



Marin County Real Estate
July 2022 Report

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Leaning into Market Headwinds, Appreciation Rate Drops

The impacts of this year's severe economic headwinds – soaring inflation and interest rates, stock market declines, fears of recession – on Bay Area real estate markets are speeding up. The first effect was on buyer demand (fewer buyers, offers and listings into contract), leading to changes in supply (more homes for sale, more price reductions), which began to alter buyer and seller psychology and the balance of power between them. Especially after one of the longest, most dramatic upcycles in history, the psychology, circumstances and plans of individual buyers and sellers shift unevenly in the early months of a transition as they try to make sense of changing market realities. Eventually statistics based on *closed* sales – prices, appreciation rates, overbidding, days on market – slowly start to adjust. Generally speaking, closed sales are *lagging indicators* of what occurred in the economy and market weeks and months earlier.

If stock market prices are like a jet skier on a triple-espresso, home prices are like a giant cargo ship, which decelerates and turns slowly. It took a few months from when the big economic changes began, but the high year-over-year appreciation rates of recent years are now dropping fast in Bay Area markets, though the degree of any actual, longer-term “correction” to prices, if it occurs, remains to be seen.

A correction is not a crash. The precipitating factor in the 2008 crash – tens of millions of households talked into home loans they couldn't afford, forcing frantic sales during a recession – does not apply today. Indeed, mortgage payments as a percentage of income are close to all-time lows (and most homeowners' mortgages are also at historically low rates). Outside the 2008 crash, market corrections over the last 4 decades typically ran from a simple flattening in appreciation, to price adjustments of 5% to 10% (relatively small compared to the appreciation rates which preceded them). It is far too early, with far too many factors at play, to make predictions.

Our reports are not intended to convince you regarding a course of action or to predict the future, but to provide, to the best of our ability, straightforward information and good-faith analysis to assist you in making your own informed decisions. Statistics should be considered very general indicators, and all numbers should be considered approximate. How they apply to any particular property is unknown without a specific comparative market analysis.

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An overheated market cooling or normalizing, slowing from an unsustainable rate of acceleration, does not *necessarily* imply a weak market by historical standards, even if the speed and scale of the change is startling. This report will review year-over-year changes in supply and demand, reflecting the significant adjustments occurring, but also longer-term trends to provide greater context to these recent changes.

Monthly data can be volatile, fluctuating according to a number of factors, including market seasonality. For example, in most Bay Area markets, it is not unusual for median sales prices to peak for the year in spring or early summer. It is best not to jump to definitive conclusions based on a few months of data: Longer-term data is more meaningful than short-term fluctuations.

Different regions and market segments are cooling at differing speeds and each region has unique conditions – and in the Bay Area, each home is relatively unique as well. But barring very special circumstances, markets across the Bay Area (and the country) can be expected to eventually move in roughly parallel directions because of the broad macroeconomic factors at play. Within this report is a link to a review of many of these factors. As of July 7, 2022, according to FHLMC, the average weekly mortgage rate for a 30-year fixed rate loan fell to 5.3% from 5.81% two weeks earlier.

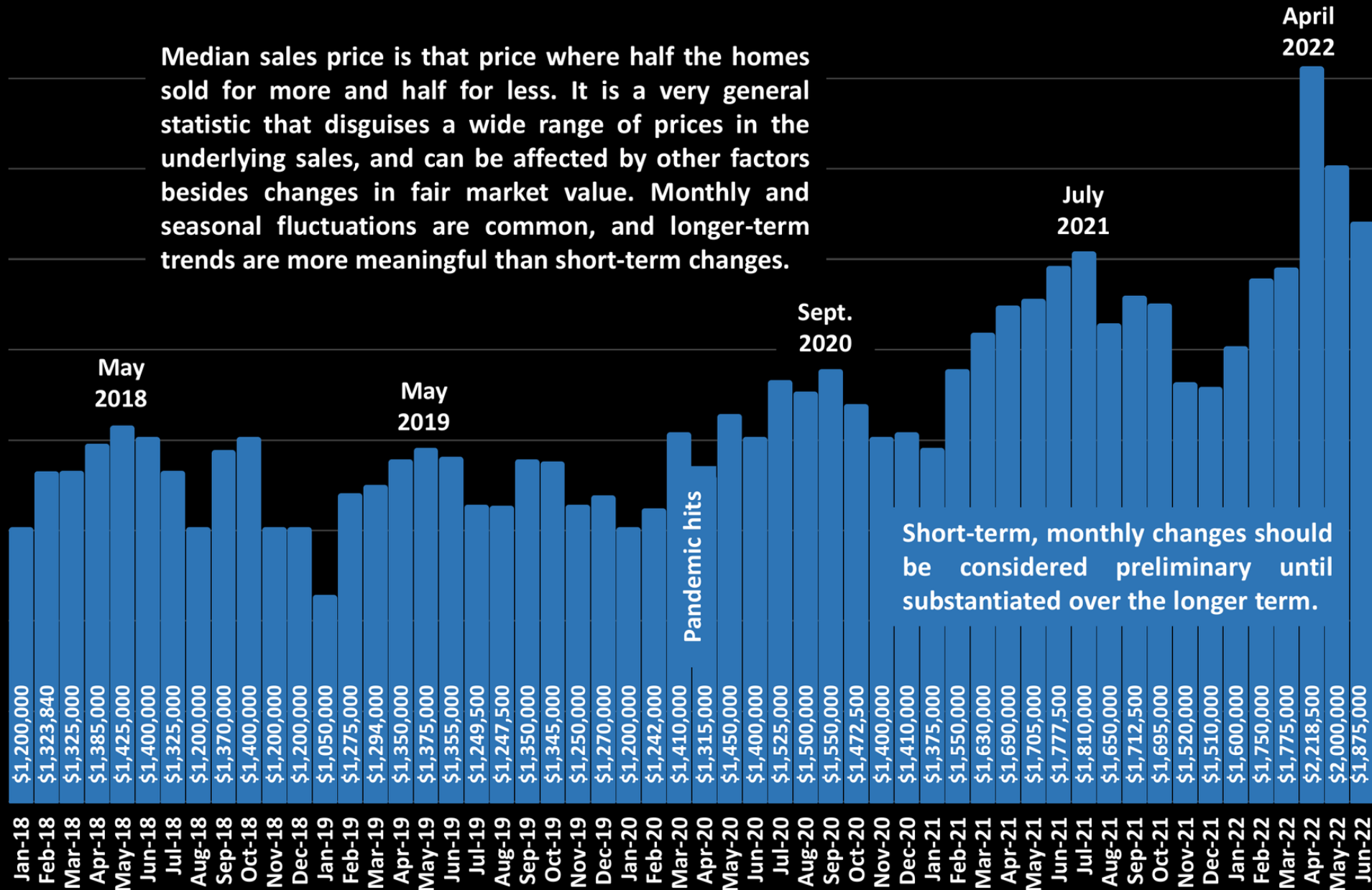
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Marin County Median House Price Trends

Median House Sales Prices, 2018 – Present, by Month

Median sales price is that price where half the homes sold for more and half for less. It is a very general statistic that disguises a wide range of prices in the underlying sales, and can be affected by other factors besides changes in fair market value. Monthly and seasonal fluctuations are common, and longer-term trends are more meaningful than short-term changes.



Sales reported to NorCal MLS Alliance, per Infosparks. All numbers are approximate and subject to revision. Last month price calculated early in the following month and may change with late-reported sales.

