



# BRADLEY REAL ESTATE

MARIN SONOMA NAPA

## MARKET REPORT

October 2018



With rising mortgage rates and changes in the tax laws for homeowners, the market has softened a bit in our region. Baby boomers are holding onto their homes in Marin, Napa, and Sonoma, unless they decide to decamp to less pricey states or regions in California or to relocate to be nearer other family members.

Those who are selling are seeing the market slowing (from days on market in the 30s last quarter to days in the 40 – 60 range this quarter). There have been some price reductions, but mainly in the lower price tiers. Even nationally, sales in the \$1-million-plus tier have significantly outpaced those in the \$750,000 to \$1 million tier and below.

The National Association of Realtors reports that the share of Millennial homebuyers (born between 1981 and 1996) has increased to 36% of the market—making them the most active generation of buyers for the fifth consecutive year. We take a look at recent survey results on their preferences and those of the generation after them, known as Gen Z or iGen.

We also show activity in the condominium market, where the median price and average sold price are both down 5% in Marin. In Napa, the median is up 28.9% and the average up 20.8%. In Sonoma, the median is up 4% and the average up 10.2%.

### September 2018 figures for SFH and Condos in Our Region

County	Median Price	Price Per Sq. Ft.	Days on Market	Comparison in Number Sold to Last September's
<b>Single Family Homes</b>				
Marin County	\$1.388M	\$745	48	-2.3%
Napa County	\$700,000	\$562	60	-18.6%
Sonoma County	\$661,000	\$454	60	-22.9%
<b>Condominiums/Townhomes/Co-ops</b>				
Marin County	\$670,000	\$556	53	-17.3%
Napa County	\$535,000	\$502	46	+27.3%
Sonoma County	\$349,000	\$349	50	-41.3%

