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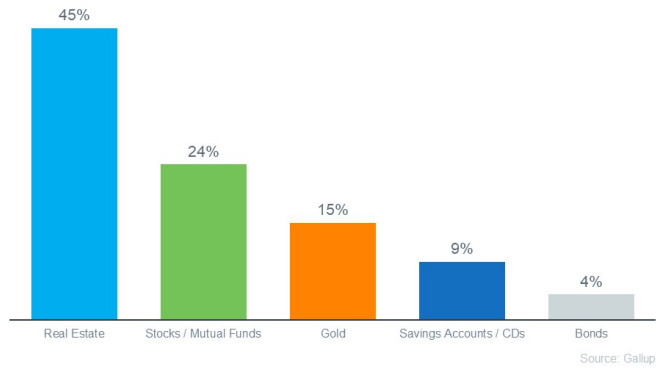
STATE ^{OF} THE MARKET

The real estate market is currently being driven by two major factors, interest rates and inventory levels. The rapidly rising rates, intended to bring down inflation, are scaring some buyers out of the market. So for the first time in a long time, sales volume is dropping faster than the inventory of homes for sale. I'm sure it is confusing to hear television and radio commentators proclaiming that "housing inventory is on the rise" even though for the 3rd quarter of this year new listings were down by 28%. It is the fact that sales were down 30% over the same time period that is creating the illusion of rising inventories. It is the the fact that the supply/demand balance is currently trending in favor of inventory.

The questions still on the minds of both buyers and seller are: When will rates stop going up? When will they come back down? Are we in a recession? And, if not, when will it begin and how bad will it be? Unless you have a crystal ball, these are very difficult questions to answer with any certainty. What we do know is that when the Fed's strategies begin to lower inflation significantly, they will stop raising rates. They may also moderate rate increases due to the damage they are doing to the bond and stock markets. And, if the rate hikes appear to be pushing us in to a serious recession, they will likely take actions to lower rates which should reduce the severity of a recession. There are too many factors involved to even guess at the timing. Remember, this is not just an American problem. High inflation is a global phenomena, because Covid was a global pandemic. And, as high as our inflation is currently, it is still lower than in many countries.

Americans' Top Choices for Best Long-Term Investment

2022



Market transitions can seem chaotic and frightening even though they are inevitable economic cycles. The market will settle into a more normalized state with relatively balanced supply and demand, low inflation and lower rates. Home appreciation will return to the historical range of 5 to 6% per year. In the meantime, real estate is still Americans' top choice of all long-term investments - not to mention that you also get to live and raise a family in a home.

MARKET TRENDS Q3 2021 - Q3 2022

MARIN COUNTY SINGLE FAMILY DETACHED HOMES | QUARTERLY TRENDS 2021 - 2022

City	Homes Sold Q3 - 2021	Homes Sold Q3 - 2022	% Change	Ave. DOM* Q3 - 2021	Ave. DOM* Q3 - 2022	Median Price Q3 - 2021	Median Price Q3 - 2022	% Change
Belvedere	14	5	-64%	61	42	\$4,392,000	\$3,203,000	-27%
Corte Madera	25	22	-12%	19	15	\$1,892,000	\$1,943,000	3%
Fairfax	27	18	-33%	21	26	\$1,261,000	\$1,439,000	14%
Greenbrae	7	8	14%	26	15	\$2,378,000	\$2,454,000	3%
Kentfield	24	13	-46%	28	20	\$2,465,000	\$4,239,000	72%
Larkspur	31	9	-71%	21	17	\$2,328,000	\$3,241,000	39%
Mill Valley	100	70	-30%	21	23	\$2,158,000	\$1,977,000	-8%
Novato	140	105	-25%	26	27	\$1,172,000	\$1,178,000	1%
Ross	12	2	-83%	15	19	\$5,117,000	\$2,448,000	-52%
San Anselmo	53	31	-42%	18	36	\$1,908,000	\$1,665,000	-13%
San Rafael	143	106	-26%	24	29	\$1,496,000	\$1,553,000	4%
Sausalito	17	15	-12%	43	15	\$2,592,000	\$3,583,000	38%
Tiburon	29	25	-14%	33	20	\$3,434,000	\$3,676,000	7%
Marin County	646	452	-30%	75	81	\$1,721,000	\$1,734,000	1%

* DOM = Days on Market, or the number of days from listing to contract with all contingencies removed.