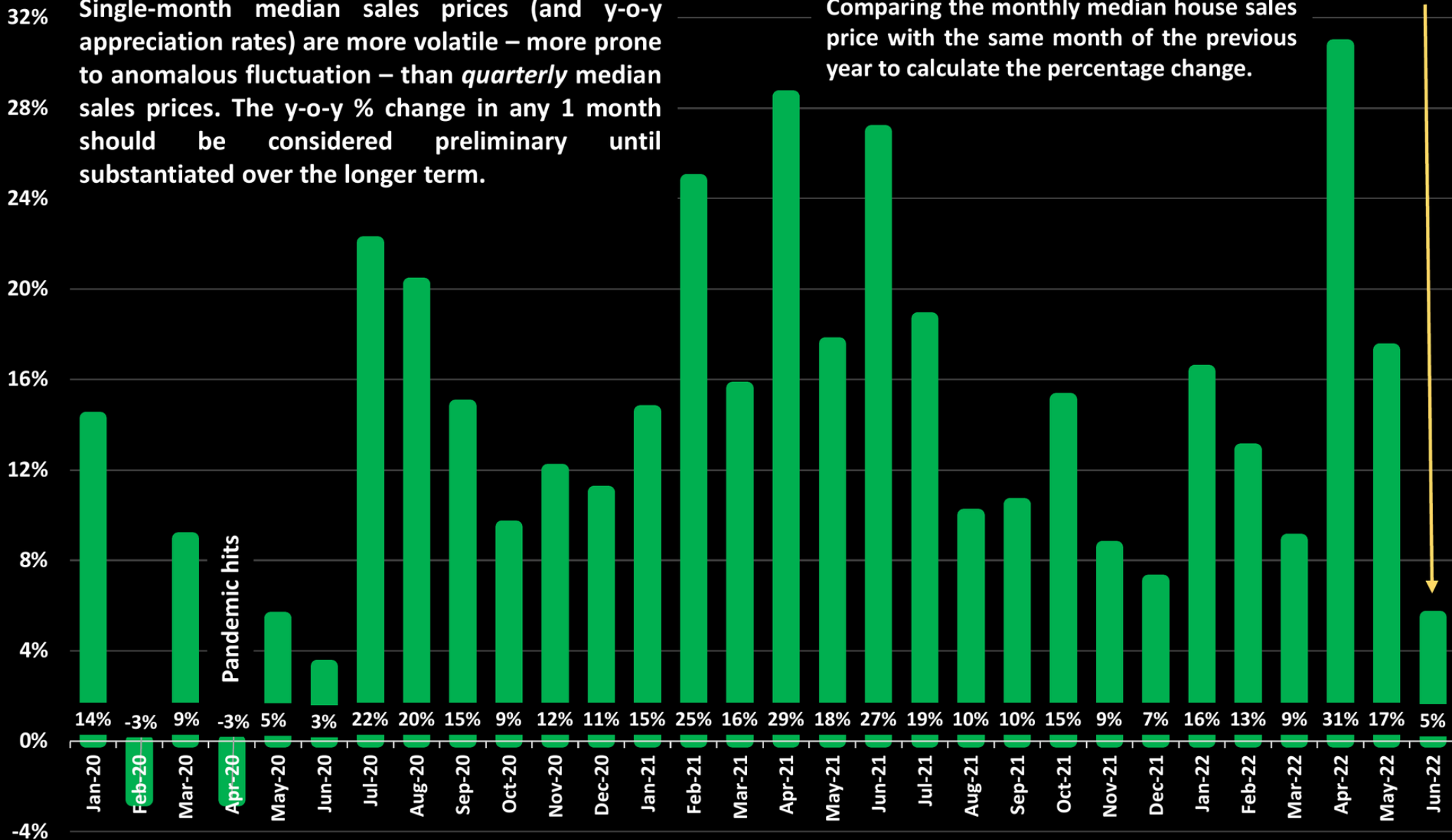


Marin County Year-over-Year Appreciation Rates since 2020

Y-o-Y Percentage Change Monthly Median HOUSE Sales Price*

Single-month median sales prices (and y-o-y appreciation rates) are more volatile – more prone to anomalous fluctuation – than *quarterly* median sales prices. The y-o-y % change in any 1 month should be considered preliminary until substantiated over the longer term.

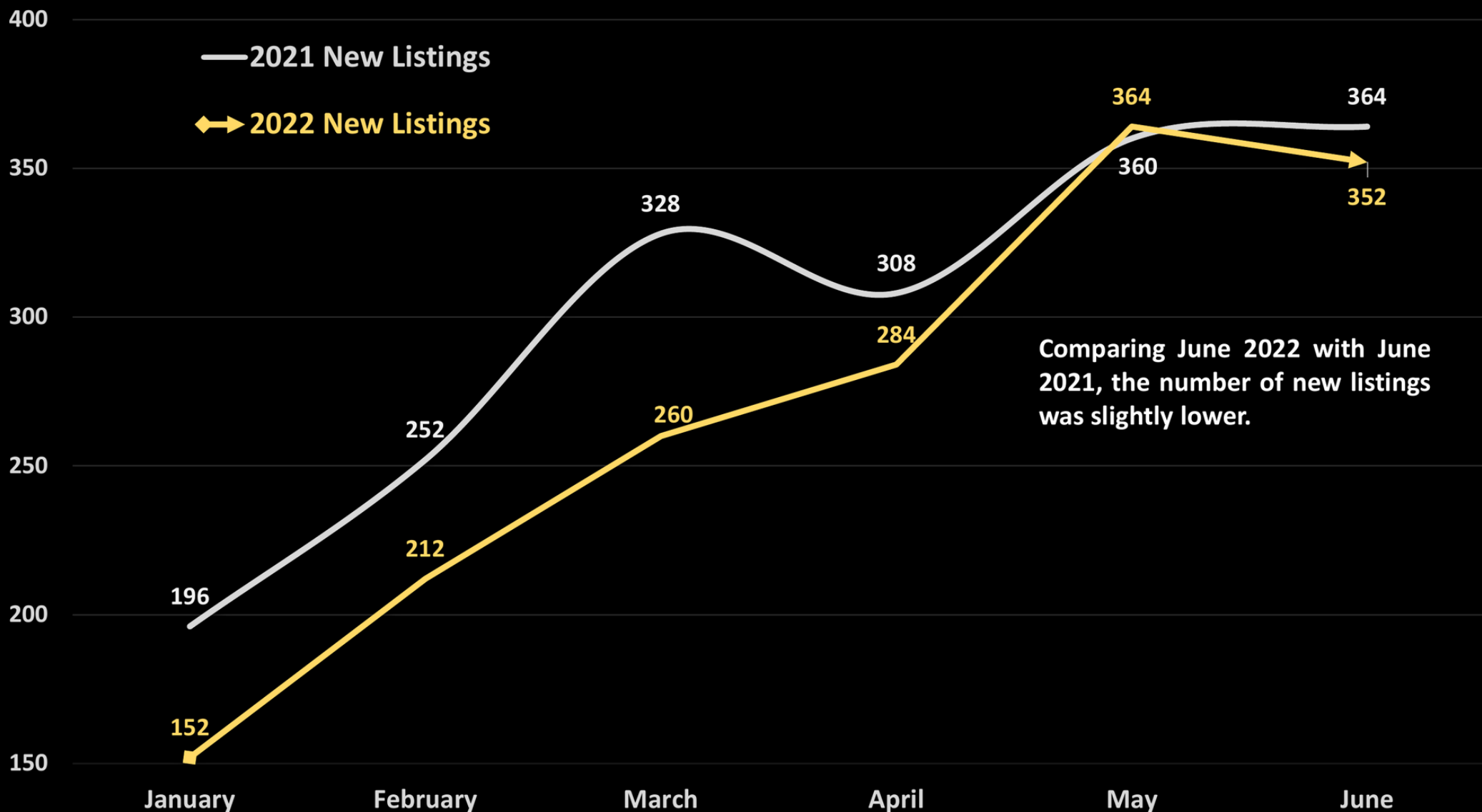
Comparing the monthly median house sales price with the same month of the previous year to calculate the percentage change.



*Sales reported to NorCal MLS Alliance, per Infosparcs. Median sales prices can be affected by a variety of factors other than changes in fair market value. Data from sources deemed reliable, but may contain errors and subject to revision. All numbers approximate.

New Listings Coming on Market

Marin County Market Dynamics: Year-over-Year Comparison



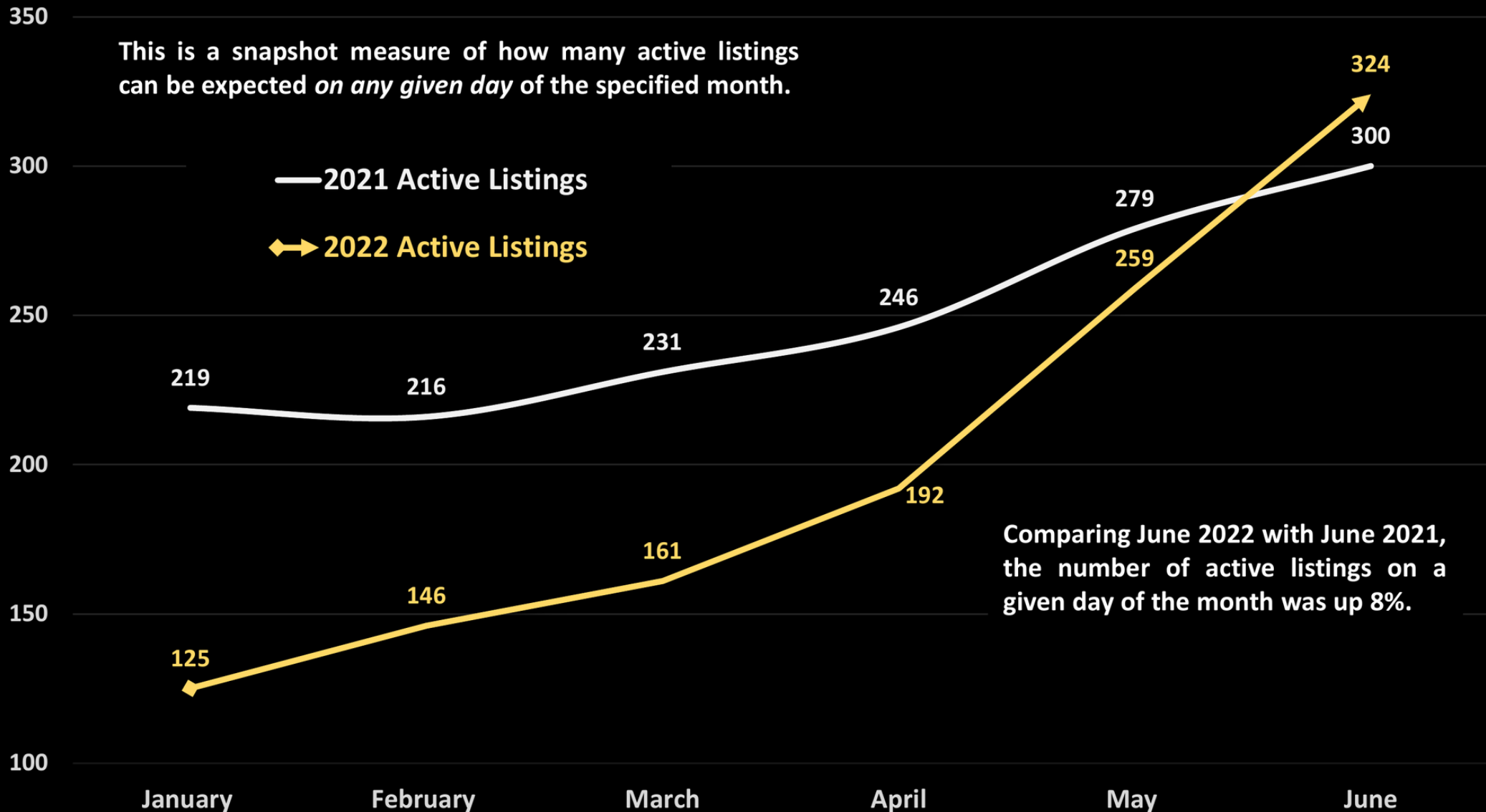
Per Realtor.com Research: <https://www.realtor.com/research/data/>, listings posted on site. Data from sources deemed reliable, but may contain errors and subject to revision. May not include "coming soon" listings posted to MLS. All numbers should be considered approximate.