Source: MLS Trend data, July 2017 – September 2018

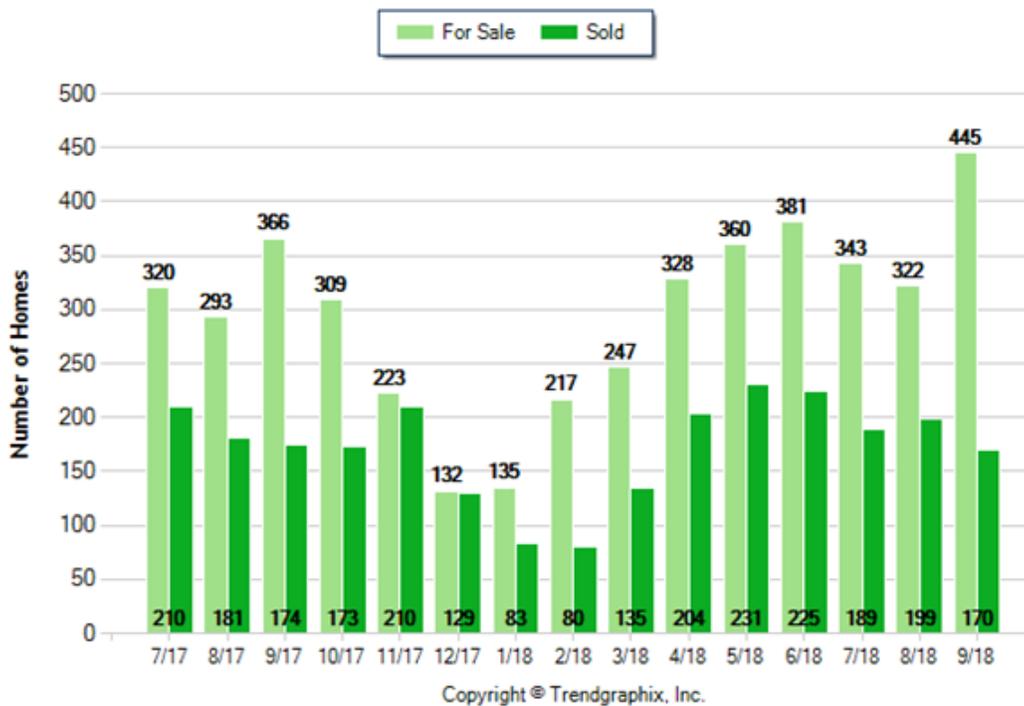
# Marin County September 2018

## Vital Stats, September 2018 vs September 2017

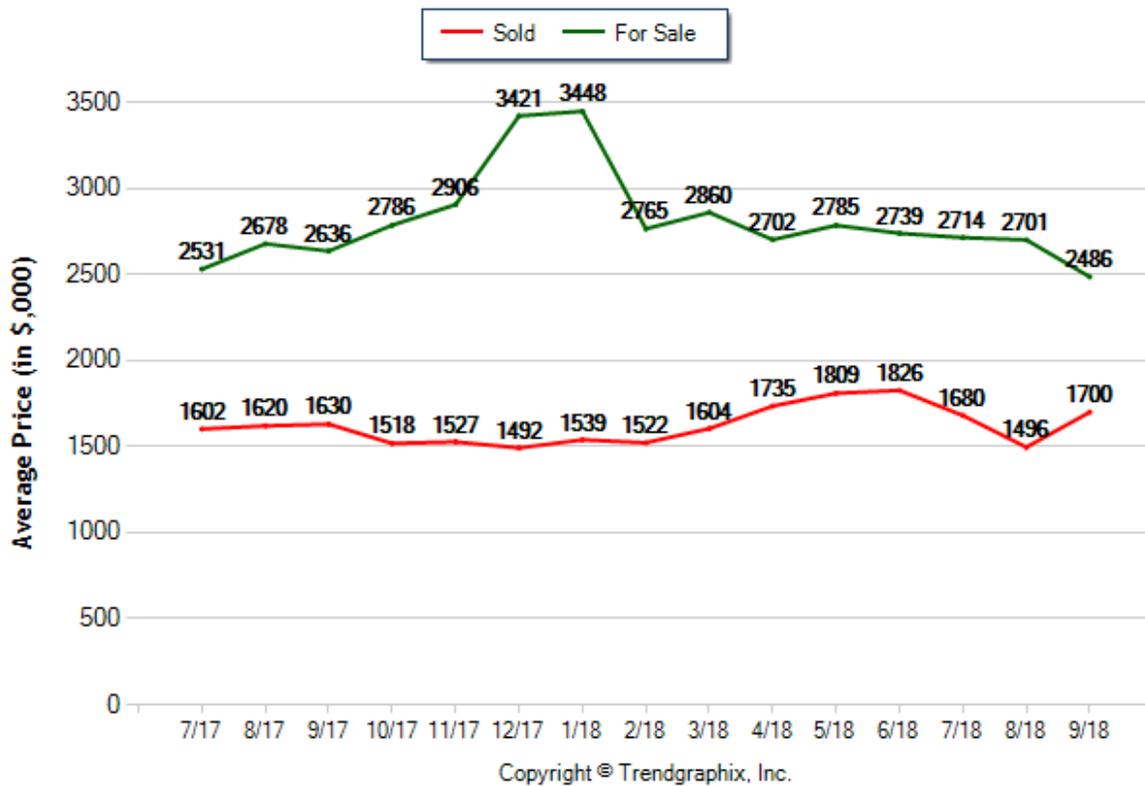
Population	Median Age	Median Household Income	Median Property Value	Home Ownership
260,651	46.1	\$103,845	\$974,600	62.4%

Source: DataUSA, from 2016 U.S. Census data

There were more single-family homes for sale in Marin in September 2018 (445) than in any of the previous 15 months, but the number sold was down 2.3%, to 170, from last year's figure. The average price per square foot was \$745, tracking 6.4% above last September's figure. The median home price was up 8.3% at \$1.388M. Average days on market were lower than last September's figure, at 48. Inventory was at a healthy 2.6 months, higher than every month, except a peak in February, over the past 15 months.



## Average Active and Sold Prices, Single-Family Homes (Jul. 2017 – Sept. 2018), Marin County



### Condo/Townhome Activity

The condo market was up in numbers for sale by 53.4% over last year; although there were 89 available this September, 43 sold, down 17.3% from the previous September's figure. The average price per square foot was \$556. Days on market had crept up to 53 over the past several months (although August's figure was higher, at 60). Average price was down 5% at \$739,000, and the median was down 4.9% at \$670,000.

It's a good time to buy!

**Comparison of Vital Stats for Single Family Home Sales, Marin County Select Cities**  
*September 2017 (top) and September 2018 (bottom)*

City	Median Price	Average Price	Days on Market	Proximity to Listing Price	Number Sold
Belvedere	\$4.879M	\$4.879M	20	103%	2
	\$4.130M	\$4.130M	36	98%	2
Corte Madera	\$1.764M	\$1.737M	20	108%	6
	\$1.375M	\$1.532M	32	99%	6
Fairfax	\$885,000	\$997,000	71	99%	8
	\$913,000	\$1.157M	42	102%	8
Greenbrae	\$1.638M	\$1.637M	129	91%	1
	\$1.667M	\$1.702M	54	97%	6
Kentfield	\$2.340M	\$2.448M	128	92%	7
	\$1.505M	\$1.600M	61	98%	6
Larkspur	\$2,020M	\$1.820M	43	102%	8
	\$1.920M	\$1.990M	29	102%	5
Mill Valley	\$1.600M	\$1.987M	60	96%	25
	\$1.658M	\$2.312M	45	97%	32
Novato	\$853,000	\$1,033M	43	97%	36
	\$975,000	\$1.087M	49	98%	29
Ross	\$1.905M	\$2.063M	63	93%	3
	\$5.600M	\$4.650M	48	98%	3
San Anselmo	\$1.141M	\$1.207M	67	92%	9
	\$1.093M	\$1.412M	49	94%	16
San Rafael	\$1.103M	\$1.143M	43	99%	34
	\$1.206M	\$1.336M	43	101%	36
Sausalito	\$1.681M	\$1.993M	26	99%	6
	\$1.540M	\$1.540M	18	98%	1
Tiburon	\$4.100M	\$3.964M	118	97%	8
	\$2.520M	\$2.885M	58	92%	9