MARIN COUNTY SINGLE FAMILY DETACHED HOMES | QUARTERLY TRENDS 2021 - 2022

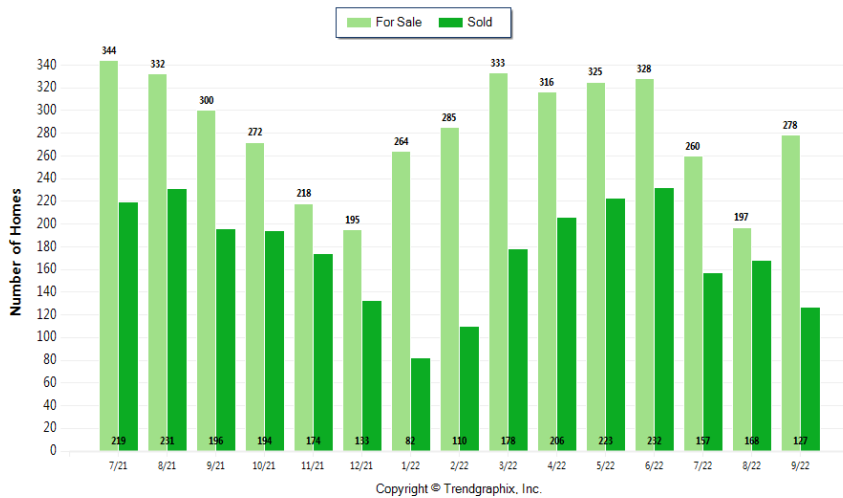
City	New Listings Q3 - 2021	New Listings Q3 - 2022	% Change	SP/LP Ratio * Q3 - 2021	SP/LP Ratio * Q3 - 2022	MSI * Q3 - 2021	MSI * Q3 - 2022	% Change
Belvedere	17	17	0%	101%	98%	2.7	10.2	278%
Corte Madera	26	31	19%	111%	104%	1.6	1.5	-6%
Fairfax	29	16	-45%	111%	102%	1.8	1.1	-39%
Greenbrae	12	7	-42%	105%	109%	3.1	1.1	-65%
Kentfield	13	13	0%	110%	106%	2.1	1.9	-10%
Larkspur	17	14	-18%	106%	103%	0.9	4.2	367%
Mill Valley	97	65	-33%	106%	103%	1.4	1.7	21%
Novato	141	118	-16%	105%	102%	1.4	1.6	14%
Ross	9	4	-56%	103%	100%	1.3	4.0	208%
San Anselmo	42	27	-36%	108%	103%	1.2	1.1	-8%
San Rafael	140	96	-31%	105%	103%	1.3	1.5	15%
Sausalito	13	17	31%	98%	104%	2.2	1.2	-45%
Tiburon	37	21	-43%	101%	100%	2.6	1.7	-35%
Marin County	614	442	-28%	105%	103%	1.5	1.7	13%

* SP/LP Ratio = Sales Price to List Price Ratio | MSI = Months Supply of Inventory, or how many months it would take to sell all available listings given the current rate of sale.

AUGUST 2022 SUMMARY

Third quarter year-over-year comparisons demonstrate the build-up of inventory and the affect it has had on the market. The county statistics on the second table show that the month's supply of inventory was up from **1.5** months in Q3 2021 to **1.7** in Q3 2022, for a **13%** improvement in available homes for sale. The sales price to list price ratio went down from 105% to 103% which shows the shift in negotiating advantage from sellers to buyers. Last year there were, on average, more multiple offers and more offers per property. So this year, buyers are paying less of a "low inventory premium." The average days on the market in the top table indicates that, on average, it took 6 more days to attract an acceptable offer in Q3 2022. And, with less competition per listing, the median sales price only increased by **1%** year-over-year.

