



May Activity Report

MAY ACTIVITY COMPARED WITH APRIL 2021 & MAY 2020

Closed Sales

May 2021 231

Last Month	Last May
272	122
15%	89.3%

Active Listings

May 2021 161

Last Month	Last May
143	302
12.6%	46.7%

Pending (New) Sales

May 2021 249

Last Month	Last May
264	201
5.7%	24%

New Listings

May 2021 178

Last Month	Last May
238	252
25%	29%

Mo's Supply of Listings

May 2021 0.7

Last Month	Last May
0.5	2.5
40%	258%

S.P./L.P. Ratio

May 2021 108

Last Month	Last May
105	99
3%	9%

Average Sales Price

May 2021 \$2,250,000

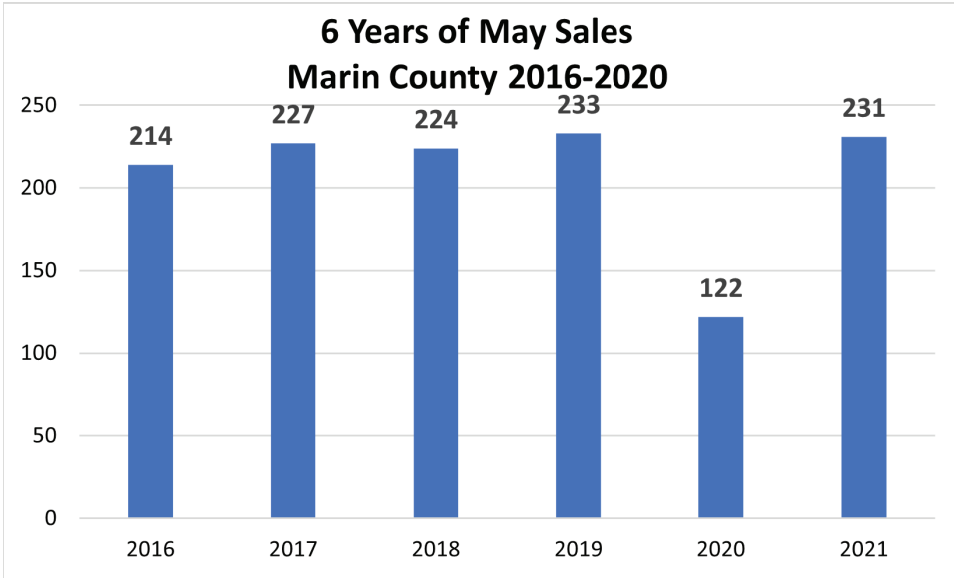
Last Month	Last May
\$2,160,000	\$1,699,000
4.2%	32.4%