Source: MLS Trend Data, July 2017 – September 2018

# Napa County September 2018

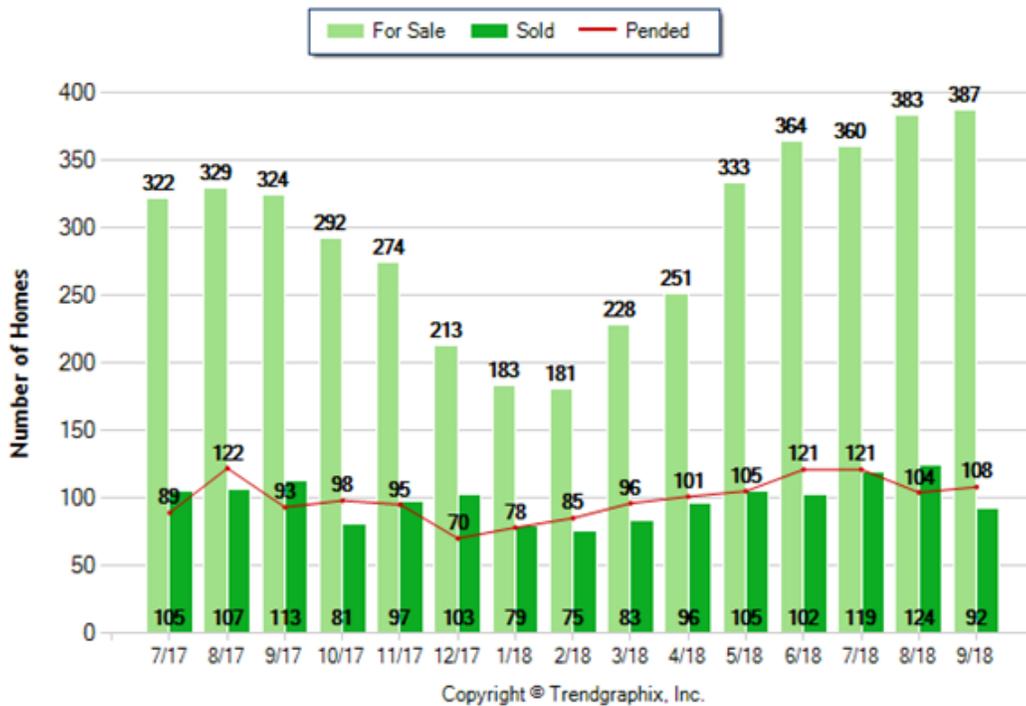
## Vital Stats, September 2018 vs September 2017

Population	Median Age	Median Household Income	Median Property Value	Home Ownership
140,823	40.7	\$74,609	\$503,100	61.6%

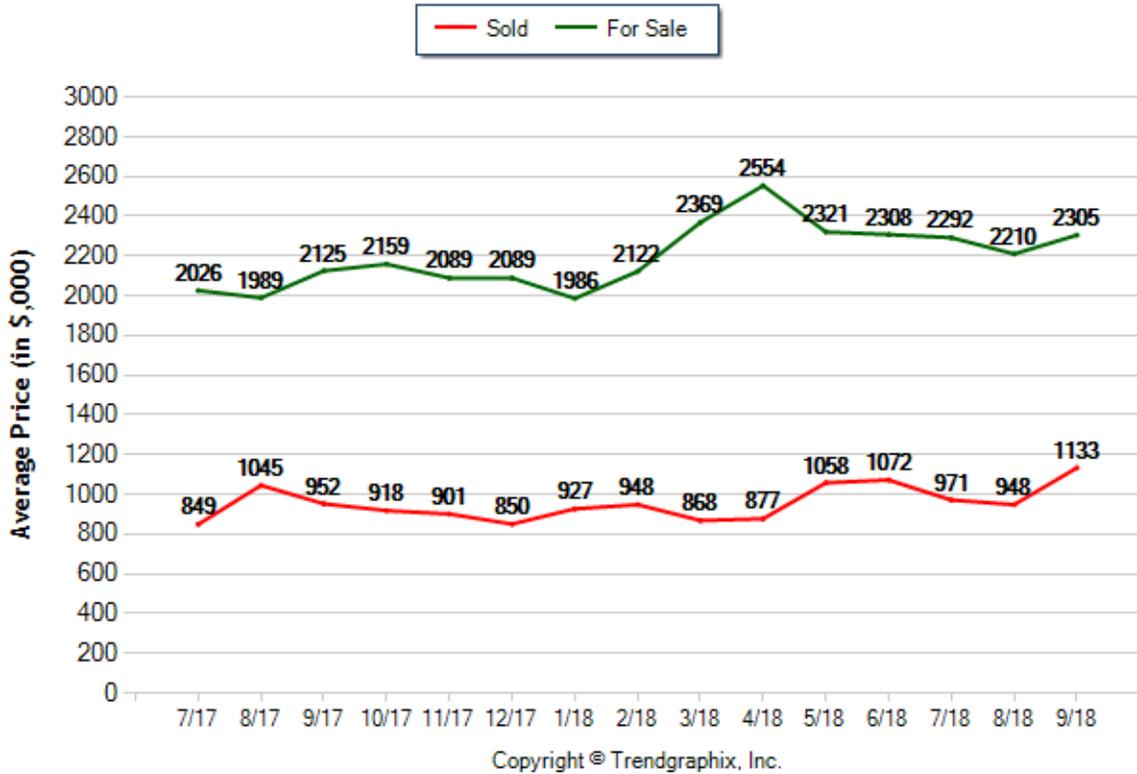
Source: DataUSA, from 2016 U.S. Census data

Tourism is one of the top three industries in Napa County, so the impact of the October 2017 fires, happening mid-harvest season for the wine industry, was watched carefully. The news is good: Visit Napa Valley reported on July 2018 that the number of lodging rooms in the county grew 3.8% and consumer demand grew 2.8% year over year. Five new hotels and several new restaurants have opened. Additionally, because about 90% of the Valley's grape tonnage was harvested before the fires, the vintage is expected to be largely unaffected.

On the home front, there were more single-family homes for sale in Napa in September 2018 (387) than in any of the previous 15 months, but the number sold was down 18.6%, to 92. from last year's figure. The average price per square foot was \$562, tracking 24.6% above last September's figure. The median home price was up 11.1% at \$700,000. Average days on market were lower than most of the previous months, at 60. Inventory was the highest it has been in that timeframe, at 4.2 months.



