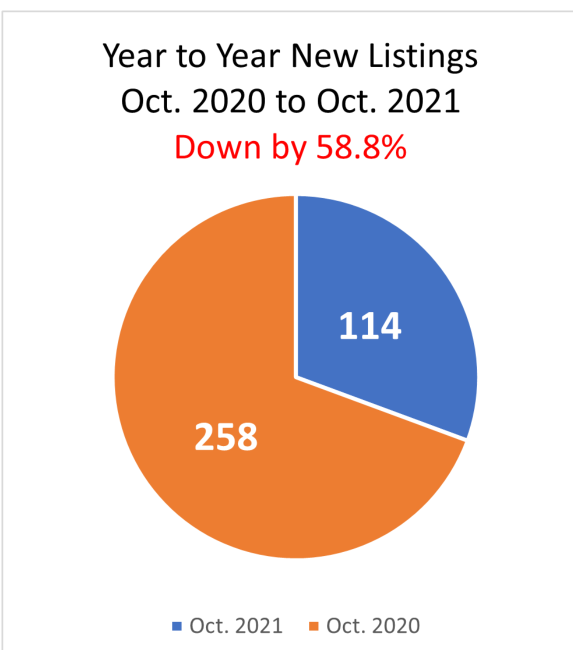
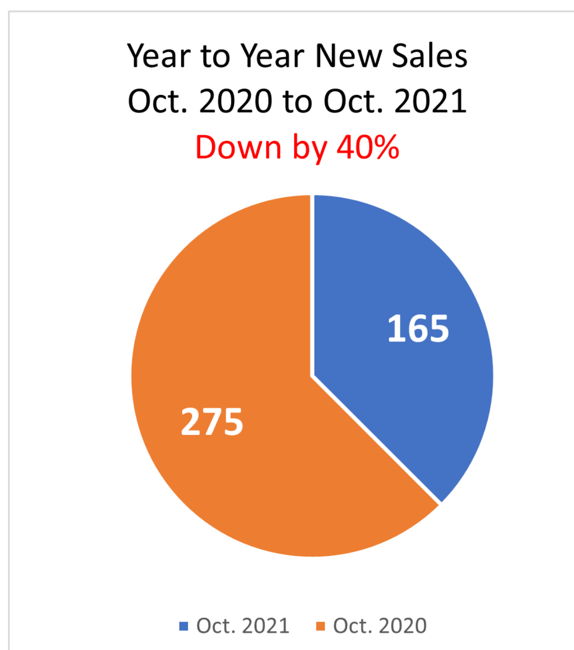
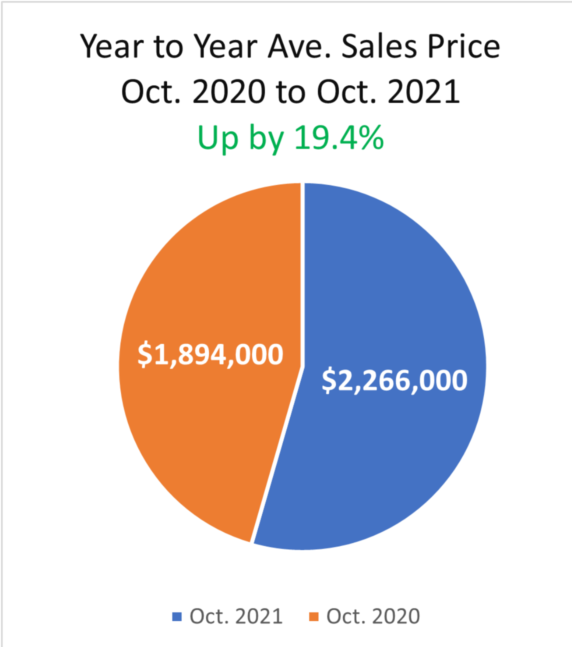
NOVEMBER 2021