OCTOBER MARKET ACTIVITY REPORT



Property Sales (Sold and Closed)

In September, there were **127** closed sales, down **35.2%** from **196** in September 2021, and **24.4%** lower than the **168** sales in August.

Current Inventory (For Sale)

Versus last year, the total number of properties available in September was lower by **22** units or **7.3%**. The September housing inventory was up **41.1%** compared to August of this year.

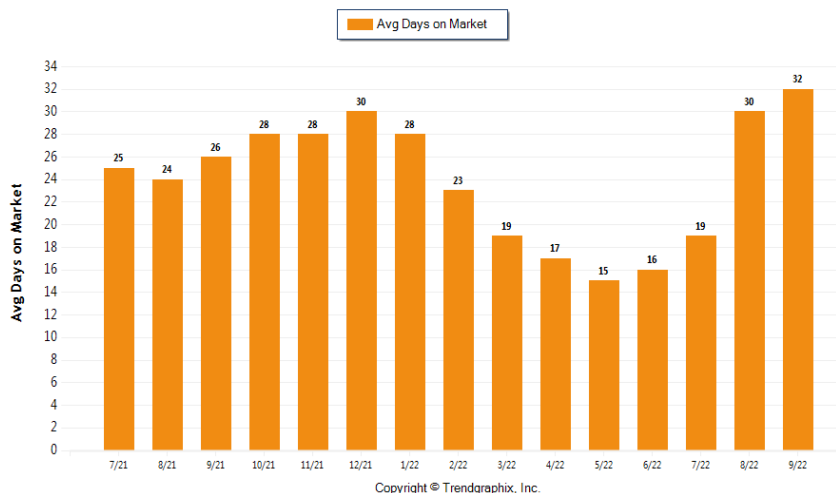
Properties Under Contract (Pended)

There was a **6.8%** decrease in pended properties in September, with **137** versus **147** in August. September pended property sales were **35.1%** lower than at this time last year when we pended **211** properties.



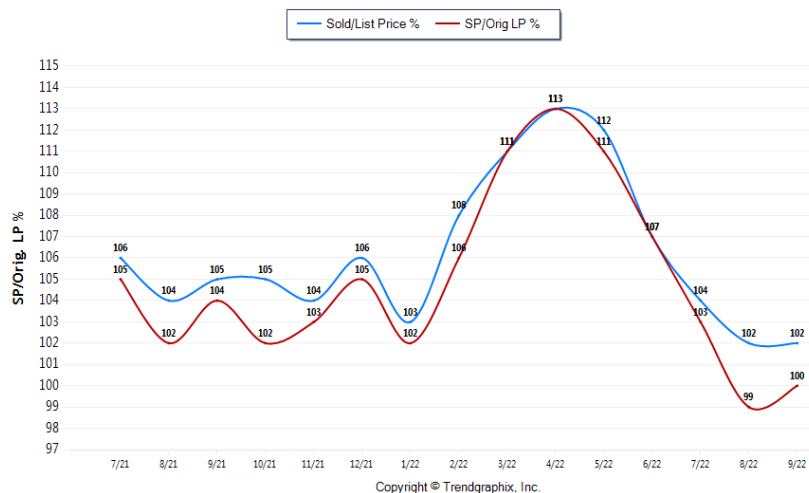
New Listings

New Listings increased from **133** in August to **145** in September, up **9.0%**. September New Listings were **25.3%** lower than in September of 2021 when we listed **194** properties.