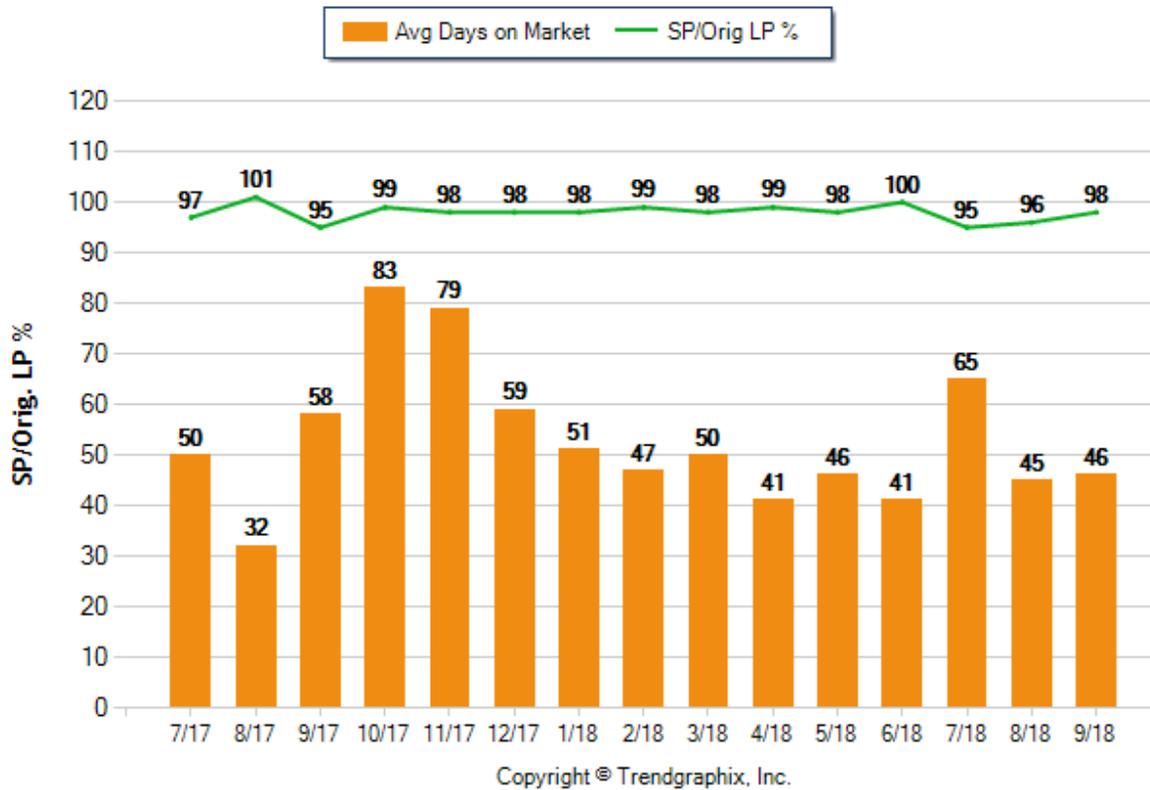
## Average Active and Sold Prices, Single-Family Homes (Jul. 2017 – Sept. 2018), Napa County



### Condo/Townhome Activity

The condo market looks strong in Napa. While the number for sale was below last September’s figure by 7.4%, the number sold was up 27.3%—the reverse of many other locales in the San Francisco Bay Area. Other indicators were also positive: Average price per square foot was \$502, up 22.1% from the previous September. Days on market have come down (to 46) from a high of 83 last October, and the average sold price was up 20.8%, at \$604,000. The median price was \$535,000, up 28.9% from the previous September.

## Condo/Townhome/Co-op Days on Market, Napa County, July 2017 to September 2018



## Comparison of Vital Stats for Single Family Home Sales, Napa County Select Cities

September 2017 (top) and September 2018 (bottom)

City	Median Price	Average Price	Days on Market	Proximity to Listing Price	Number Sold
American Canyon	\$560,000	\$528,000	51	98%	21
	\$568,000	\$575,000	38	96%	13
Napa	\$643,000	\$840,000	65	95%	74
	\$683,000	\$1.018M	54	95%	60
St. Helena	\$880,000	\$1.098M	125	89%	7
	\$1.880M	\$2.124M	79	87%	12

Source: MLS Trend Data, July 2017 – September 2018

# Sonoma County September 2018

## Vital Stats, September 2018 vs September 2017

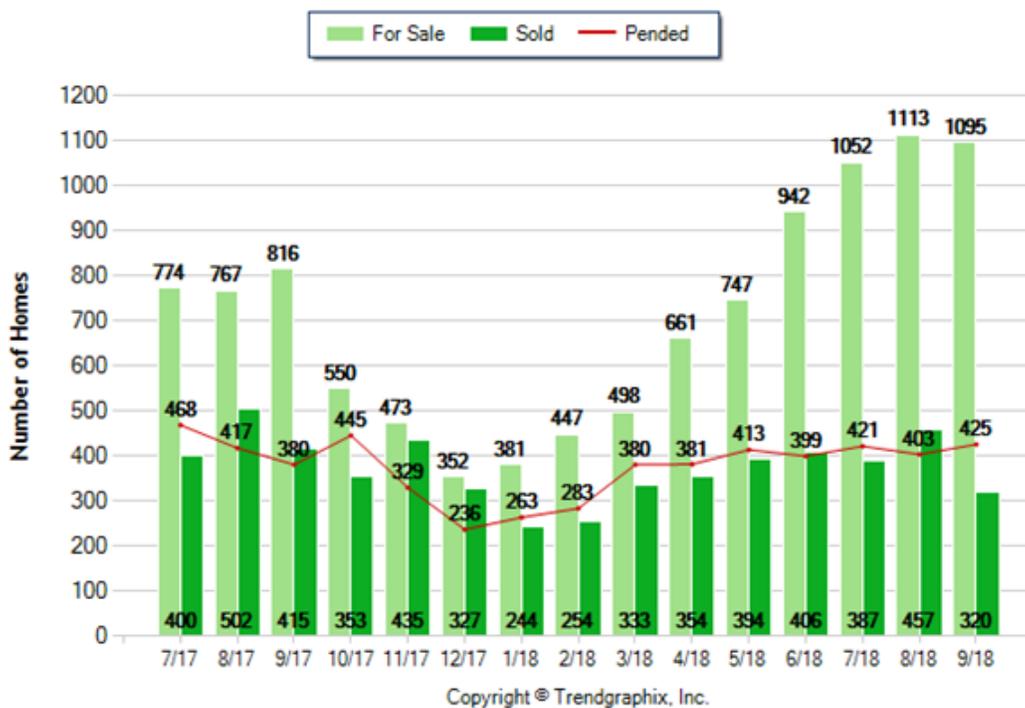
Population	Median Age	Median Household Income	Median Property Value	Home Ownership
503,070	42.1	\$73,929	\$565,200	61.1%