Days on Market

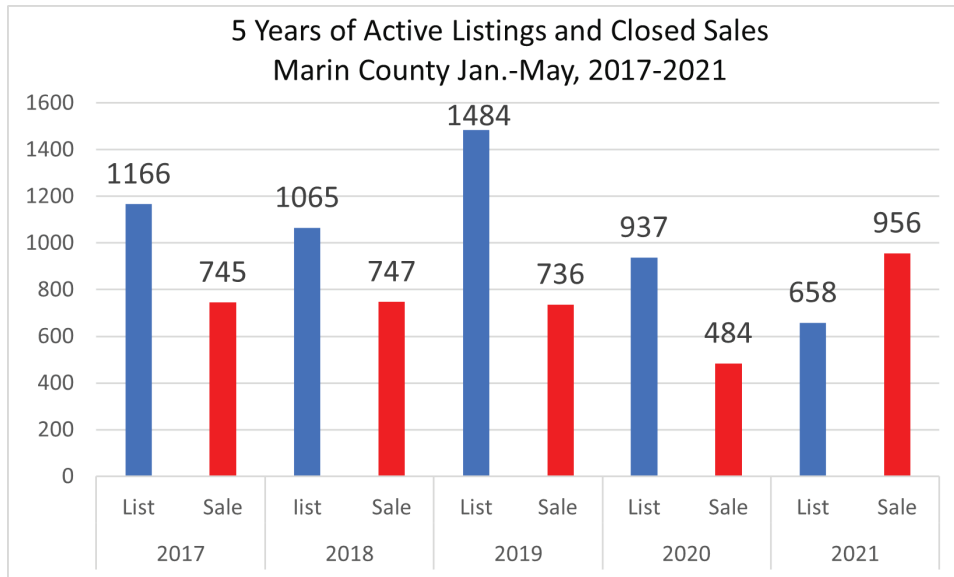
May 2021 24

Last Month	Last May
25	42
4.0%	43%

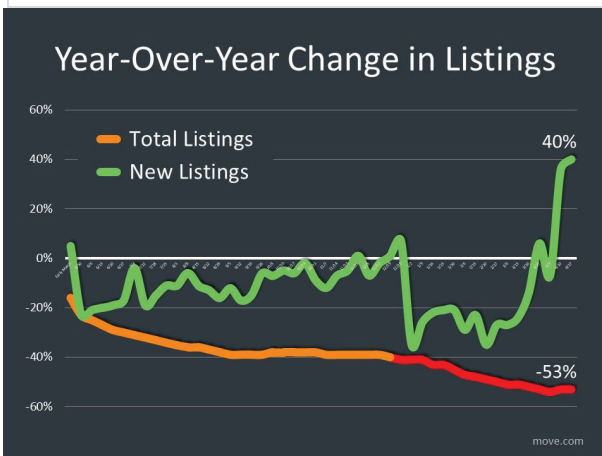
For the past few months I have been focusing on the effects of the rapidly dropping inventory of homes for sale. While the supply of homes is still historically low, the bigger news today is the increase in demand! The flood of buyers bidding on the diminishing inventory drove the **Average Sales Price of a Marin County single family home to a record \$2,250,000!**



This chart documents May closed sales for 6 years. Sales in May 2021 were up by 89% over May 2020.



This graph demonstrates the dramatic increase in demand this year. For the previous 4 years, January - May, there were, on average, **113%** more listings than sales. In 2021 sales shot ahead of listings by **45.3%**.



This National trend demonstrates the growing demand for housing. Even though the Year-Over-Year number of new listings is up by **40%**, the total number of listings is down **53%** - sold as soon as they hit the market. Below are quotes from industry experts testifying to the strong demand nationwide.

“This month, our broker contacts reported a continuation of robust demand and intense competition from buyers to ‘win’ houses – with bidding wars, all-cash offers, waived contingencies and **rent-free leasebacks** increasingly common in many markets.”

Zelman Broker Survey

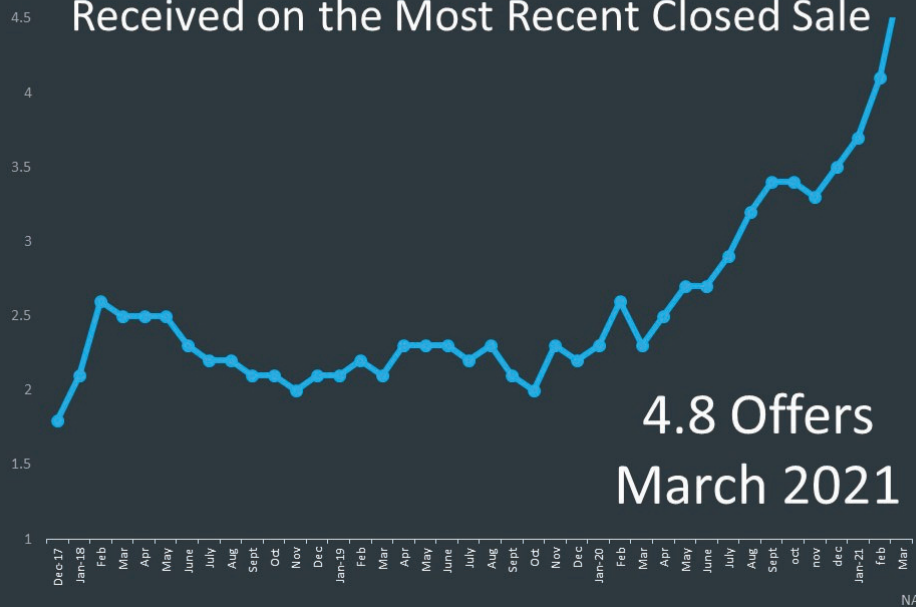


“Demand remains strong as home buyers are snatching listings quickly off the MLS, and **it takes approximately 18 days for a home to go from listing to a contract in the current housing market.** A year ago, it took 29 days.”