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Active Listings

Marin County Market: Year-over-Year Comparison

Comparing monthly market activity in 2021 and 2022



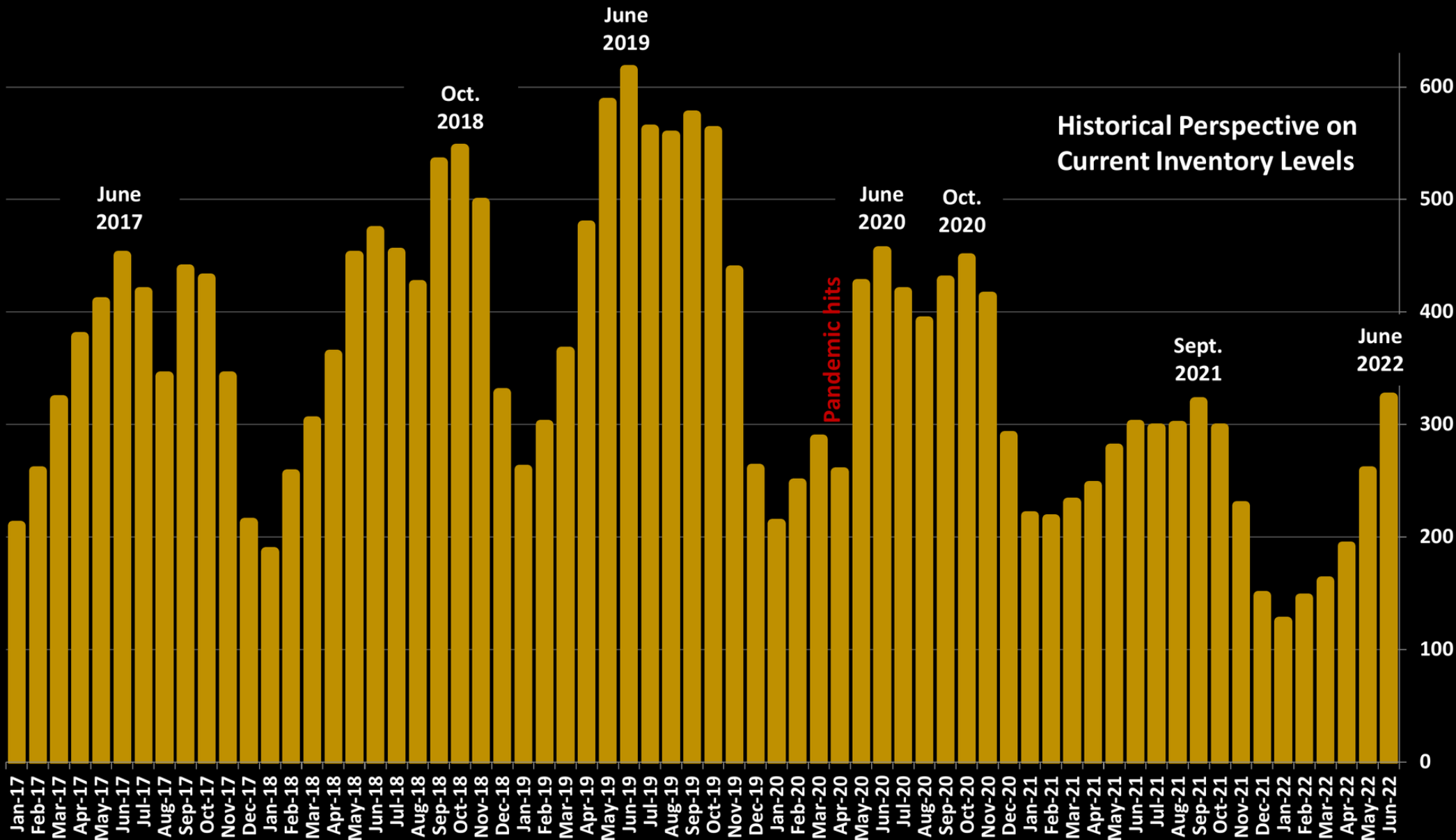
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Active Listings on Market

Marin County Real Estate Market Dynamics & Seasonality

For houses and condos



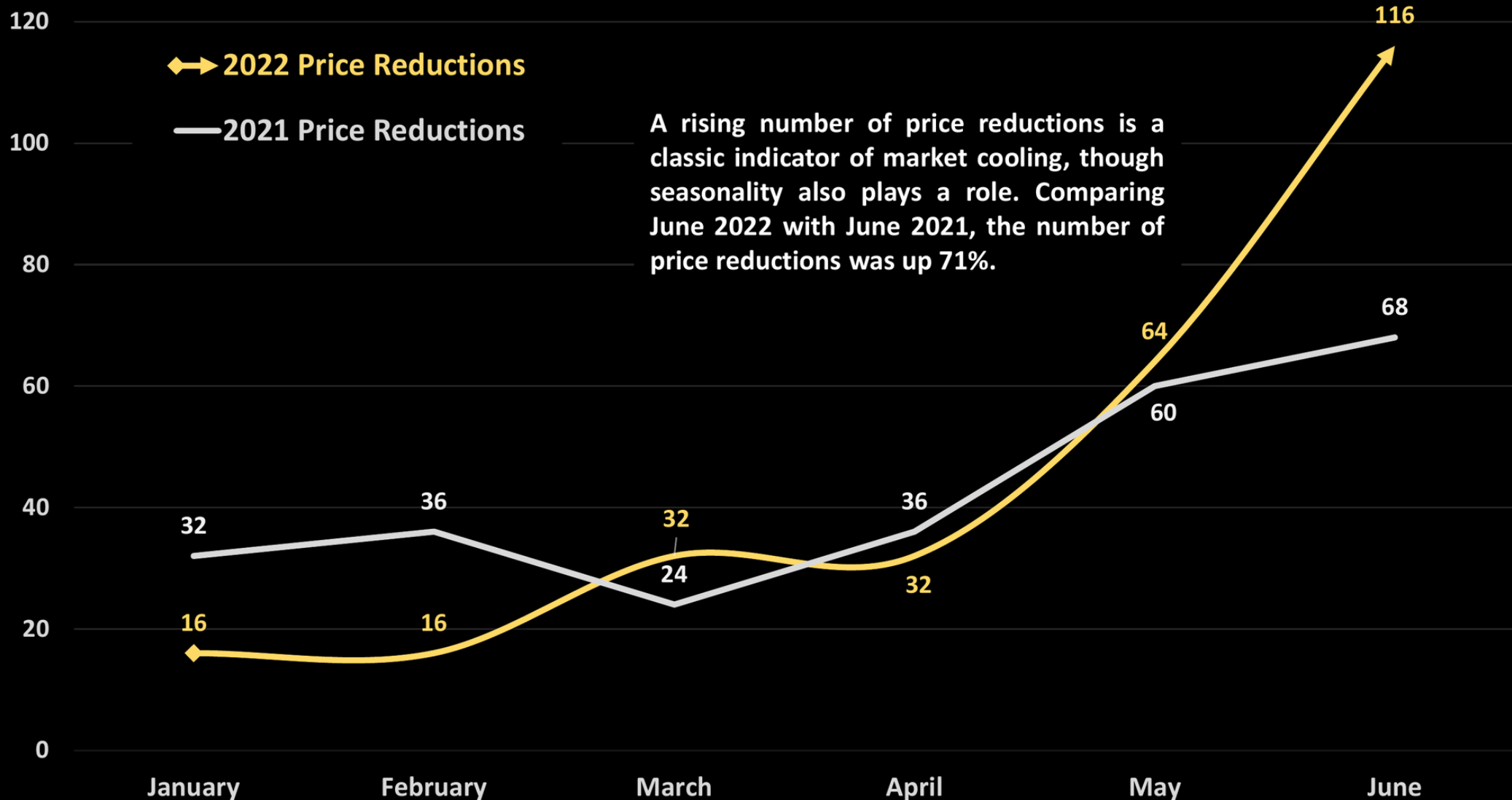
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Price Reductions on Active Listings