Source: DataUSA, from 2016 U.S. Census data

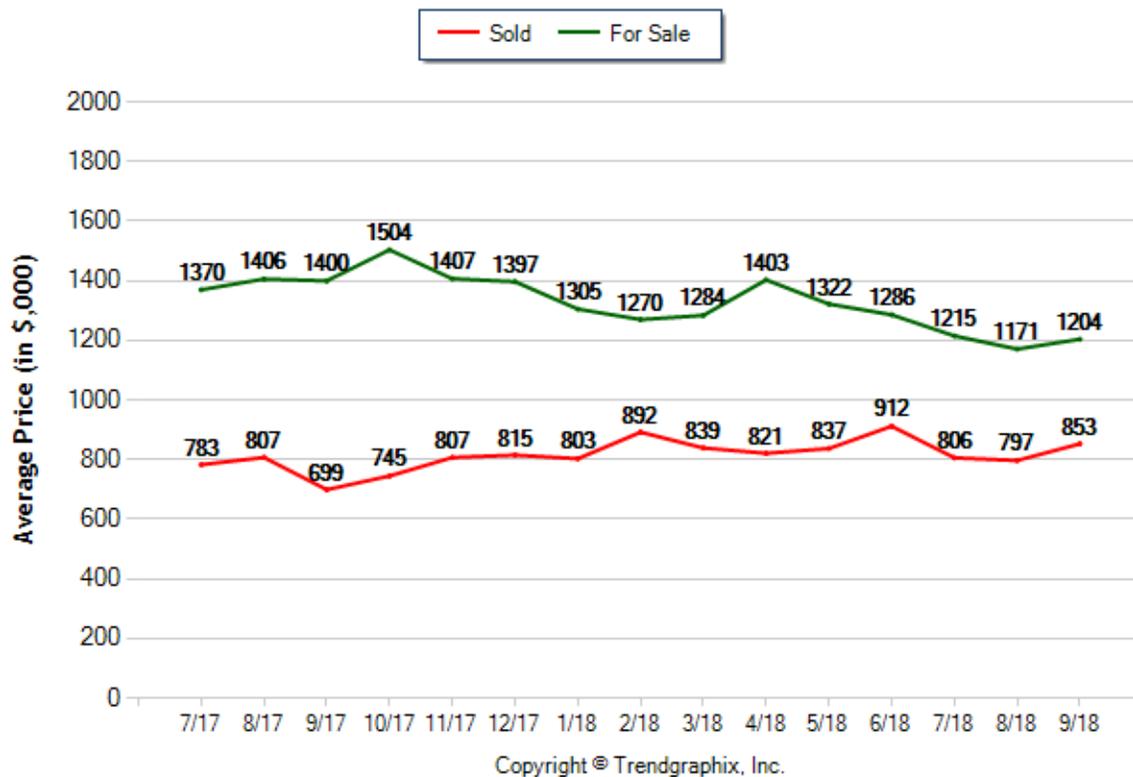
There is a lot of rebuilding and rethinking going on in Sonoma County by government officials and residents alike after weathering the most destructive fire in the state’s history to date last fall. Many ideas are on the table as the county struggles with its lack of housing supply to meet demand. Those who lost homes are rebuilding with fire-resistant materials and less conventional housing structures. Factory-built homes are gaining in popularity.

There’s a growing consensus that more affordable homes are needed for the working families that are vital to the community’s economy. Like many communities in the North Bay, Sonoma County leaders may place more focus on building up than out, with an emphasis on multi-family structures. The Press Democrat reports that from 2000 to 2008, builders constructed nearly 18,000 new houses and apartments in the county, whereas in the next years that number fell to about 6,300 (California Dept. of Finance figures).

Multiple Listing Service statistics for single-family homes September 2018 vs. September 2017 show: Median price was up 7.5% at \$661,000, while average sold price was up 22% at \$853,000. Average price per square foot was at \$454—lower than the peak in February of \$502. The number of homes for sale was 1,095 in September and 1,113 in August—the two highest numbers in the past 15 months. Although the number for sale was 34.2% higher than last September’s figure, the number of homes sold (320) was down 22.9%. Average days on market were 60, and months of inventory were at 3.4, a high over the 15-month period.



## Average Active and Sold Prices, Single-Family Homes (Jul. 2017 – Sept. 2018), Sonoma County



### Condo/Townhome Activity

There were 103 condos and townhomes for sale in September 2018 vs. 48 in September 2017, an increase of 114.6%. The number sold, however, was down 41.3%, from 63 to 37. The average price per square foot was up 7.4% at \$349. Days on market were at 50. The median price was \$359,000, up 4% from September 2017's figure. And the average price was up 10.2% at \$398,000. Months of inventory were at a 15-month high of 2.8.

