

Real Estate Value and Activity Trends – Marin County

We have been tracking real estate trends in Marin for our clients since 1986. We typically keep that information confidential for their private use. Recently, there has been a lot of press about real estate values rising and activity increasing, both locally and nationally. When you compare current trends with the recent recession, almost any news looks good. We thought it would be helpful for our clients, and for the community, to have some factual information added to the mix. In this report we focus on residential property. We use a proprietary hybrid trend analysis that focusses on Marin's largest markets to eliminate the extremities of outlying areas.

History:

From the historic high of Jul-2007 to the low of Feb-2009, the average home value in Marin largest markets dropped 52%. Home values are currently at a level that is 16% below that historic high and so 36% of the value loss has been recaptured over time.

The number of homes sold per month in Marin largest markets dropped 60% between the historic high of Jul-2004 to the mid-year low of Jul-2008. Home sales activity is currently at a level that is 33% below that historic high and so 27% of the activity loss has been recaptured over time.

Activity:

Beginning in Jan-2012, real estate activity in Marin's largest markets finally returned to a pronounced seasonal pattern with lows centered on January and highs centered on July. The last such seasonal pattern occurred in 2005.

The current highest number of homes sold per month is at the level of the lowest number of units sold per month between 2002 and 2005. Thus, a July today is like January then.

2012 was better than any year since 2007, but only about half as good as any year between 2002 and 2005. 2013 is on course to be slightly better than 2012, and may reach 2006 levels, but is still over 100 units per month in sales below 2002-2005 in Marin's largest markets.

Value:

By July 2013, average home sales value returned to about 2005 levels. It is currently higher than it has been since July 2008. Between July 2005 and July 2008, residential real estate values in Marin were higher than they are today.

Trends:

The value trend is on a strong upward path, increasing faster than it did in the build-up between 2002 and 2007. We predict that the present pace of increasing prices is unsustainable beyond six months and that a slower pace of appreciation will appear within that time frame.

The activity trend is not increasing as fast as the value trend. This indicates that demand exceeds supply. Nationwide, housing demand is driven by jobs; but in Marin there are very few jobs; thus demand is driven by quality of life and expectation of appreciation.

Summary:

Our summary advice is that this is a very good time to list a property for sale. We characterize the next two months as a Seller's market. That does not mean that every property will sell, and Buyers should be aware that some Sellers will try to take advantage of the conditions described herein to overprice offerings.

We see prices beginning to follow a more typical seasonal trend, and so the best time to buy and the best time for real estate agents to go on vacation, is in the winter.

Buyers should also be aware that limited supply could create competition for desirable homes that will drive prices above values. This may sound like a familiar refrain; since it was inflated prices not supported by underlying value that led to the last recession. And so while the triggers are different, the risks remain similar.