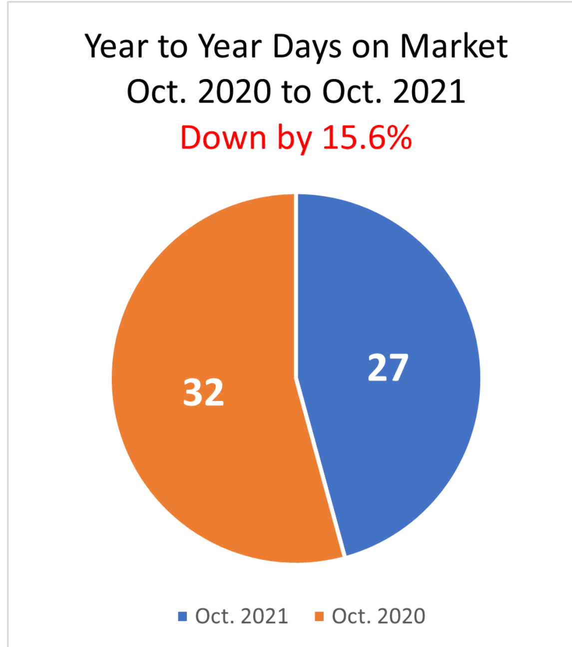
IN THIS ISSUE

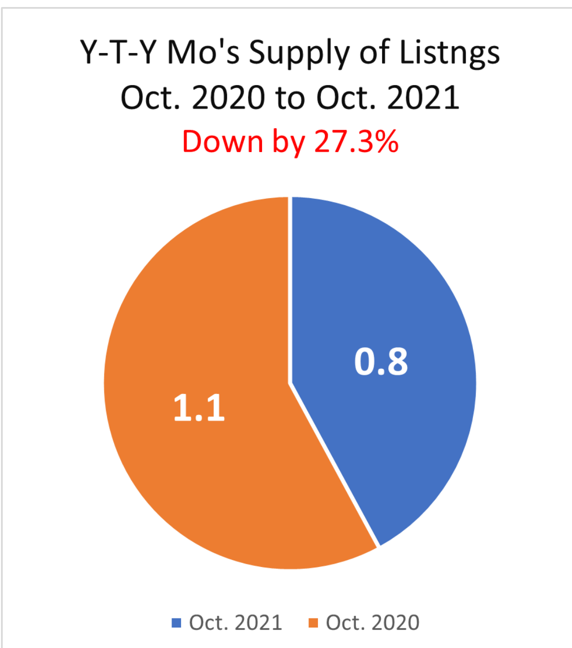
Year-to-Year Market Trends

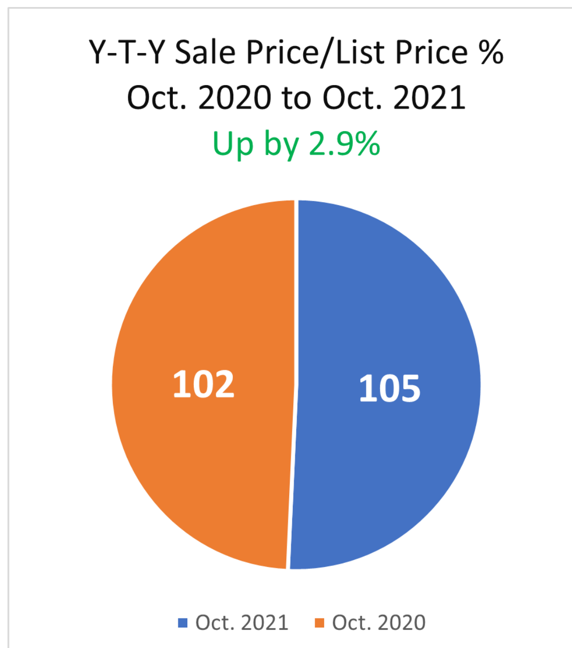





Year to Year Ave. Sales Price
Oct. 2020 to Oct. 2021
Up by 19.4%
$1,894,000
$2,266,000
Oct. 2021
Oct. 2020


