



Beware of hungry new neighbors looking for a holiday feast! Jocelyn Knight snapped this coyote resting off Camino Alto above Mill Valley. Several small pets have recently gone missing in the area. Keep your little furry loved ones indoors, especially near dark!

PAT & BOB

RAVASIO

For clients and friends of our real estate team.



December 2011

THE ENIGMA OF TODAY'S MARKET:

TIME TO BUY? AS GOOD AS ANY TO SELL?

We pride ourselves on not being typical salespeople. You know, the ones who, no matter what you ask them, the answer is always "It's a great time to buy a house!" And 30 seconds later they tell you, "It's a great time to sell a house!" Could it really be both?

First of all, it is always a good time to buy (or sell) the right property at the right price. But the market is clearly picking up, in terms of velocity and pricing. Most notably, the percent of homes in contract is now at 39%. This is one of the leading indicators of market strength. For the past 12 months, it has been steadily in the 31% to 32% range, and it suddenly jumped three weeks ago. Transactions are also up. Year to date there have been 2,232 sales in Marin, vs. 2,070 last year. Part of this is a decline in inventory. But it is more than that. I think there is a change going on in market psychology, and buyers are starting to think the time to act is now. Their reasons differ, from fear of prices rising, to worrying about missing amazing interest rates. For some, they're just tired of waiting and think it is time to get on with their lives.

Part of it is coming from the media, which has been negative for three years:

"It's an excellent time to buy a house, either to live in for the long term or for investment income." - Wall Street Journal, 10/15/11

"Now could be the best time in history to buy a home." - Market Watch.com, 10/03/11

"Many buyers who waited for rock-bottom prices know that now is the time to buy." - U.S. News and World Report, 11/1/11

"It is important for America to realize that when it comes to housing, now is a time to buy." - JP Morgan Market Insights, 10/20/11

There are more, but you get the picture. Whatever it is, it's different out there right now. People are actively looking for homes, even though the weather is cooling and the sun is low in the sky. Our open houses have been extremely active in recent weeks, at a time of year when I usually make sure I have a good book to read at an open house.

So does this also mean it's a good time to sell?

There has been a lot of national press about the next wave of foreclosures, expected to hit next spring. If that happens, prices are expected to drop as the correlation between increasing foreclosure sales and declining home pricing is strong. But in Southern and Central Marin, the number of foreclosures, or notices of default, just don't appear that high, as we discussed in last month's newsletter. It does not look like there is much inventory waiting to inundate the market, but there will be some.

Hence our conclusion: a great time to buy, and a good time to sell. Sellers who get out there quickly in the new year will be able to take advantage of the lack of inventory. They will get lots of traffic, and probably offers. What about pricing? Most sources predict minor price increases in the latter half of 2012, in the 3% range, and then small increases after that. That fits the pattern history shows in Marin as well, based on data from the 1991-1993 down turn and 2000 dot-com recession. Expect velocity to increase, i.e. more sellers AND buyers, then pricing to slowly recover.



Happy Holidays!

Our First Friday party in December was an excuse to kick off the holidays with some friends and clients. At far right is Bernice Baeza, who is working hard to recruit new members to support the Larkspur Theatre, located right next door. Bernice led the charge to restore and reopen this vintage single screen theatre, which has become an important anchor of the good life in charming downtown Larkspur.

PREDICTIONS FOR 2012

By Bob

Ken Rosen, an economist and the Chair for the Fisher Center for Real Estate and Urban Economics at UC Berkeley's Haas School of Business recently gave his predictions for the economy for 2012, as well as for the national and local housing markets.



Given what we have endured the last three years, it was relatively optimistic! I took lots of notes, here are the highlights:

- Expect 2.5% GDP growth in 2012, and a continued slow, choppy recovery. The likelihood of this is 65%; likelihood of a double-dip recession about 30%; likelihood of a strong recovery, 5%.
- The 10 year bond is too low, as are interest rates tied to it. If you haven't refinanced yet, do it now, we won't see these rates again for a very long time.
- Unemployment is much worse for high school graduates (18%) than college graduates (4.4%). This is caused by government policy that encourages companies to outsource jobs to China.

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