Loan Amount				



Principal and Interest Payments
rounded to the nearest dollar amount.

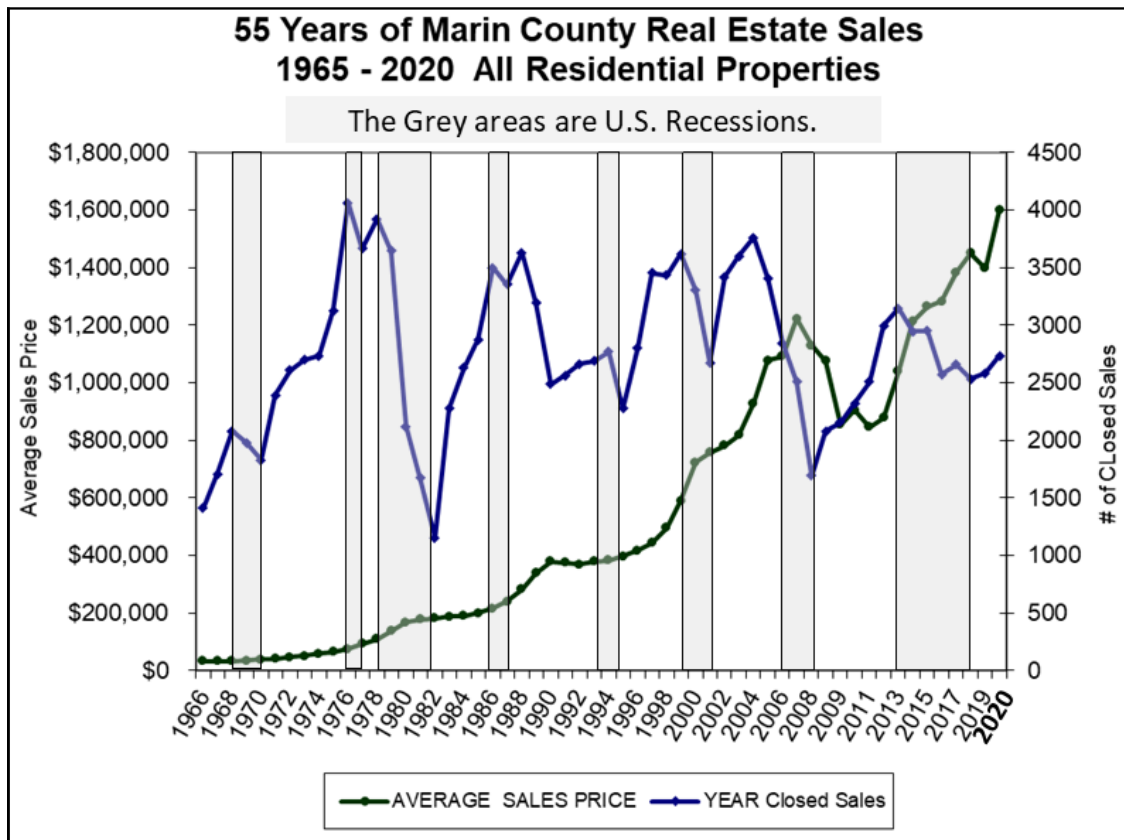
This table shows the effect of rising interest rates on monthly mortgage payments for loans from \$900,000 to \$1,000,000. When rates increase by .25% (or 1/4 point), in order to maintain approximately the same monthly payment, a buyer would have to lower their purchase price by \$25,000.

“Rising interest rates reduce house-buying power and affordability, but are often a **sign of a strong economy, which increases home buyer demand**. By any historic standard, today’s mortgage rates remain historically low and will continue to boost house-buying power and keep purchase demand robust.”

Mark Fleming
Chief Economist at First American



The predicted rise in mortgage interest rates may not have much of a dampening effect on buyer demand. As this quote states, rising rates are a sign of a strong economy. This factor should help mitigate downward pressure on demand as rates increase.



I will end this update with a chart of Marin County sales (blue line) and average sales price (green line) from 1965 through 2020. The light grey vertical bars represent recessions. Up until the "Great Recession" of 2007-2008, every time sales turned down home price appreciation continued to grow - demonstrating how resilient Marin home prices are even when the economy contracts. The only exception was during the recession of 2007-2008. This, however, was an anomaly. The drop in prices and homeowners' equity was due to shoddy lender practices in the years preceding 2007, when low or no money down substandard loans were being handed out like candy, often with very low qualifying standards. You can see how rapidly prices increased from 2001 to 2007. Many of these loans had "teaser rates" to help qualify more would-be buyers. When the rates adjusted up, the foreclosures and short-sales began - and prices fell off a cliff. When the recovery began in 2009 we quickly erased the losses and much more as prices soared. Then in the wake of the 2013 Debt-Ceiling Crisis, sales fell again but prices continued to rise. Even during the 2020 Covid-19 Recession, the average sales price rose sharply.

We truly have the best of all worlds living in Marin - a beautiful natural wonderland of hiking trails, beaches and forests, wonderful schools, temperate weather and just a bridge-ride from San Francisco and the East Bay - and real estate that is one of the most coveted investments in the world. As



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always, if you are considering selling or buying a home in the near future, please give me a call. I am always happy to analyze your personal situation and recommend the most beneficial plan for you and your family. I will continue to keep my finger on the pulse of the real estate market and report back to you each month.