Year to Year Days on Market
Oct. 2020 to Oct. 2021
Down by 15.6%
32
27
Oct. 2021
Oct. 2020

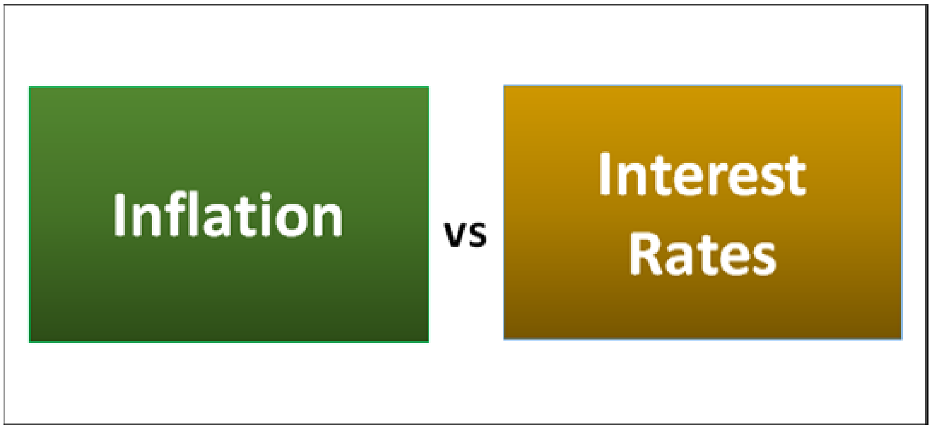

Y-T-Y Mo's Supply of Listngs
Oct. 2020 to Oct. 2021
Down by 27.3%
1.1
0.8
Oct. 2021
Oct. 2020


Y-T-Y Sale Price/List Price %
Oct. 2020 to Oct. 2021
Up by 2.9%
102
105
Oct. 2021
Oct. 2020

Year-to-Year Summary of Key Metrics

Metric	Oct. 2020	Oct. 2021	% Change
New Listings	258	114	-55.8%
New Sales	275	165	-40.0%
Ave. Sales Price	$1,894,000	$2,266,000	+19.4%
Days on Market	32	27	-15.6%
Month's Supply of Listings	1.1	0.8	-27.3%
Sales Price to List Price Ratio	102%	105%	+2.9%

Yes, there is a lot of red ink here. For the past few years, we've seen listing inventories decline while sales have soared. Now, they are both trending down, though listings are falling at a more rapid pace. As long as these trends continue, home prices will rise, evidenced by the 19.4% increase from October 2020 to October 2021. This supply/demand imbalance also shortens marketing times. In October 2021 it only took 27 days from listing a home to an accepted offer with all contingencies removed. That's down from 32 days during the previous October. On average, listings continue to sell for more than the list price. The sales price to list price ratio this October was 105%, up from 102% last October.



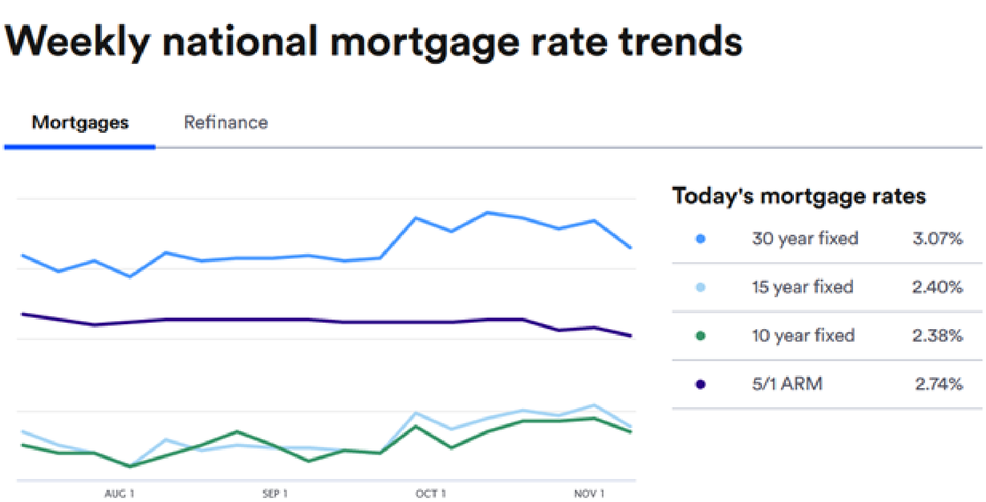
Inflation has risen from 1.6% to 6.2% in one year - the largest annual increase since 1990.