## Comparison of Vital Stats for Single Family Home Sales, Sonoma County Select Cities

*September 2017 (top) and September 2018 (bottom)*

City	Median Price	Average Price	Days on Market	Proximity to Listing Price	Number Sold
Calistoga	\$938,000	\$1.184M	81	96%	7
	\$1.348M	\$1.583M	117	95%	4
Cloverdale	\$550,000	\$533,000	41	99%	11
	\$569,000	\$550,000	49	98%	9
Cotati	\$550,000	\$613,000	69	95%	9
	\$650,000	\$677,00	67	93%	4
Glen Ellen	\$1.269M	\$1.184M	106	94%	4
	\$1.088M	\$1,088M	62	81%	2
Healdsburg	\$715,000	\$888,000	84	93%	11
	\$695,000	\$1.202M	88	90%	14
Petaluma	\$675,000	\$951,000	45	98%	55
	\$772,000	\$914,000	52	96%	40
Rohnert Park	\$551,000	\$550,000	43	99%	32
	\$575,000	\$579,000	44	99%	24
Santa Rosa	\$575,000	\$648,000	60	98%	168
	\$629,000	\$768,000	61	94%	131
Sebastopol	\$823,000	\$1.005M	59	99%	16
	\$927,000	\$1.179M	61	92%	18
Sonoma	\$718,000	\$975,000	72	95%	24
	\$1.000M	\$1.224M	48	92%	20
Windsor	\$633,00	\$671,000	69	93%	34
	\$660,00	\$729,000	58	95%	24

Source: MLS Trend Data, July 2017 - September 2018

# Perspective

## How Does a Realtor Add Value?



### A conversation with Carol Scott

Carol has been a Realtor since 1991 and focuses on Marin County residential real estate at Bradley. She is one of the company's top performers.

“I don't think of real estate transactions as sales,” says this veteran Realtor. “They really are all about service. We don't sell houses. We help buyers and sellers understand the market for pricing, negotiate offers and inspections, and educate about the neighborhoods and schools where they are hoping to move. We also get to know our buyers when we show them around, enabling us to do more targeted research for them and to open up new opportunities they might not have thought of from their own online searches. We do broker tours every week and can match what we know about our clients with each property—serving as an advocate for them.

“Having lived in Marin for most of the past 40 years, I have seen a lot of ups and downs in the market, but I've noticed that even though there are down times, the market always goes up a little more when it does move again. Just as there are cycles with the market, there are seasons for buying and selling. The best time to sell is the start of the year, when you don't have the intense competition you have in the spring. The best time to buy may be in the fall, when there are some price reductions. One of the things I counsel my buyers on is their attitude. They shouldn't be too negative when they are at an open house. Sellers don't want to deal with a lot of negativity or criticism, especially if they are still attached to their home. Real estate is a very human transaction, and human qualities do figure significantly in the decisions.”

When asked what contributed to her success, Carol ranked getting along with people, including other agents, as paramount. Pricing came in second: “The listing price is crucial,” she counsels. “Overpricing is the worst thing a seller can do, because it kills the opportunity for the give and take of this most transactional thing most people will do in their lifetime. Even when there are multiple offers, sometimes stretching to win is smart. What other purchase will give you so much comfort and value over the average 10 years of ownership?”



# The Big Picture

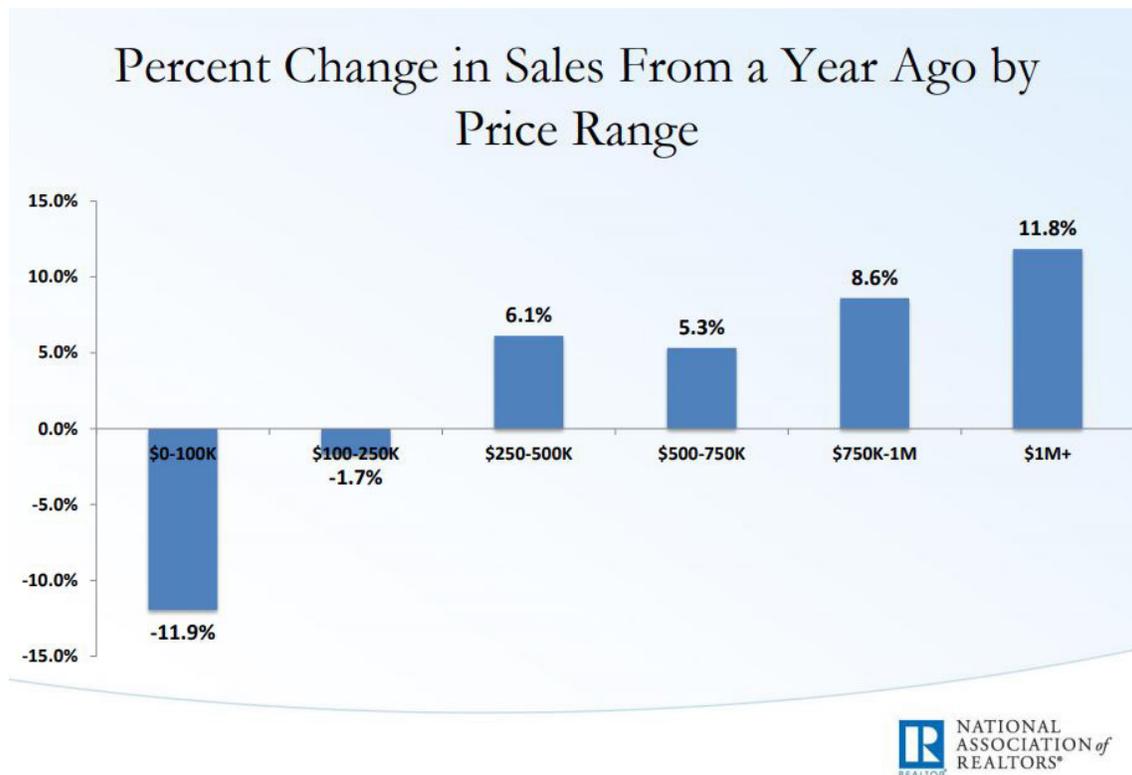
## National Market

So many sectors are doing well: The Financial Times reported (October 8) that “Consumer confidence is higher than it has been since the 1990s. Unemployment just hit its lowest level since 1969 (3.7%). ... [Yet] nationwide sales and building permits are down. Several once soaring markets, including New York City, the San Francisco area, and Denver, have been softening. Construction activity has been slowing, too.”