NAR

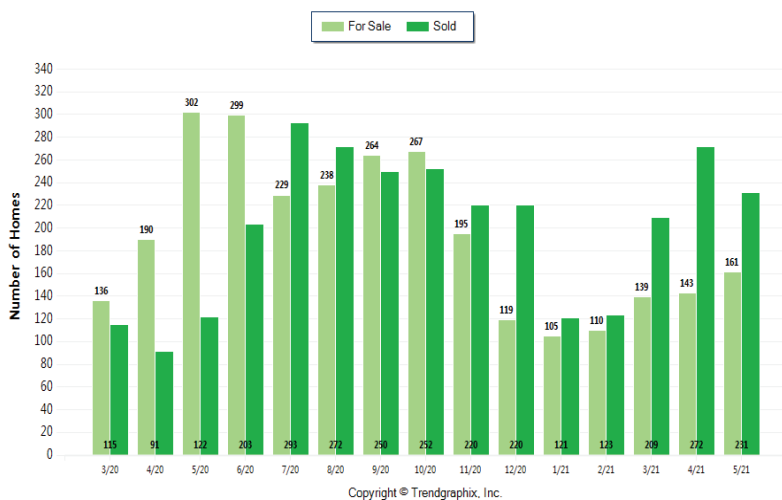


Average Number of Offers Received on the Most Recent Closed Sale



The National Association of Realtors tracks the average number of offers received on homes that sold and closed escrow. Since the end of 2019, the average number of buyers bidding for homes has increased dramatically.

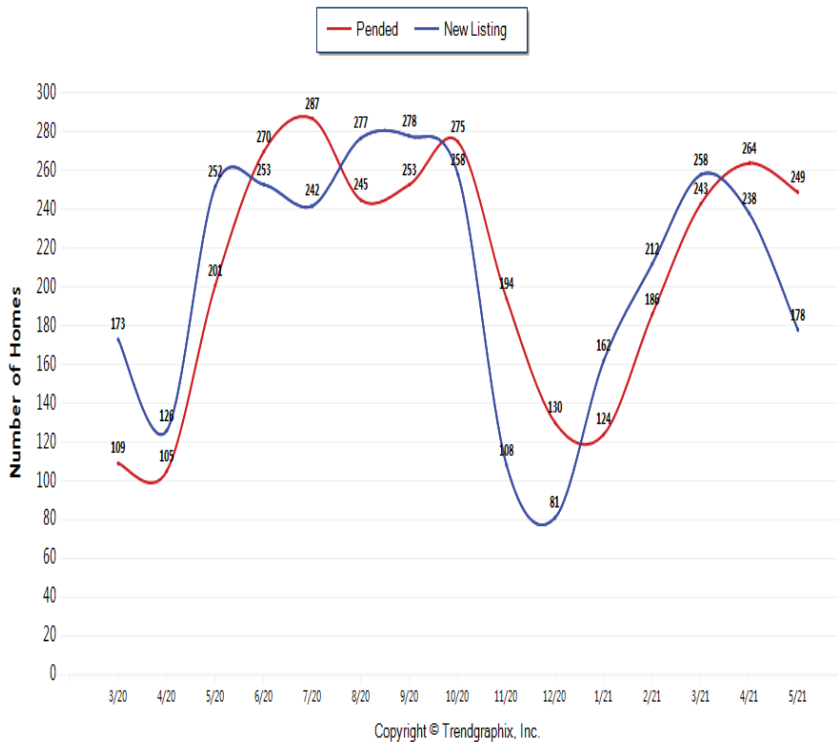
NAR



Homes For Sale in May 2021: 161 units
Up by **12.6%** compared with April
Down by **46.7%** compared with May 2020