Marin County Market Dynamics: Year-over-Year Comparison

Comparing monthly market activity in 2021 and 2022



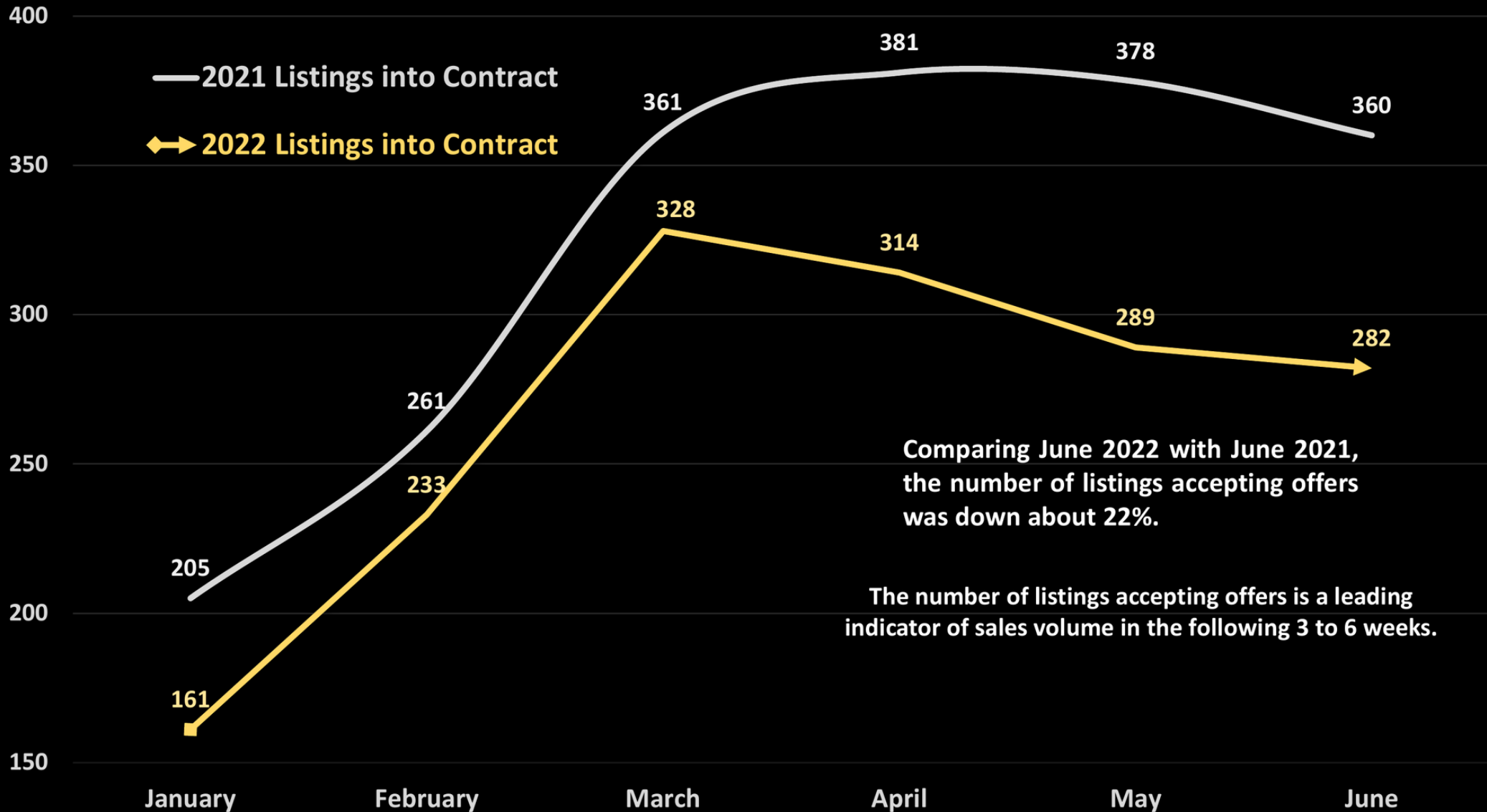
Per Realtor.com Research: <https://www.realtor.com/research/data/>, listings posted on site. Data from sources deemed reliable, but may contain errors and subject to revision. All numbers should be considered approximate.

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Listings Accepting Offers (Going into Contract)

Marin County Market Dynamics: Year-over-Year Comparison

Comparing monthly market activity in 2021 and 2022



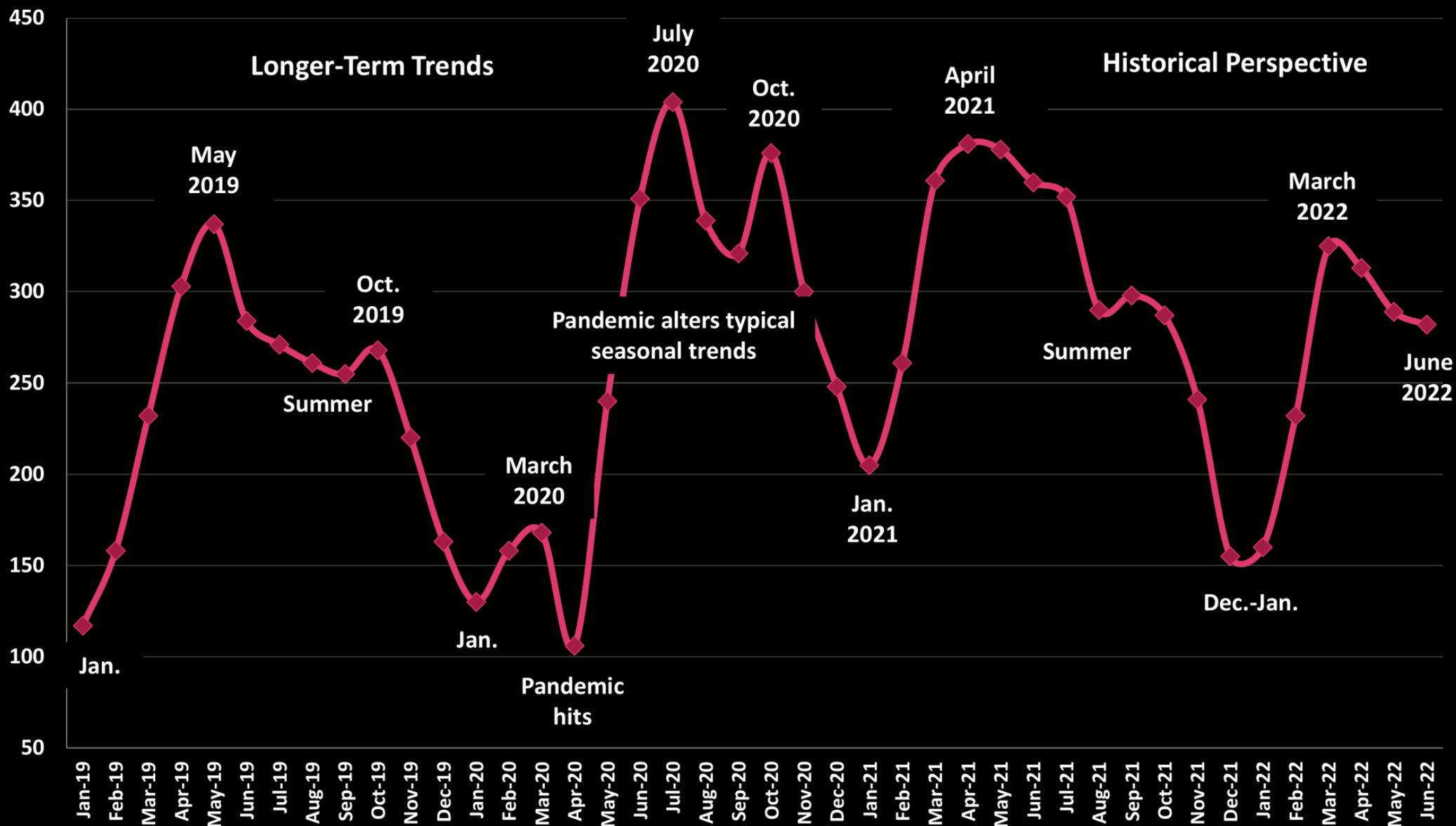
House, condo, townhouse activity reported to NorCal MLS Alliance, per Infospartks. Data from sources deemed reliable but may contain errors and subject to revision. All numbers approximate. Last month estimated based on available data, and may change with late-reported activity.

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Listings Accepting Offers (Going into Contract)

Marin County Market Dynamics & Seasonality

House, condo, townhouse listings reported to NorCal MLS Alliance, per Infosparks



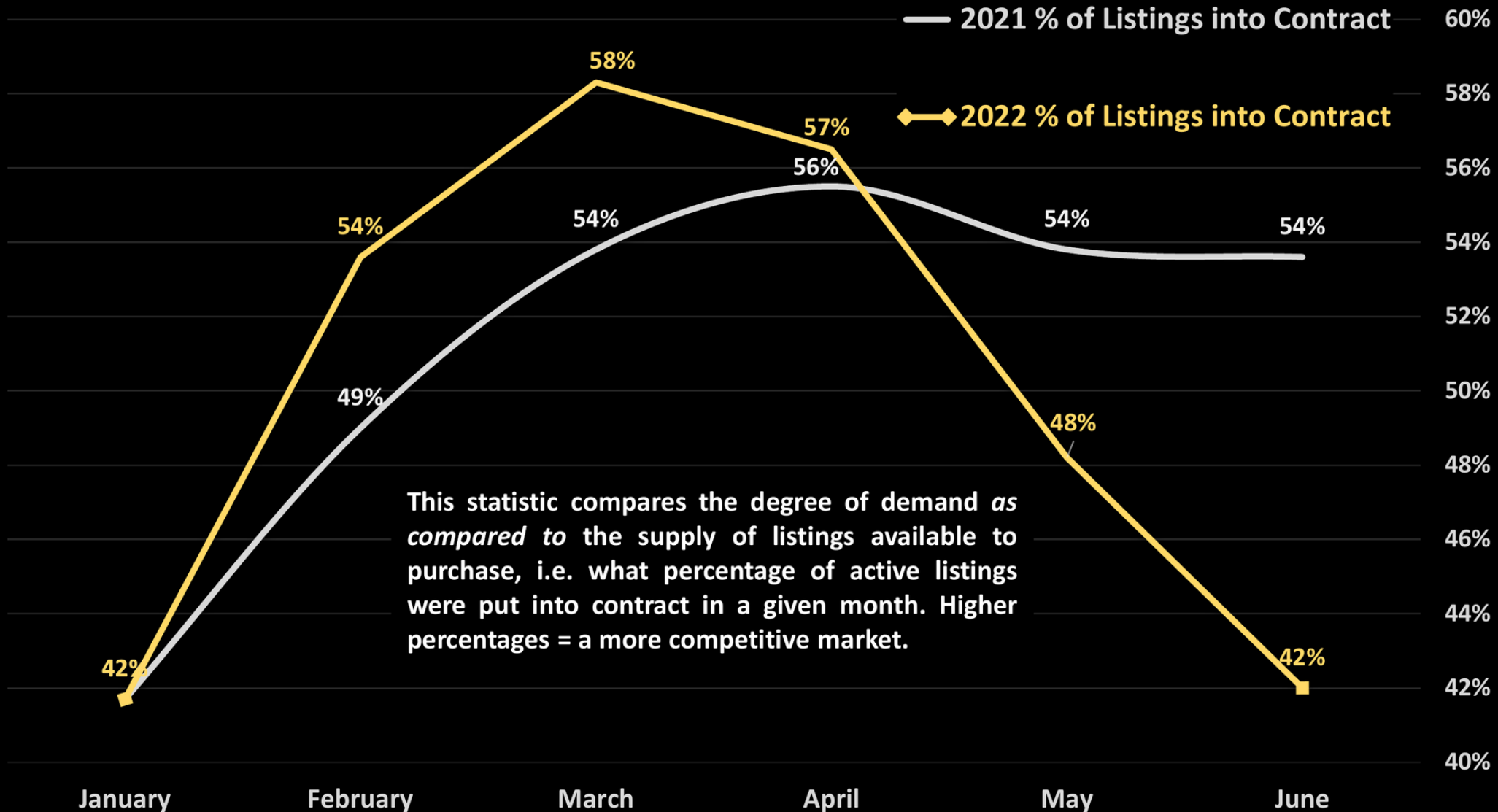
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Percentage of Listings Accepting Offers (Going into Contract)

Marin County Market Dynamics: Year-over-Year Comparison

Comparing monthly market activity in 2021 and 2022.