The average Days on Market (DOM)

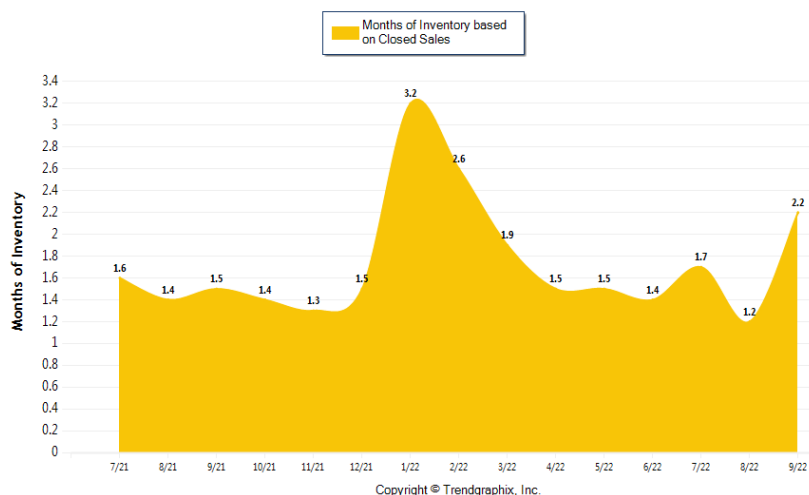
shows how many days the average property is on the market before it sells. The DOM for September 2022 was **32**, up **6.7%** from **30** days in August and up **23.1%** from **26** days in September of last year. The trend since May indicates a move towards a Buyer's Market.



The Sold Price vs. Original List Price reveals the average amount that sellers are agreeing to come down from their original list price.

In September, the Sold Price vs. Original List Price of **100%** was up **1%** from August, and down **3.8%** compared with September of last year.

The Sold Price vs. List Price at the time offers are accepted was the same in August and September and lower by **2.9%** compared with September of last year.



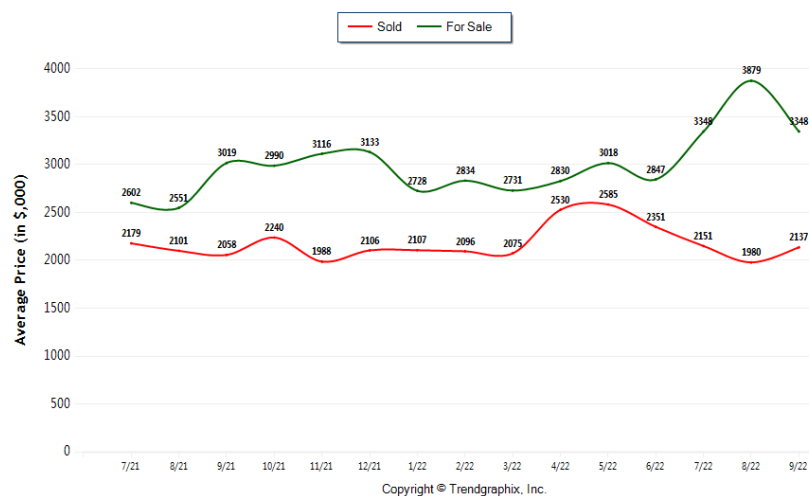
A comparatively lower Months of Inventory is more beneficial for sellers, while a higher Months of Inventory is better for buyers.