Homes Closed in May 2021: 231 units
Down by **15.1%** compared with April
Up **89.3%** compared with May 2020

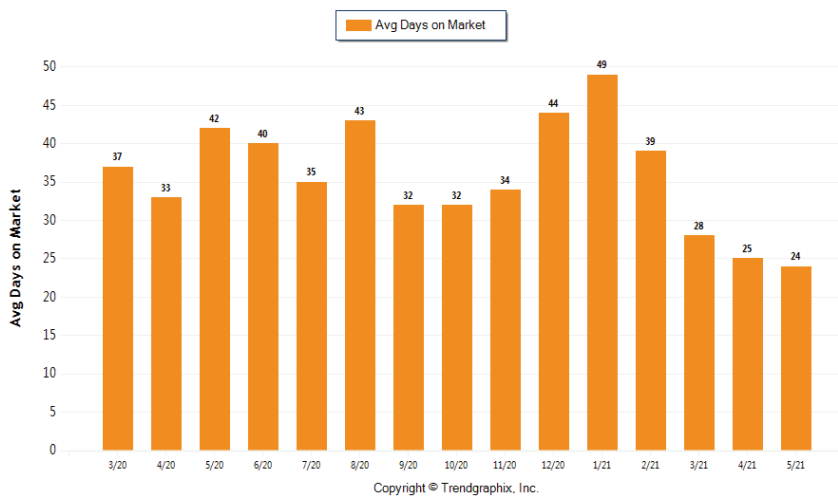
With year-over-year sales up by **89.3%** and listings down by **46.7%**, it looks like the strong seller's market is not disappearing any time soon.



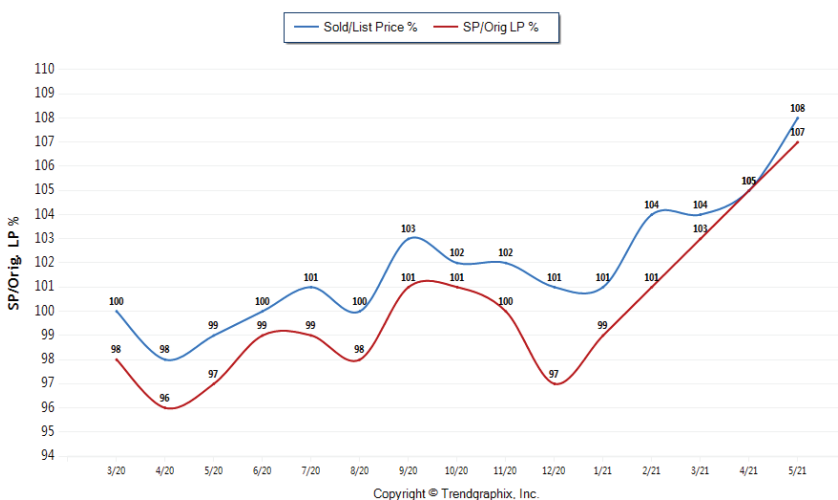
New Listings in May 2021: 178 units
 Down by **25.2%** compared with April
 Down by **29.6%** compared with May 2020

Pending (New) Sales in May 2021: 249 units
 Down by **5.7%** compared with April
 Up by **23.9%** compared with May 2020