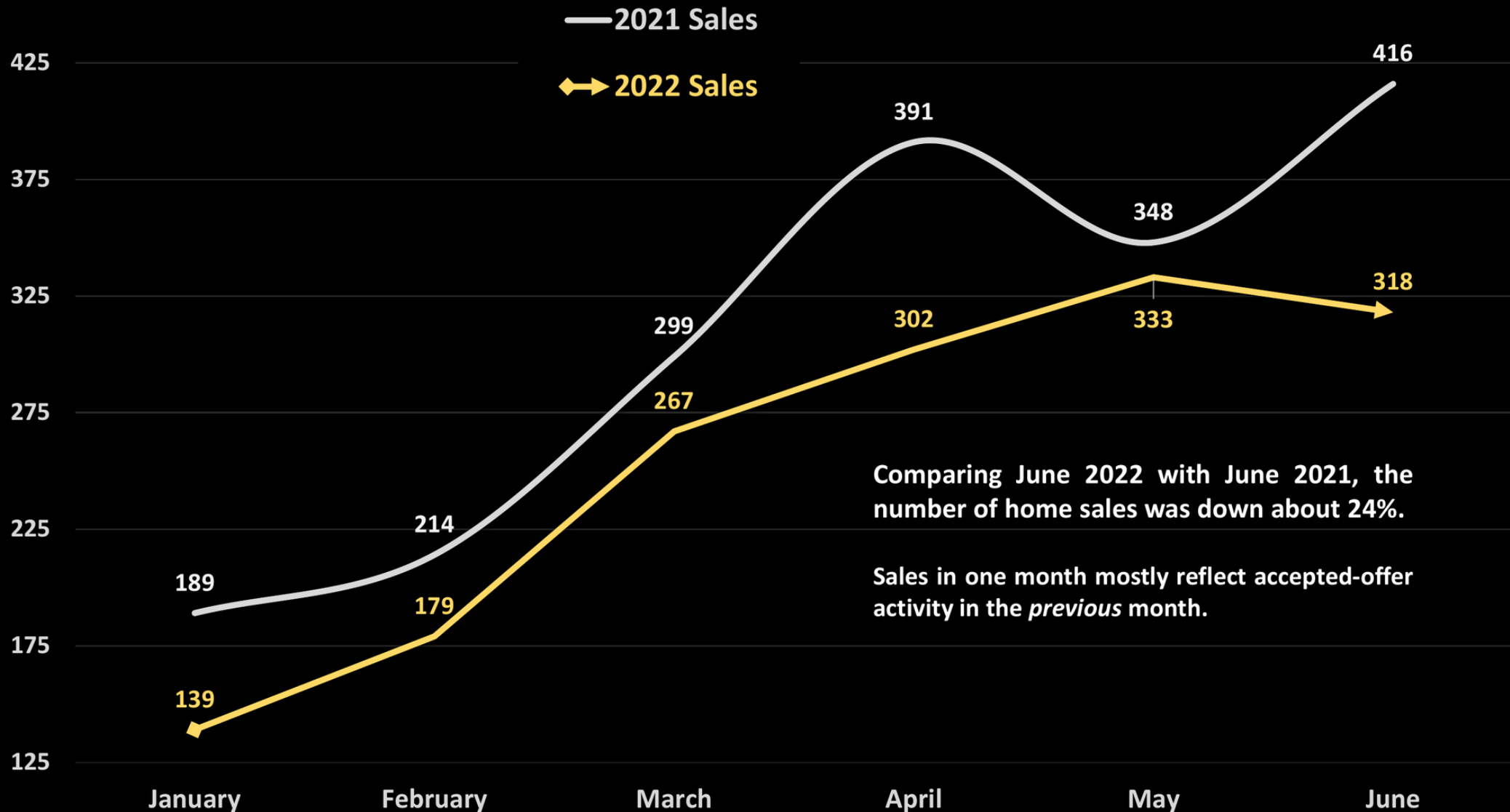


House, condo, townhouse activity reported to Bareis MLS, per Broker Metrics. Data from sources deemed reliable but may contain errors and subject to revision. All numbers approximate. Last month estimated based on available data, and may change with late-reported activity.

Monthly Home Sales Volume

Marin County Market Dynamics: Year-over-Year Comparison

Comparing monthly market activity in 2021 and 2022

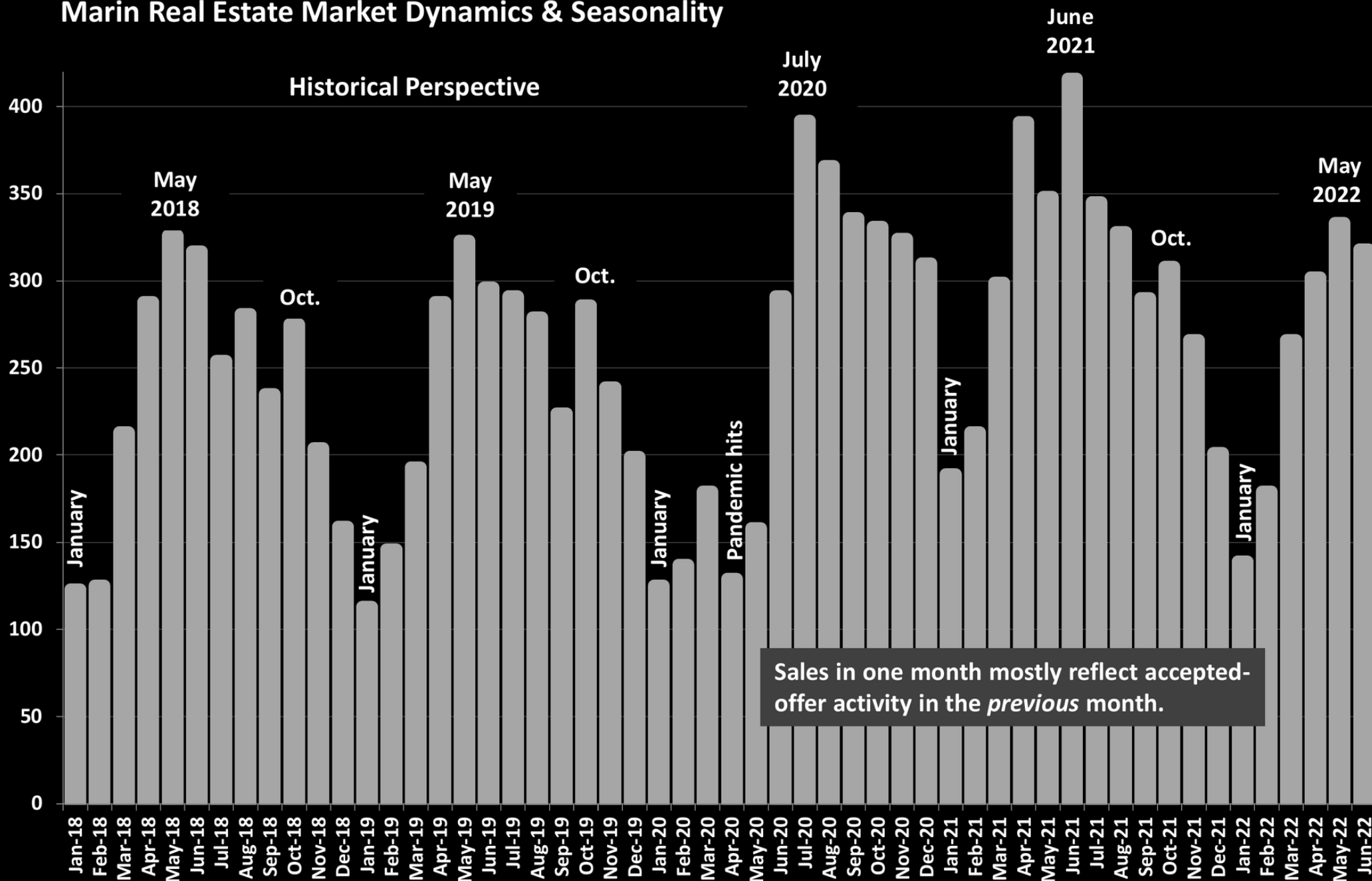


House, condo, townhouse sales reported to NorCal MLS Alliance, per Infospartks. Data from sources deemed reliable but may contain errors and subject to revision. All numbers approximate. Last month estimated based on available data, and may change with late-reported activity.