What’s going on?

Based on data from the Case-Shiller index of home prices, also a positive 2.4% above its 2006 peak, there is a bifurcation in the housing market. While Denver’s performance is 54% above its pre-recession peak, prices in 10 other cities are an average of 11% below that peak. While the top cities have the attractive jobs, wages have not kept pace with housing prices. The Financial Times reports that the labor share of income is at a post World War Two low of 60%. Add to that an average of \$30,000 in student loans among potential first-time buyers.

The National Association of Realtors reported that first-time buyers were 31% of sales in August, while all-cash sales were 20%, and distressed sales were 3% (lowest since NAR began tracking in 2008).



Note: Chart shows change from August 2017 to August 2018

## The SF Bay Area Market

“Homebuyers’ activity in the region dropped 10% from last year—the slowest for the month of August in seven years,” according to CoreLogic data. “Meanwhile, the median sale price increased 12% year over year.”

CoreLogic analysts also noted that the Bay Area had the slowest June through August period for home sales in seven years. They attribute the slowdown to the lack of affordable inventory on the market. “Waning affordability reflects price hikes and a significant rise in mortgage interest rates this year,” CoreLogic analyst Andrew LePage told the San Francisco Business Times.

Still, the San Francisco-Oakland-Hayward area is listed as one of the hottest metro areas for lower days on market and higher views per property, along with Midland, Texas; Fort Wayne, Indiana; Columbus, Ohio; and Boise City, Idaho (according to Realtor.com’s Market Hotness Index).



## Millennials’ and Gen Z’s Preferences

The homebuyers of the future are Millennials (aka Gen Y) and Gen Z (aka iGen), and they have very different characteristics and preferences, according to recent studies and surveys. These studies offer food for thought in working, living, and playing intergenerationally in the new, sharing economy. Millennials were born between 1981 and 1996, while Gen Z came after 1996. Presently, the Millennials comprise nearly a quarter of the U.S. population, according to a January 2018 report by William H. Frey titled “The Millennial Generation: A demographic bridge to America’s diverse future.” And Gen Z makes up one-fifth of the U.S. population.

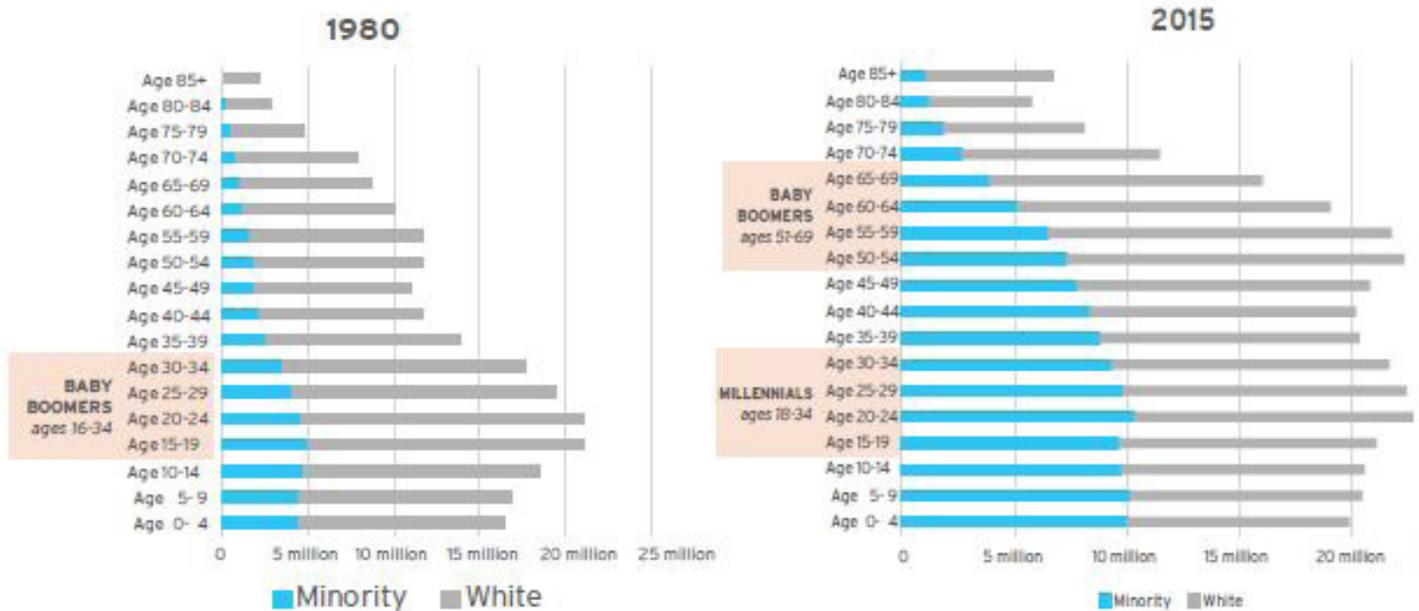
California has a high share of Millennials, ranked fifth in the top 10 states at 25% of the population in 2015. The Workforce Alliance of the North Bay reports that Bay Area Millennials are 36% White, 8% Black, 26% Hispanic, and 31% Asian; 63% of Asian Millennials hold college degrees, compared with 43% of Whites, 23% of African-Americans, and 17% of Hispanics.