Last call for super-low mortgage rates?

Following through on a move it had telegraphed in September, the Federal Reserve in early November said it would slow its pace of buying Treasury bonds and mortgage-backed securities. The “taper,” as it's known by economists, sets the stage for higher mortgage rates. However, mortgage rates are unlikely to spike as a result of the taper. Instead, the Fed’s changing stance sets the stage for a gradual rise in rates. The Mortgage Bankers Association expects the average mortgage rate on a 30-year fixed-rate mortgage to reach 3.5 percent by mid-2022 and 4 percent by late 2022.

For the millions of homeowners who have yet to lock in historically low interest rates for a purchase or refinance, that money-saving opportunity soon might fade away.

CURRENT MORTGAGE INTEREST RATES AND INDUSTRY EXPERT PREDICTIONS



Mortgage Rate Projections

Quarter	Freddie Mac	Fannie Mae	MBA	NAR	Average of All Four
2021 2Q	2.9	3.1	3.2	3.0	3.05%
2021 3Q	3.0	3.1	3.4	3.0	3.10%
2021 4Q	3.0	3.2	3.6	3.1	3.22%
2022 1Q	3.1	3.3	3.7	3.2	3.32%

The Average of these projections by Freddie Mac, Fannie Mae, the Mortgage Banker's Association, and the National Association of Realtors show interest rates moving from 3.12% in the fourth quarter 2021 to 3.55% by the third quarter 2022.

The Cost of Waiting

Buyer's Purchasing Power

Monthly Mortgage Payment (Principal and Interest)

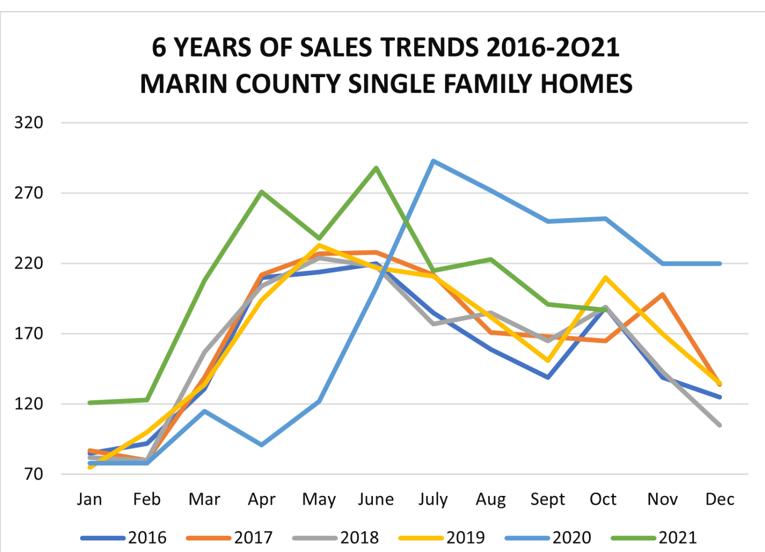
HOME LOAN AMOUNT

MORTGAGE INTEREST RATE	$400,000	$380,000	$360,000	$340,000	$320,000
4.00%	$1,910	$1,814	$1,719	$1,623	$1,528
3.75%	$1,852	$1,760	$1,667	$1,575	$1,482
3.50%	$1,796	$1,706	$1,617	$1,527	$1,437
3.25%	$1,741	$1,654	$1,567	$1,480	$1,393
3.00%	$1,686	$1,602	$1,518	$1,433	$1,349
2.75%	$1,633	$1,551	$1,470	$1,388	$1,306