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Monthly Home Sales Volume – Longer-Term Trends

Marin Real Estate Market Dynamics & Seasonality



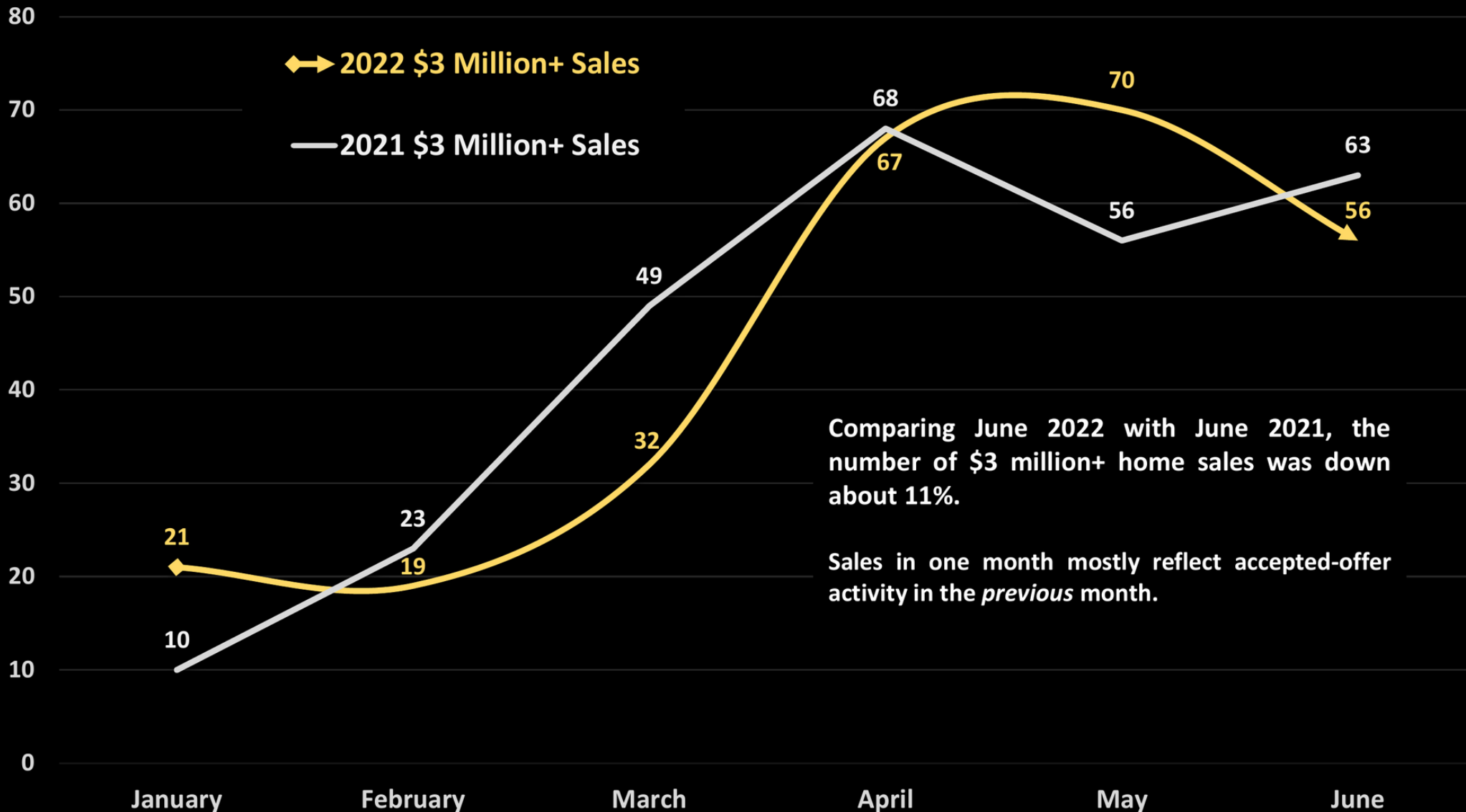
House, condo, townhouse sales reported to NorCal MLS Alliance, per Infospartaks. Last month estimated and may change with late reported sales. Data from sources deemed reliable, but may contain errors and subject to revision. All numbers approximate.

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Higher-Price Home Sales Volume

Marin County Market Dynamics: Sales \$3 Million+

Comparing monthly market activity in 2021 and 2022



House, condo, townhouse sales reported to EastBayMLS, per Broker Metrics. Data from sources deemed reliable but may contain errors and subject to revision. All numbers approximate. Last month estimated based on available data, and may change with late-reported activity.

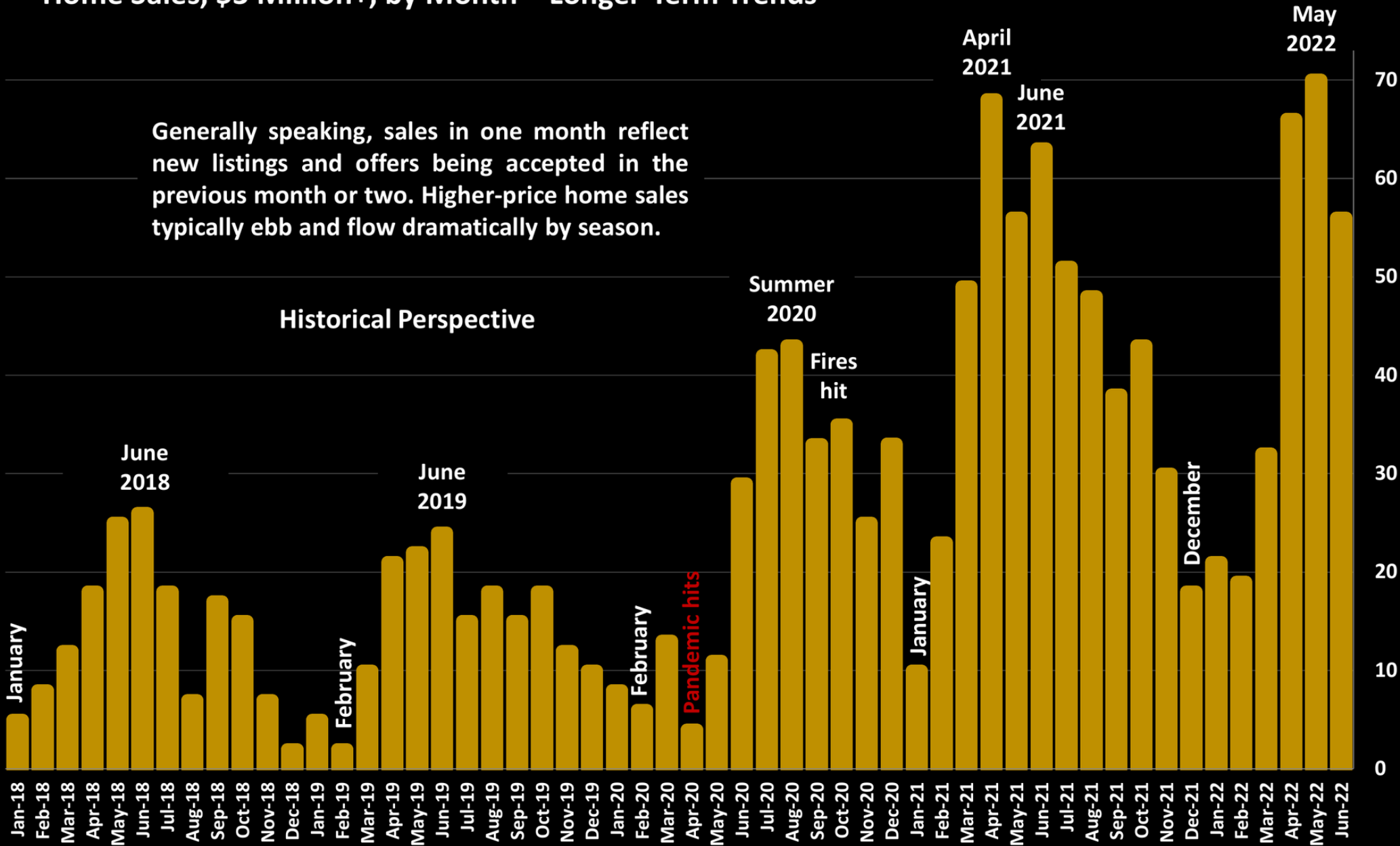
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Marin County Higher-Price Home Market

Home Sales, \$3 Million+, by Month – Longer-Term Trends

Generally speaking, sales in one month reflect new listings and offers being accepted in the previous month or two. Higher-price home sales typically ebb and flow dramatically by season.