Unlike the case in preceding generations, more Millennials (a quarter) speak multiple languages at home and have interracial marriages (one in seven). The housing bust of a decade ago has given them a later start in both marrying and home ownership. Still, Frey reports, they are optimistic about getting married, having children, and purchasing a home—in short, having the American Dream.

In fact, the National Association of Realtors reports that slightly more than a third of all home purchases were made by Millennials over the past year—making them the most active generation of buyers for the fifth consecutive year. Low down-payment programs helped them, as well as excellent credit and savings. About two-thirds of millennial homebuyers are married with at least one child.

## Age and race-ethnic distributions of U.S. population

1980 and 2015



Source: Frey, "The Millennial Generation," p. 7

Gen Z is the most racially and ethnically diverse group in U.S. history, according to a 2018 study by the Pew Research Center. This generation is less optimistic about economic opportunity and carrying student debt than the youngest Millennials, having grown up during dramatic booms and busts and the effects on their families. Other characteristics include that they are more eager to get rich and less interested in owning their own businesses. They are more competitive and pragmatic, but also more anxious and reserved than Millennials, according to research reported in the Wall Street Journal.

A 2016 University of Michigan survey of teens found that Gen Zs are more interested in making work a central part of their lives, while Millennials are more apt to blur the lines between home, work, and play. In fact, Millennials are more interested in sharing spaces for all of the above, as some of the new community developments show.

Sources: William H. Frey, "The Millennial Generation," Brookings' Metropolitan Policy Program, January 2018; Bloomberg News, "Business Turns Attention to Gen Z," August 20, 2018; San Francisco Business Times, "What millennial homes will look like in the future," July 31, 2018; Marin Independent Journal, "Marin workforce becoming more diverse, needs to boost skill level," July 24, 2018; Wall Street Journal, Gen Z Is Coming to Your Office. Get Ready to Adapt," September 6, 2018; Boston Globe, "Despite debt, millennials are the biggest home-buying generation. How?," September 12, 2018

# Trend Watch

## Home Values

A recent report from Trulia shows that homes in the San Jose, Oakland, and San Francisco metro areas have more than doubled in value since 2012. The appreciation looks like this:

San Jose (122%), Las Vegas (114%), Oakland (108%), and San Francisco (101%). Nationally, home values have grown 45% since 2012.

—Mercury News

## Middle Class

Just over half of Americans are members of the middle class, according to a study from Pew Research. The number of middle-class households was 52% in 2016, virtually unchanged from the 51% of 2011, says Pew. Their income gains lagged those in higher-income households, however. The median middle-class household earned \$78,442 in 2016, a 6% gain over earnings in 2010, compared with the upper-income gain of 9%. Pew found that in 2016, the middle-income range was \$45,200 to \$135,000 annually for a household of three.

—BizWomen

## Property Taxes

Almost 25% of residential taxpayers in San Francisco and San Mateo counties have property-tax bills exceeding \$10,000. It's almost 35% in Marin County.

—Attom Data Solutions

## Workforce In and Out Migration from SF Bay Area

The San Francisco Bay Area gained the most workers in the last 12 months from New York City, Boston, and Chicago, according to LinkedIn data. Seattle, Portland, and Denver gained the most workers from the San Francisco Bay Area in the last 12 months. Yet the Bay Area shares the most gross migration (gains + losses) with Los Angeles.

Next to New York City, the Bay Area had the largest skills gap, of 1.1 million workers. Nationally, there is a shortage of 212,838 people with software development skills.

—LinkedIn Workforce Report, August 2018

## Home Buying

Home prices have climbed almost 75% since hitting a low in 2012, and home sales are slowing as a result. Prices are going up by the biggest proportion for lower priced homes, nationally. The trends show: A smaller portion of homes are being sold to first-time buyers. The people who are buying homes are older; the median age in 2017 was 45. They have better credit; the average credit score for home buyers last year was 745.

—Wall Street Journal article by Christina Rexrode and Hanna Sender, “The financial crisis changed home-buying forever,” published September 7, 2018

## Hiring

Non-tech employers in retail, banking and finance, and manufacturing are hiring people with technology backgrounds because of the need for their skills in those industries. Employers are increasingly hiring tech roles in smaller, more affordable tech clusters, such as Seattle, Austin, Detroit, Dallas, and Raleigh—outside of Silicon Valley.

Only two periods—the 1960s and 1990s—have featured a longer stretch of rising jobs and incomes than today.

—Glass Door Economic Research, report titled “What’s Ahead for Jobs: Five Disruptions to Watch in 2018,” by Andrew Chamberlain, PhD

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## Trivia Q&A

**Q: What percentage of employer businesses are owned by women?**

- A. 10%
- B. 15%
- C. 20%
- D. 25%

Women own approximately 20% of all employer-owned businesses, according to the U.S. Census Bureau’s 2016 Annual Survey of Entrepreneurs. About one-quarter of women-owned employer firms are minority owned and 52.9% of these are owned by Asian women.

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## See More Real Estate Statistics for Each City in the Three Counties

**Marin County**

[www.bradleyrealestate.com/marin\\_county](http://www.bradleyrealestate.com/marin_county)

**Napa County**

[www.bradleyrealestate.com/napa\\_valley](http://www.bradleyrealestate.com/napa_valley)

**Sonoma County**

[www.bradleyrealestate.com/sonoma\\_county](http://www.bradleyrealestate.com/sonoma_county)

Source: U. S. Census American Community Survey and Forecast Package ([github.com](https://github.com))