Buyer's market: more than 6 months of inventory

Seller's market: less than 3 months of inventory

Neutral market: 3 – 6 months of inventory

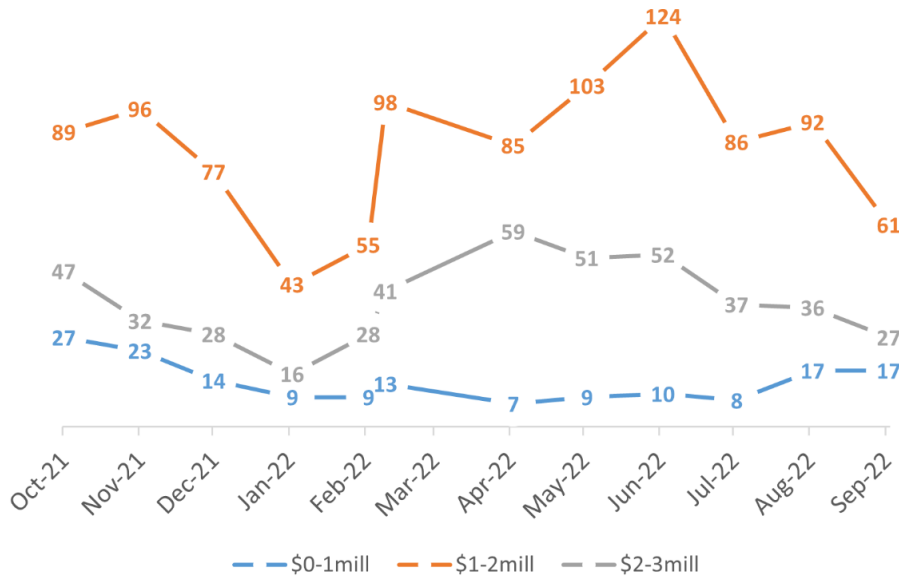
The Months of Inventory based on Closed Sales of **2.2** increased by **45.7%** compared to last September and was up **85.3%** compared to this August.



The Average For Sale (list) Price in September was \$3,348,000, up **10.9%** from \$3,019,000 in September of 2021, and down **13.7%** from \$3,879,000 in August.

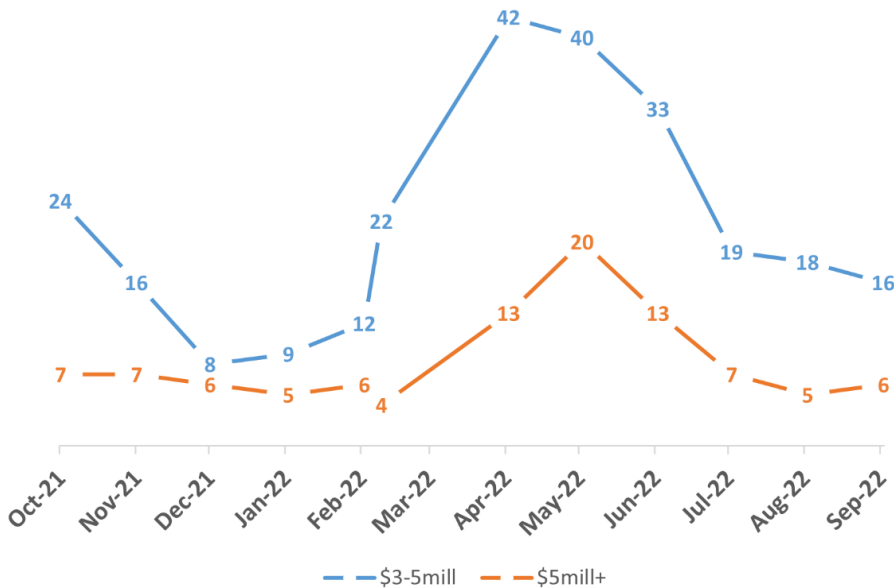
The Average Sold Price in September was \$2,137,000, up **3.8%** from \$2,058,000 in September of 2021 and up **7.9%** from \$1,980,000 in August.