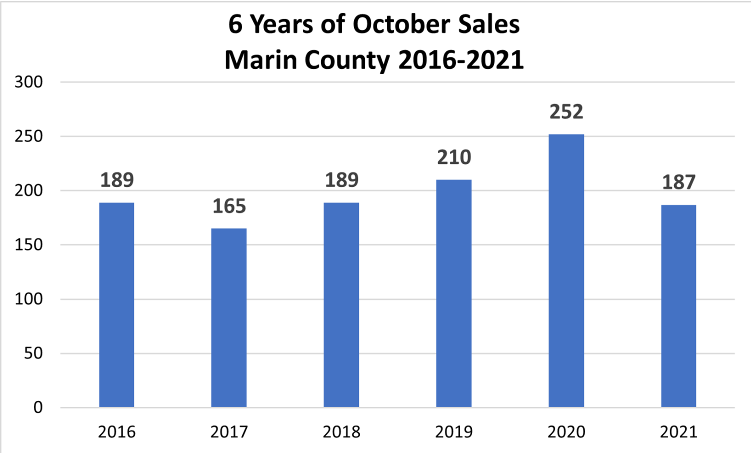
Principal and interest payments rounded to the nearest dollar. Total monthly payment may vary based on loan specifications such as property taxes, insurance, HOA dues, and other fees. Interest rates used here are informational and for marketing purposes only. Consult your licensed Mortgage Advisor for current rates.

This table demonstrates the effect of rising interest rates on the loan amount for which purchasers can qualify. If a purchaser qualifies for a $400,000 loan with an interest rate of 2.75%, at 4.0%, their loan would have to go down to $340,000. To maintain the $400,000 loan amount, their monthly loan payment would have to go up from $1,633 to $1,910 - that's an increase of 17%.

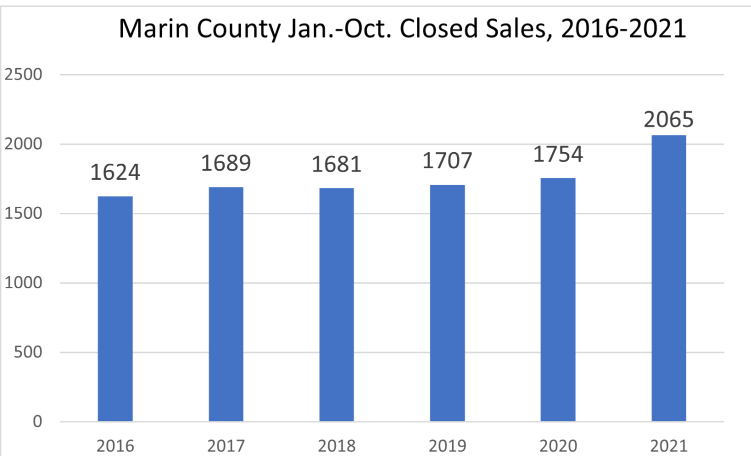
OCTOBER MARKET ACTIVITY



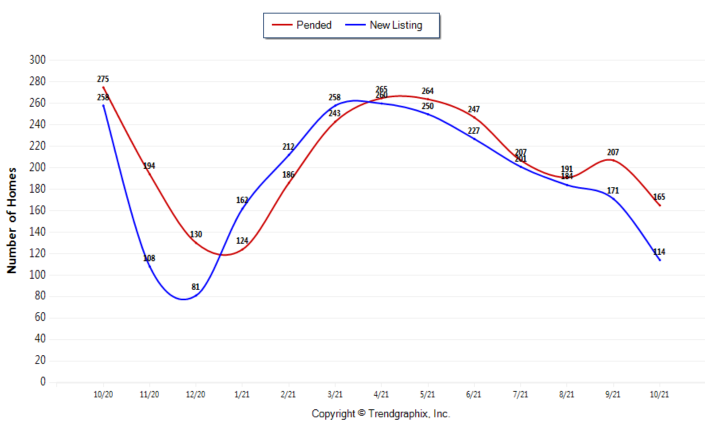
This graph charts the monthly closed sales for 2016 through 2021. October sales continued to slide, nearly matching 2016 and 2018 sales volumes but below 2019 and 2020. The only year with fewer October sales was 2017.