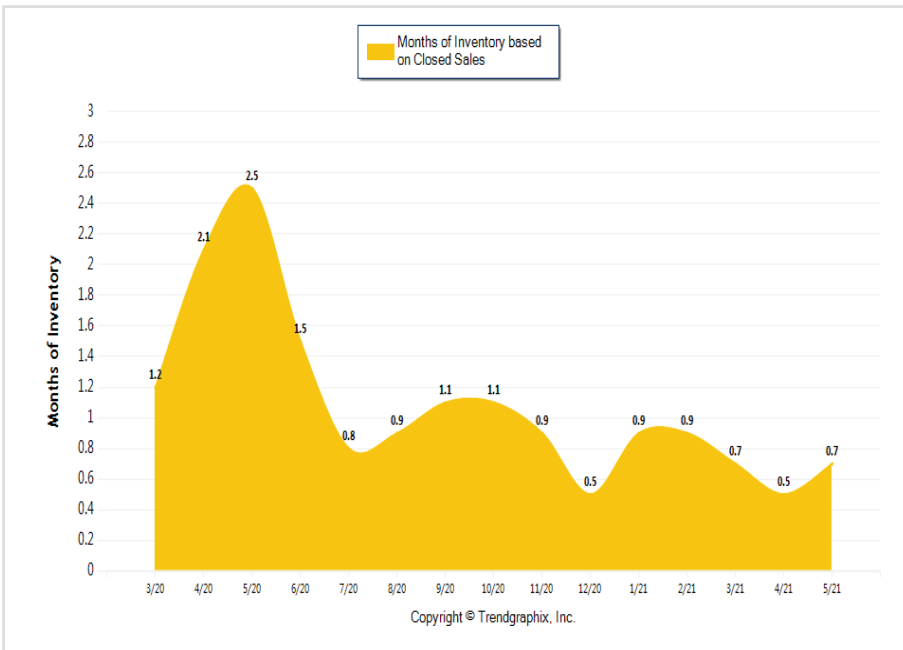
While the green bar graph above shows the relationship between total monthly active listings and closed sales, this graph charts the trends for actual monthly activity - new monthly listings and new (pending) sales. Though the disparity is not as great as in the above graph, with year-over-year new listings down by **29.6%** and new sales up by **23.9%**, the result is the same - a diminishing inventory of housing.



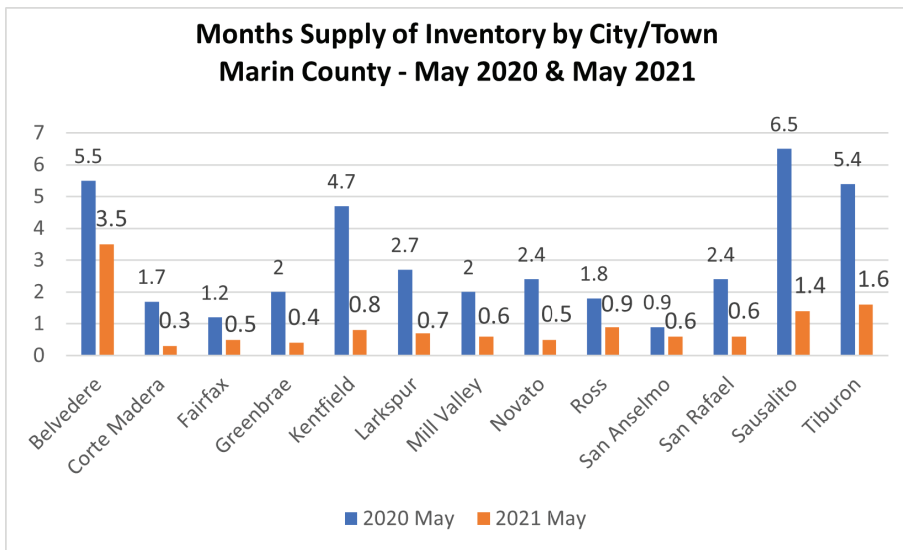
The average number of days from listing a home to an accepted contract with all contingencies removed was down from **25** in April to **24** days in May. From January to May, the time it takes to sell a home has been cut in half, demonstrating the growing demand for housing relative to available listings. The fewer the number of homes on the market for buyers to choose from, the faster listings will sell.



This chart is a graphic example of the effects of our high demand, low inventory environment. One year ago Marin County single family homes sold for an average of **97%** of the original list price and **99%** of the list price at the time offers were accepted. Last month the average home sold for an unprecedented **107%** of the original list price and **108%** of the list price at the time offers were accepted.