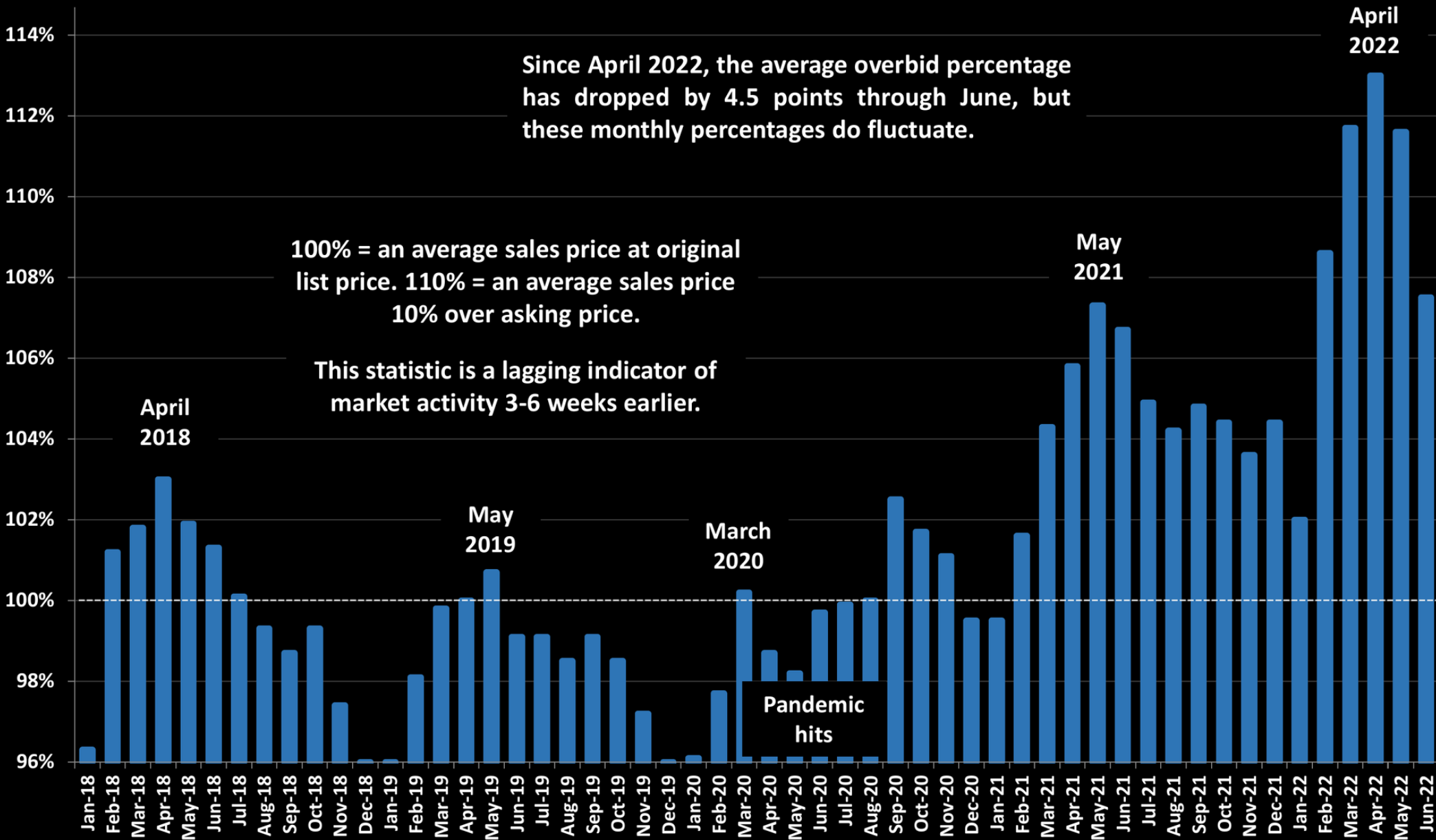
Historical Perspective



Sales reported to NorCal MLS Alliance, per Infosparks. Data from sources deemed reliable but may contain errors and subject to revision. All numbers approximate, and may change with late-reported sales.

Average Sales Price to Original List Price Percentage

Marin County Overbidding: Market Dynamics & Seasonality

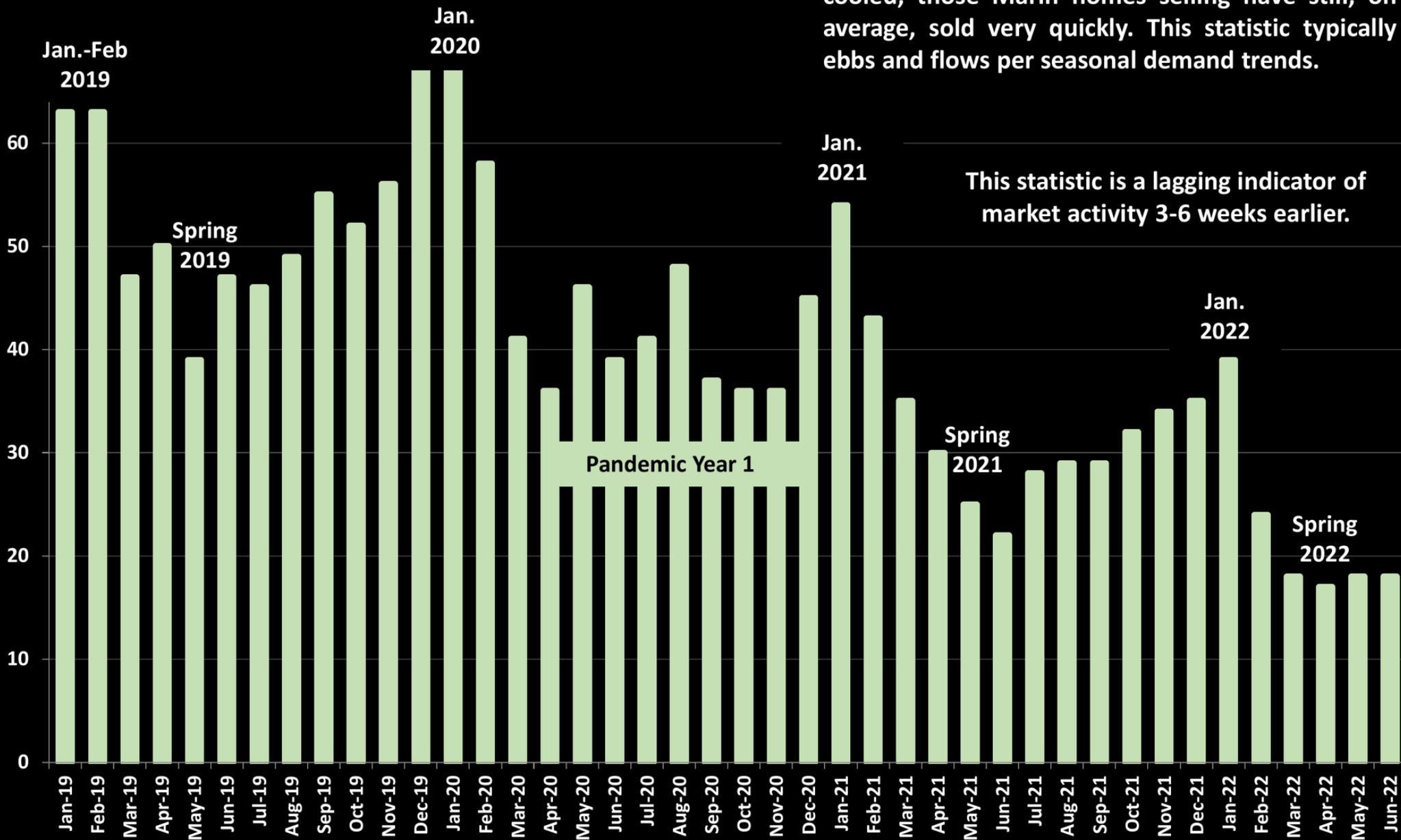


Sales of houses, condos, townhouses reported to NorCal MLS Alliance, per Infosparks. Data derived from sources deemed reliable, but may contain errors and subject to revision. All numbers approximate, and may change with late-reported sales.

Average Days on Market

Marin County: Market Dynamics & Seasonality

A measurement of how quickly the listings which sell go into contract. Though other indicators have cooled, those Marin homes selling have still, on average, sold very quickly. This statistic typically ebbs and flows per seasonal demand trends.



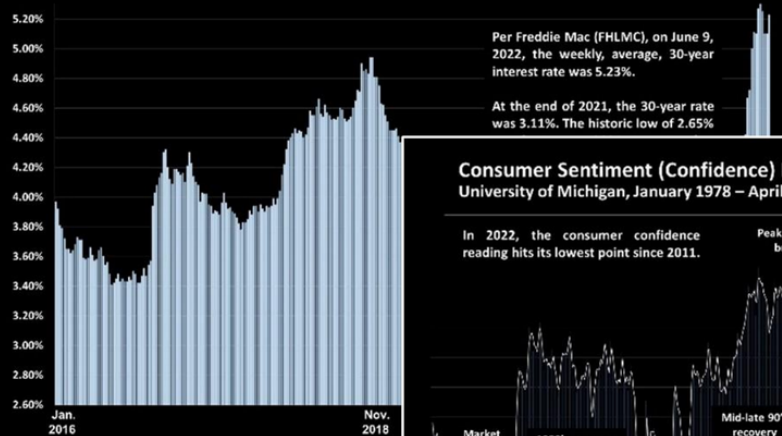
This statistic is a lagging indicator of market activity 3-6 weeks earlier.

Sales of houses, condos, townhouses reported to NorCal MLS Alliance, per Infosparks. Data derived from sources deemed reliable, but may contain errors and subject to revision. All numbers approximate, and may change with late-reported sales.

Mortgage Interest Rate Trends, 2016 – Present

30-Year Conforming Fixed-Rate Loans, Weekly Average Readings

Rates published by the FHLMC



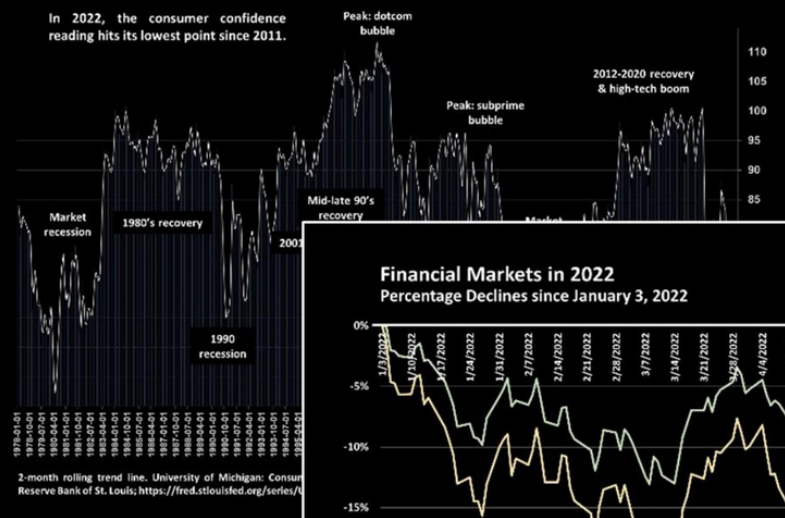
Interest rates may fluctuate suddenly and dramatically, and changes. Data from sources deemed reliable but not guaranteed. Home loans should consult with a qualified mortgage professional.