12 MONTHS OF SALES BY PRICE RANGE MARIN COUNTY LOW TO MID-RANGE HOMES

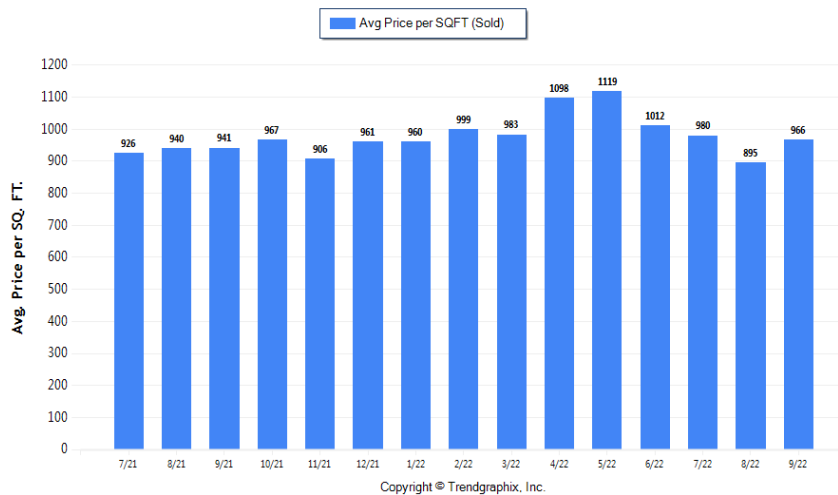


As you can see from the trend lines above, the county sales volume may not be relevant to homes in your particular price range. The most popular homes in Marin County are those priced from \$1-2million. Sales hit a high point in June with **124** closed sales, dropped down in July, did a little better in August, then plunged to **61** sales in September. Sales in the \$2-3million range have been on a negative trajectory since May, dropping **54.3%** since April. The \$0-1million homes hit a low in April of **7** sales but bounced back up to **17** in August and September.

12 MONTHS OF SALES BY PRICE RANGE MARIN COUNTY LUXURY HOMES



Luxury homes priced from \$3-5million started out the year with single digit sales then shot up to **42** sales in April. Since that time they have dropped precipitously, down **62%** through September. The ultra-luxury market of \$5million dollar homes and above peaked in May with **20** closed sales then dropped steadily, down **70%** through September.



The Average Sold Price per Square Foot is a great indicator for the direction of property values. Since Median Sold Price and Average Sold Price can be impacted by the 'mix' of high or low end properties in the market, the Average Sold Price per Square Foot is a more normalized indicator of the direction property values are trending. The September 2022 Average Sold Price per Square Foot of **\$966** was up **7.9%** from **\$895** in August and up **2.7%** from **\$941** in September of last year.

CURRENT MORTGAGE INTEREST RATES as of 10/14

Product	Interest rate	APR
30-year fixed-rate	6.738%	6.852%
20-year fixed-rate	6.642%	6.779%
15-year fixed-rate	5.695%	5.891%
10-year fixed-rate	5.750%	6.203%
30-year fixed-rate FHA	6.437%	7.333%
30-year fixed-rate VA	6.067%	6.404%

Mortgage rates remain elevated in the context of the past decade and 2022 in general, but they continue making progress after hitting long-term highs early last week.

While the general presence of high rates is due to inflation and resilient economic data, the highest highs were primarily a byproduct of a fiscal policy announcement in The UK. Those policies were finally walked back in comments from UK officials. Financial markets including the bond market (which dictates rates) cheered the news, with yields/rates dropping steadily by the time domestic trading was underway.

Then at 10am, Oct. 4, an important manufacturing report in the US showed a moderate contraction in the sector. In addition to lower manufacturing activity, the indices tracking employment and prices also declined. Economic contraction is the 2nd best thing that could happen for interest rates, right behind a massive, sustained drop in inflation. As such, bonds cheered that news as well with many mortgage lenders updating rate offerings with slightly more favorable terms.

Mortgage Rate Projections

October 2022

Quarter	Freddie Mac	Fannie Mae	MBA	NAR	Average of All Four
2023 1Q	5.2	5.7	5.3	6.5	5.68%
2023 2Q	5.2	5.6	5.3	6.4	5.63%
2023 3Q	5.0	5.6	5.1	6.3	5.50%
2023 4Q	5.0	5.5	5.0	6.1	5.40%

Here are the most current rate predictions from Freddie Mac, Fannie Mae, the Mortgage Banker's Association and the National Association of Realtors. On average their predictions are for rates to peak at 5.68% in Q1 2023 and then trend down to 5.40% by Q4 2023.

Assuming that the Federal Reserve continues its strategies for raising interest rates this year, I would guess that at least the first 2 projections are low.

WRAP-UP

While the real estate market and the economy get sorted out, remember to enjoy this magnificent place we get to live in. Enjoy, the cooler temperatures, the boundless entertainment and recreational opportunities, the great restaurants and world class wine. As always, I will track market trends and report back to you next month. And remember, I am never to busy for your referrals.



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