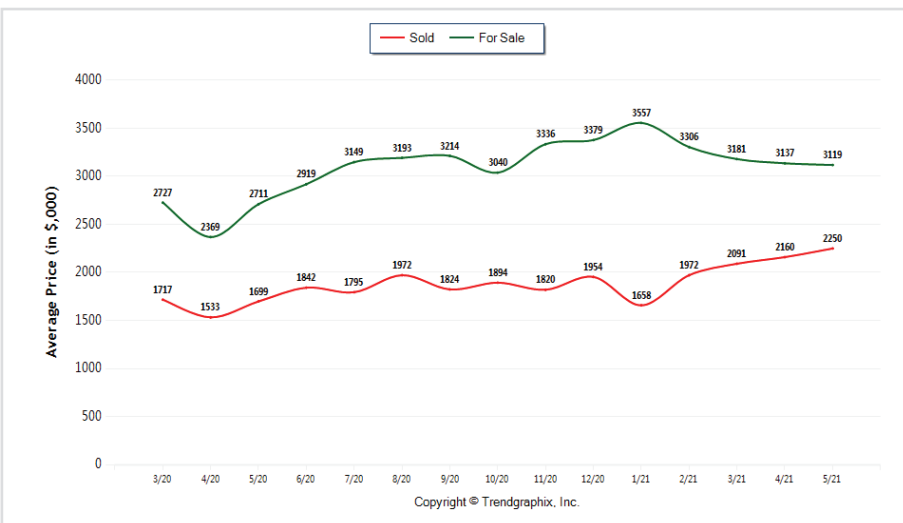


Month's Supply of Inventory is the number of months it would take to sell all of the existing listings, given the rate of sale at the time. In April, the month's supply of inventory dropped from **0.7** months in March to **0.5** months. In May, the supply bounced back up to **0.7**. While this one month trend is encouraging, the year-over-year trend is still quite dramatic, dropping from **2.5** months in May 2020. That represents a year-over-year drop of 72%. A healthy inventory, which we haven't seen in years, would be between **4** and **6** months.



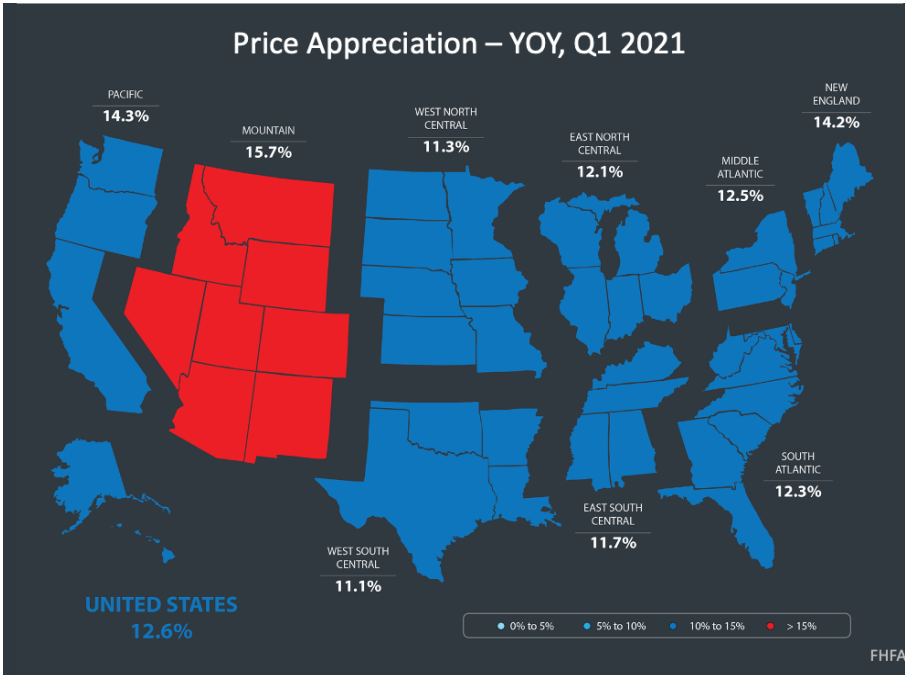
The average MSI (Month's Supply of Inventory) in Marin is **0.7**, but that may not be at all the case in your city. For example, Belvedere had **3.5** months of unsold listings in May while Corte Madera had only **0.3** months. This May, all 13 core cities/towns had less inventory than at this time last year, some dramatically so.