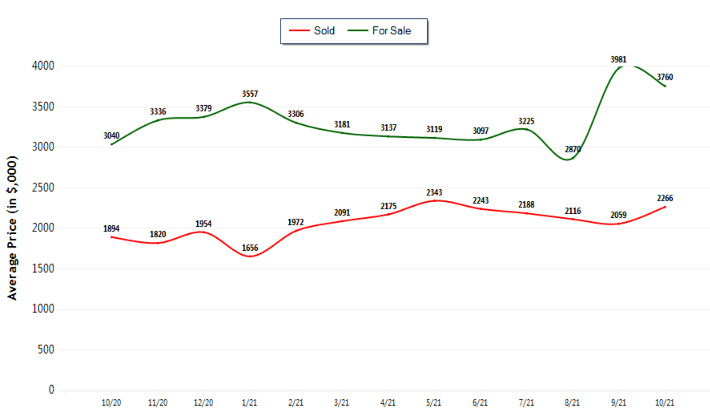
This chart shows the October sales figures for 2016 through 2021



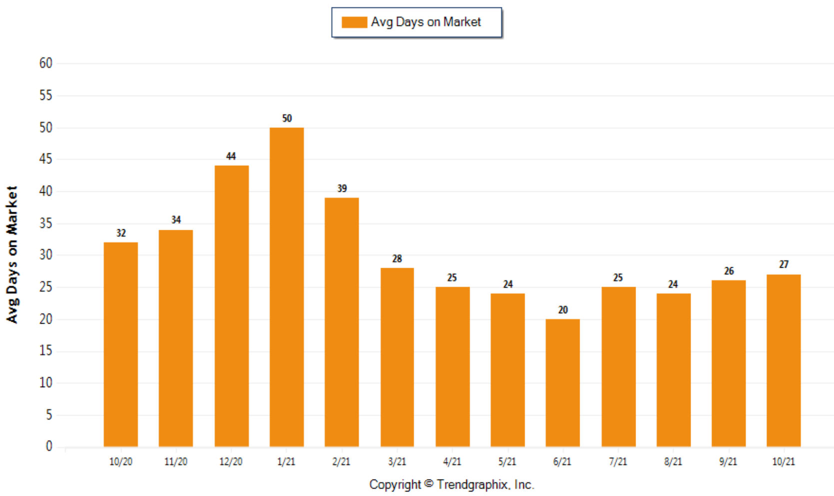
This chart shows the year-to-date sales volume for each of the 6 years. Though closed sales in 2021 are declining, we've continued to maintain a year-to-date lead - up by 17.7% over last year and 21.3% over the average of the previous 5 years.



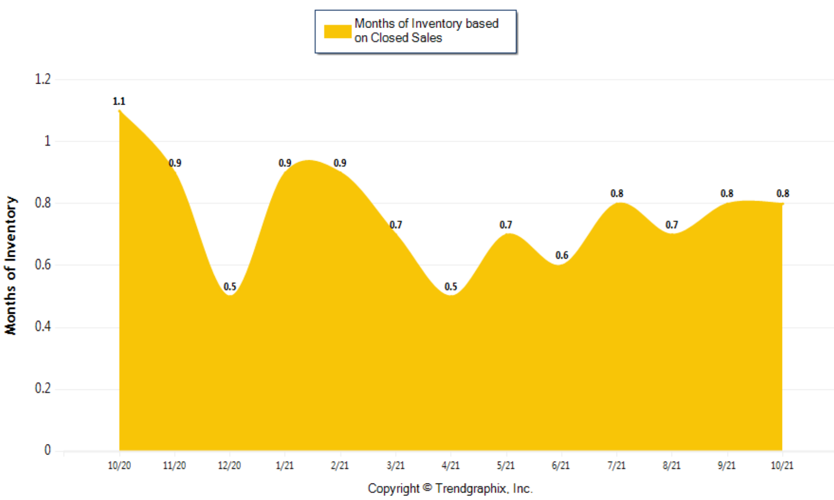
This graph charts the new listings and new sales for October 2020 through October 2021. With the exception of September sales, both new listings and new sales have been declining since May - listings down by 56.2% and sales down by 37.7%. New listings fell from 171 in September to 114 in October and new sales fell from 207 to 165.