Consumer Sentiment (Confidence) Index

University of Michigan, January 1978 – April 2022

As published by the Federal Reserve Bank of St. Louis

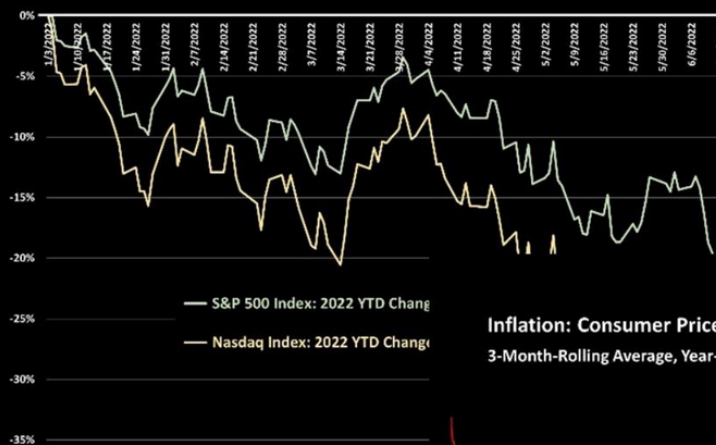
In 2022, the consumer confidence reading hits its lowest point since 2011.



[Click Here for Review of Selected Macroeconomic Trends](#)

Financial Markets in 2022

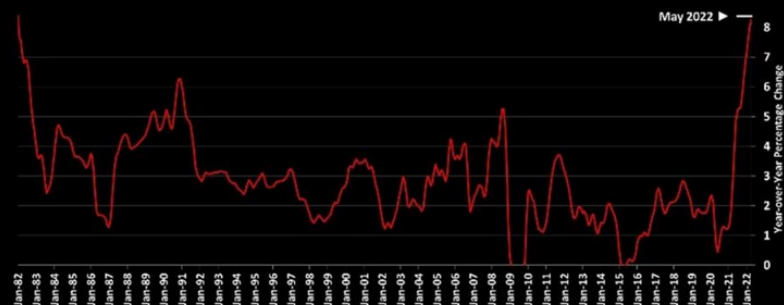
Percentage Declines since January 3, 2022



Last reading as of 6/13/22 AM. Data per MarketWatch.com, daily closing price reading. Data from source deemed reliable, but may contain errors and subject to revision. Financial markets change constantly and all numbers should be considered as approximate.

Inflation: Consumer Price Index, 1982 – 2022*

3-Month-Rolling Average, Year-over-Year % Change



*3-month rolling average of Consumer Price Index for All Urban Consumers: All Items in U.S. City Average [CPIAUCSL], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/CPIAUCSL>, June 2022. Data from U.S. Bureau of Labor Statistics. All items (CPIAUCSL) is a price index of a basket of goods and services paid by urban consumers. This particular index includes roughly 88 percent of the total population. Data from sources deemed reliable, but may contain errors and subject to revision. All numbers approximate.

Factors in Bay Area Real Estate Markets

Many of these factors' effects can swing both positive and negative; sometimes effects are deeply counter-intuitive (e.g., a pandemic causing a fierce housing boom). Economic, political, social and ecological dynamics constantly change and interact in difficult-to-predict ways. Market-changing developments can percolate gradually, or arise quickly and unexpectedly. The impact of specific factors can vary by market segment.

Local economic conditions: High-tech booms, employment, housing affordability & development, venture capital & foreign investment, pro/anti-business sentiment, etc.

Interest rates Stock markets Inflation Consumer confidence

Household wealth: personal, corporate, govt. debt levels Massive, governmental economic interventions (including by the Fed): post 9/11/2001, post 9/2008, post 3/2020

Natural disasters such as COVID, 1989 earthquake, 2017-21 fires, drought

Domestic & foreign migration; federal immigration policy; demographic changes

Tax law e.g. real estate tax benefits & credits, 2017 SALT-deduction limitation Rental market dynamics State income tax disparities

International economic/political events, e.g. large oil price swings, military/economic conflict, foreign economic crises, 9/11, 2015 Chinese stock market crash

Local, state & national politics Social and quality of life issues: Crime, homelessness, cost of living, economic inequality, partisan politics, etc.

Financial industry manipulation, fraud, engineering, recklessness, e.g. junk bonds, S&L collapse, predatory lending, abandonment of risk mgmt. & underwriting standards, CDOs & rating-agency deceit, insider trading, over-leveraged investing; Irrational exuberance

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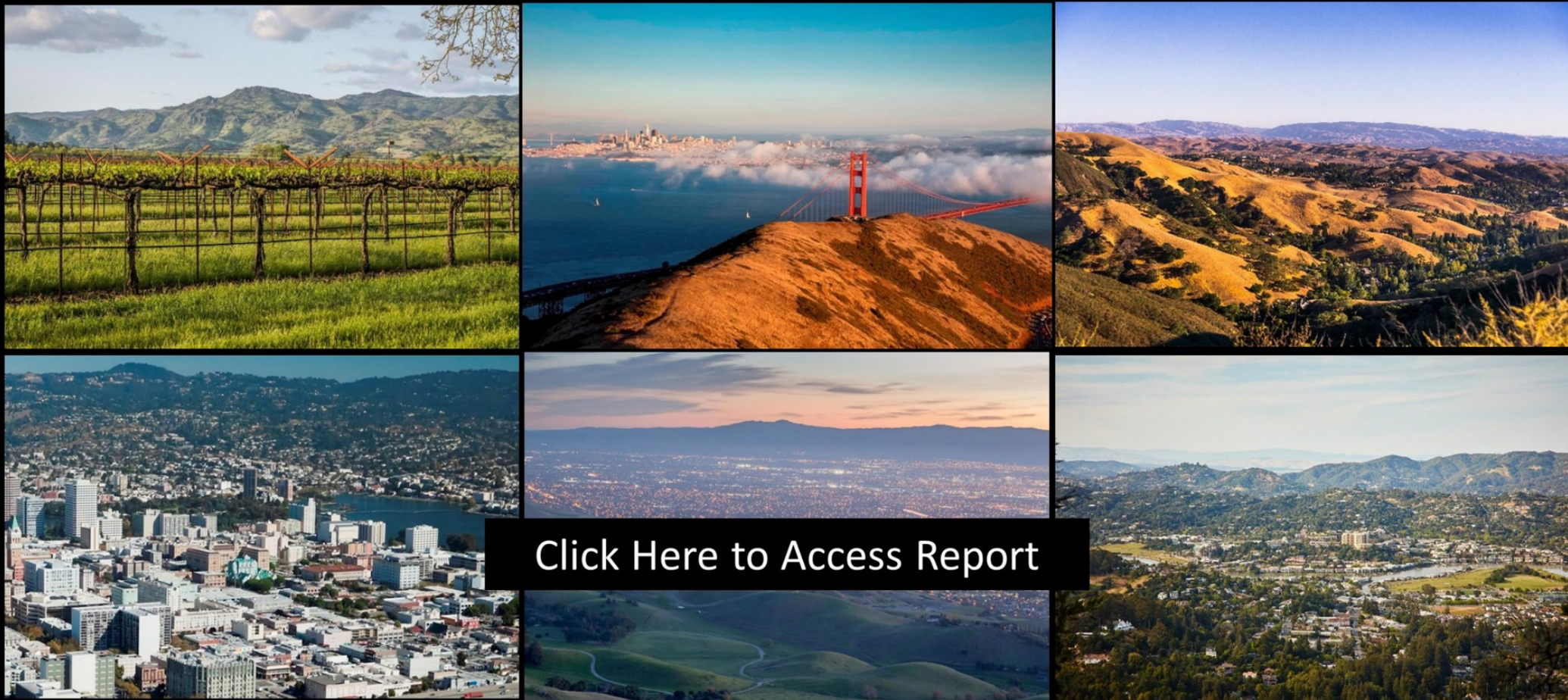


San Francisco Bay Area Real Estate Survey

[Click Here to Access the Full Report](#)

The focus of this survey is on broad, Bay Area market trends. Though submarkets will often diverge to various degrees, over longer periods of time, general trends in supply and demand typically apply across the region.

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San Francisco Bay Area Home Price Appreciation Trends since 1990

The early 1990's recession, the dotcom boom, subprime bubble and crash, market recovery and high-tech boom – and the pandemic.

Statistics are generalities, essentially summaries of widely disparate data generated by dozens, hundreds or thousands of unique, individual sales occurring within different time periods. They are best seen not as precise measurements, but as broad, comparative indicators, with reasonable margins of error. Anomalous fluctuations in statistics are not uncommon, especially in smaller, expensive market segments. Last period data should be considered estimates that may change with late-reported data. Different analytics programs sometimes define statistics – such as “active listings,” “days on market,” and “months supply of inventory” – differently: what is most meaningful are not specific calculations but the *trends* they illustrate. Most listing and sales data derives from the local or regional multi-listing service (MLS) of the area specified in the analysis, but not all listings or sales are reported to MLS and these won’t be reflected in the data. “Homes” signifies real-property, single-household housing units: houses, condos, co-ops, townhouses, duets and TICs (but not mobile homes), as applicable to each market. City/town names refer specifically to the named cities and towns, unless otherwise delineated. Multi-county metro areas will be specified as such. Data from sources deemed reliable, but may contain errors and subject to revision. All numbers to be considered approximate.

Many aspects of value cannot be adequately reflected in median and average statistics: curb appeal, age, condition, amenities, views, lot size, quality of outdoor space, “bonus” rooms, additional parking, quality of location *within* the neighborhood, and so on. How any of these statistics apply to any particular home is unknown without a specific comparative market analysis.

Median Sales Price is that price at which half the properties sold for more and half for less. It may be affected by seasonality, “unusual” events, or changes in inventory and buying trends, as well as by changes in fair market value. The median sales price for an area will often conceal an enormous variety of sales prices in the underlying individual sales.

Dollar per Square Foot is based upon the home’s interior living space and does not include garages, unfinished attics and basements, rooms built without permit, patios, decks or yards (though all those can add value to a home). These figures are usually derived from appraisals or tax records, but are sometimes unreliable (especially for older homes) or unreported altogether. The calculation can only be made on those home sales that reported square footage.

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