AVERAGE PRICE



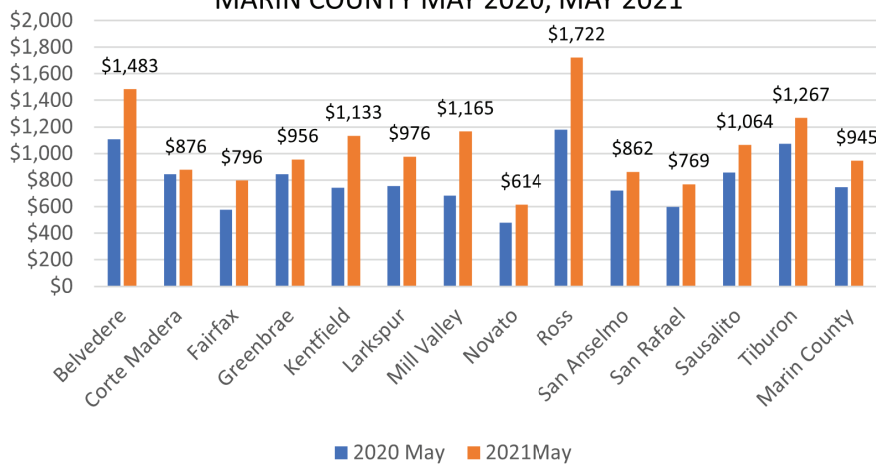
In May, the average list price of a Marin County single family home was \$3,119,000 down from \$3,137,000 in April. The average sales price was a record \$2,250,000, up from \$2,160,000.

Price Appreciation – YOY, Q1 2021



Year-Over-Year appreciation for Q1 2021 in the Pacific states shows an average increase of 14.3%. The highest rate of increase was in our neighboring mountain states where some Californians are migrating for access to more affordable housing.

PRICE-PER-SQUARE-FOOT BY CITY/TOWN MARIN COUNTY MAY 2020, MAY 2021



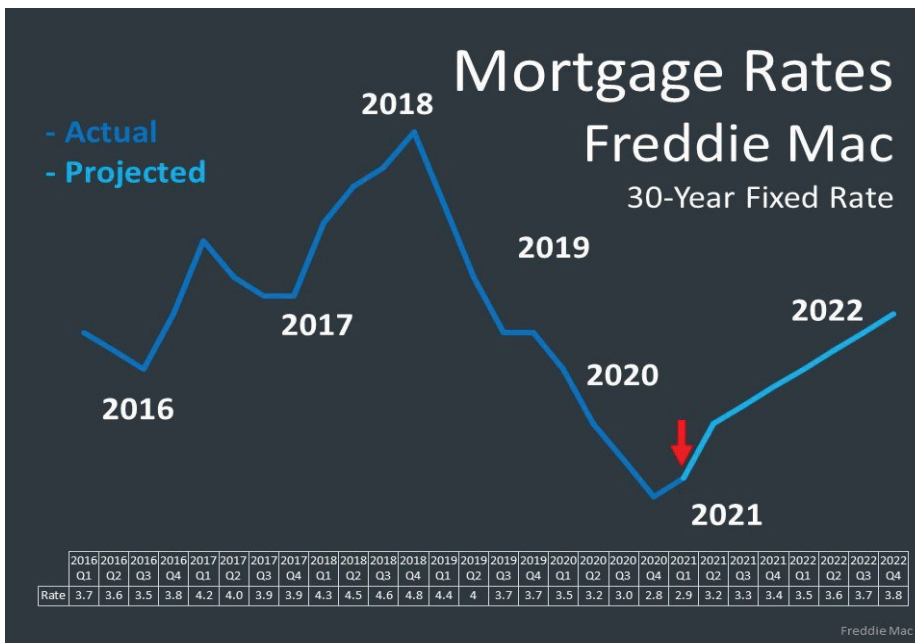
Sellers often use the price-per-square-foot (PPSF) of comparable properties to arrive at a competitive list price for their homes. Buyers use the PPSF to compare the affordability of alternative areas or homes. This graph charts the PPSF for May 2020 and May 2021 in the 13 core Marin cities/towns, and the county. The year-over-year comparison allows you to know how the PPSF has trended over the past year in your town. The table lists all of the numbers used to create the graph plus rankings from highest PPSF to lowest.