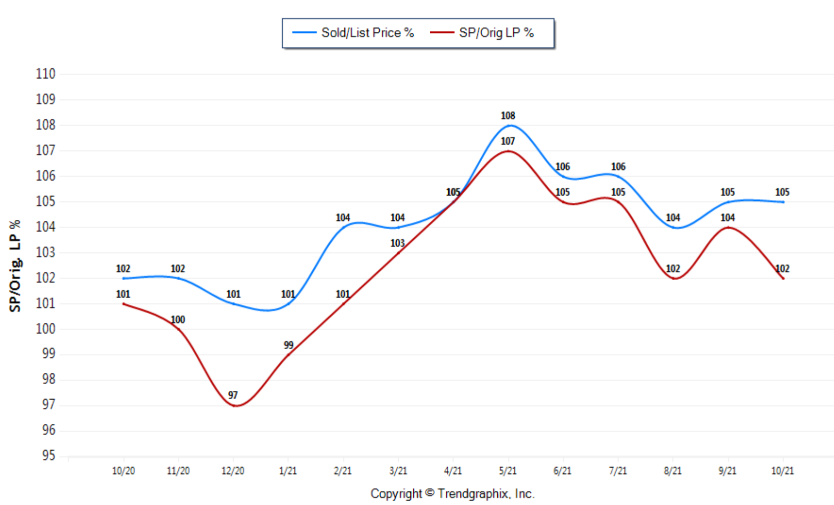
The average list price of a Marin County single family home in October was $3,760,000, down from $3,981,000 in September. The average sales price was $2,266,000, up from $2,056,000 in September.



The number of days from listing date to an accepted contract with all contingencies removed was 27 in October, up from 26 in September, and down from a high of 50 days in January.



The month's supply of inventory in October remained the same as in September, 0.8 months. That means that, at the current rate of sale, all available listings now on the market would be sold in less than one month.



On average, the ratio of the October sales price to the original list price was 105%, and 102% of the list price at the time offers were accepted. That indicates that, on average, it required a 3% price reduction to attract acceptable offers.

The long-awaited market shift is clearly underway. While listing inventories continue to drop, sale volumes have now turned down as well. While there are many contributing factors to waning sales, like economic and political uncertainty, the primary culprit is the rising mortgage interest rate. Although, due to the dramatic increase in inflation, the Federal Reserve has begun taking steps to cool off the economy by raising interest rates, most economists predict that this shift will be gradual. According to Mike Frantantoni, Chief Economist and Senior Vice President for the Research and Technology Division of the Mortgage Bankers Association, "2022 should be another strong year for the housing market."

Even if rates hit the predicted 3.55% level in Q3, 2022, historically, that is still a very low rate. This table lists the average mortgage rates for previous decades:

Historical Mortgage Rates by Decade

Decade	Average Rate
1970s	8.86%
1980s	12.7%
1990s	8.12%
2000s	6.29%
2010s	4.09%

Freddie Mac

Since reaching a high in the 1980's with an average 30-year fixed rate of 12.7%, rates have been trending down, to a low of 4.09% in the 2010's. To date, the average rate for the 2020's is 3.06%. Today, according to Bankrate.com, the average rate is 3.07%.

There are so many contributing factors causing fluctuations in interest rates that they remain a moving target.

In the meantime, enjoy the cooler weather, have a wonderful Thanksgiving and, as always, let me know if you have any questions about this market update or would like to discuss any housing changes you may be considering for the future.

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