	2020 May	2021May	Ranking
Belvedere	\$1,108	\$1,483	2
Corte Madera	\$845	\$876	9
Fairfax	\$577	\$796	11
Greenbrae	\$843	\$956	8
Kentfield	\$743	\$1,133	5
Larkspur	\$756	\$976	7
Mill Valley	\$684	\$1,165	4
Novato	\$481	\$614	13
Ross	\$1,178	\$1,722	1
San Anselmo	\$720	\$862	10
San Rafael	\$599	\$769	12
Sausalito	\$857	\$1,064	6
Tiburon	\$1,075	\$1,267	3
Marin County	\$748	\$945	

MORTGAGE INTEREST RATES

The table below shows a three month trend in mortgage interest rates as of June 10th, 2021.

3-month trend	30-Year Fixed Rates	15-Year Fixed Rates	5/1 ARM Rates	30-Year Jumbo Rates
6/9/2021	3.130%	2.440%	3.100%	3.310%
6/2/2021	3.190%	2.470%	2.930%	3.370%
5/26/2021	3.160%	2.470%	2.890%	3.350%
5/19/2021	3.180%	2.440%	2.900%	3.380%
5/12/2021	3.190%	2.480%	2.850%	3.370%
5/5/2021	3.160%	2.470%	2.890%	3.370%
4/27/2021	3.200%	2.470%	2.900%	3.400%
4/21/2021	3.210%	2.480%	3.040%	3.400%
4/14/2021	3.270%	2.570%	3.170%	3.440%
4/7/2021	3.320%	2.560%	3.180%	3.470%
3/31/2021	3.330%	2.620%	3.120%	3.510%
3/24/2021	3.310%	2.570%	3.200%	3.480%
3/17/2021	3.340%	2.640%	3.190%	3.480%
3/10/2021	3.230%	2.580%	3.370%	3.460%



This graph charts 30-year fixed mortgage rates from Q1 2016 through Q1 2021, plus Freddie Mac's predictions through Q4 2022. Rates hit 4.8% in the 4th quarter of 2018 then plunged to a low of 2.8% in Q4 2020. Rates are predicted to increase to 3.8% by Q4 of 2022.

"As mortgage rates make a predicted slow climb to the 3.5 percent range by year's end, decreased purchasing power might ease some of the pressure on home prices as marginal buyers are pushed out of the market, but competition will still be intense among those who can still afford to buy. Those looking to refinance should be able to find good deals for the rest of the year, though at rates a bit higher than the current level." Bankrate.com

The real estate market has definitely "heated up" in 2021. While the supply/demand imbalance continues on, the primary culprit has shifted from declining inventory to a surge in buyer demand for housing. Why this sudden increase in demand when interest rates have not changed significantly in recent months?

I can speculate that, in part, it has to do with more people getting vaccinated for Covid-19 - feeling more confident going into listings and meeting with lenders, inspectors, and other service providers. There are also people who, through their stay-at-home experience, have realized that they do not have to live and work in the same city. We have become more mobile as a workforce and many have learned that they can do their jobs as well if not better from home. This has prompted a migration North from San Francisco and Silicon Valley as workers seek better schools for their children, a more

"Homebuyers—interest rates are still historically low, though they are inching up. Housing prices have spiked during the last six-to-nine months, but we don't expect them to fall soon, **and we believe they are more likely to keep rising.** If you are looking to purchase a new home, conditions now may be better than 12 months hence...Those who remember the housing bubble of 2006-2007 may be nervous watching U.S. housing prices soar now. But the previous bubble was fueled by speculative buying, which we do not think is the case today."

J.P. Morgan
Insights Report



lush, less crowded environment, and access to an array of marvelous recreational opportunities. Others, who were laid-off due to the pandemic, may be ready to buy now that they are back to work.

So, enjoy the summer weather (when the wind dies down), Father's Day and the 4th of July. I will keep tabs on the real estate market and update you next month!



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