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January 2025 Inside This Issue

San Mateo County Real Estate Trends Report

Home Prices Up, Sales Down in December

Sales of single-family, re-sale homes in San Mateo County fell 14.6% in December, year-over-year. There were 182 homes sold in San Mateo County last month. The average since 2000 is 398.

The median sales price for single-family, re-sale homes was $1,844,500. It was up 6.9% compared to last year.

The average sales price rose 3% year-over-year.

The sales price to list price ratio fell from 104.9% to 103.6%.

Inventory of single-family, re-sale homes was down 17.3% compared to last year. As of January 5th, there were 134 homes for sale in San Mateo County. The average since January 2000 is 1,287.

Days of Inventory, or the amount of time it would take to sell all homes for sale divided by how many homes have sold, fell from thirty days to twenty-two days.

It took thirty-five days, on average, to sell a home last month. That is the time from when a home is listed to when it goes into contract.

The median sales price for re-sale condos rose 6.9% year-over-year.

Year-over-year, the average sales price rose 7.6%.

Condo sales were up 39% year-over-year. There were 82 condos sold last month. The average since January 2003 is 122.

Inventory was down 7.1% year-over-year.

As of January 5th, there were 92 condos for sale in San Mateo County. The average since January 2003 is 350.

Days of inventory fell from fifty-four to thirty-four.

It took an average of fifty-two days to sell a condo last month.

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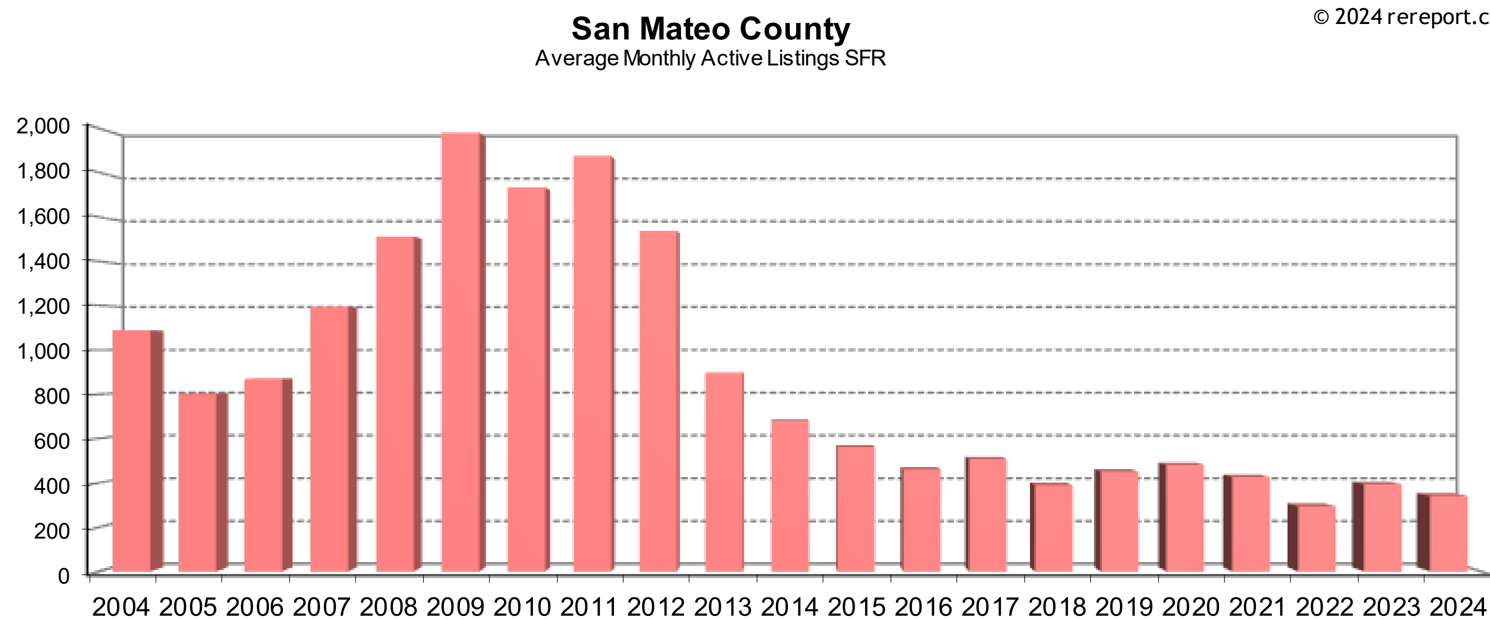

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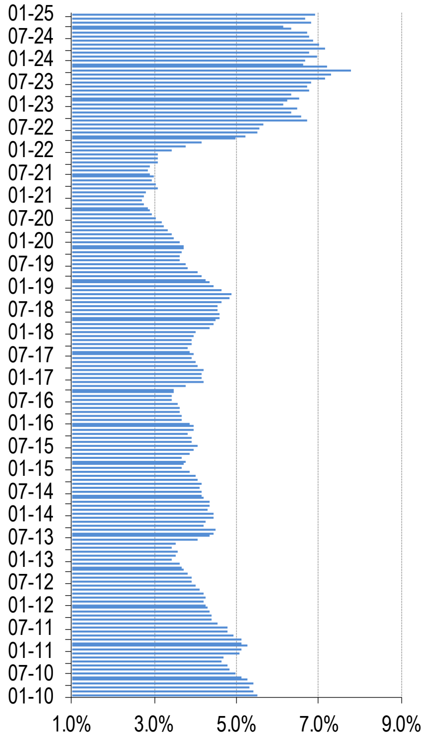
30-Year Fixed Mortgage Rates



The chart above shows the National monthly average for 30-year fixed rate mortgages as compiled by http://www.freddiemac.com/.

Rates Firming, Calendar Turning

December 27, 2024 -- We're at the end of a year again already, something that only seems to occur more quickly with the passage of time. At this time of year, it's commonplace to take time to reflect on what was and contemplate what may be, always hoping for better than what came before.

It may not seem much like it, but for mortgage rates, things were sort of better this year than last. While 30-year fixed mortgage rates posted nearly identical bottoms (6.08% in 2024, 6.09% in 2023) the peaks were certainly different, as were the conditions that got them there. The high water mark for 2024 of 7.22% was significantly lower than 2023's 20+ year high of 7.79%, but both years' peak rates were more than sufficiently high to quash both home sales and refinancing.

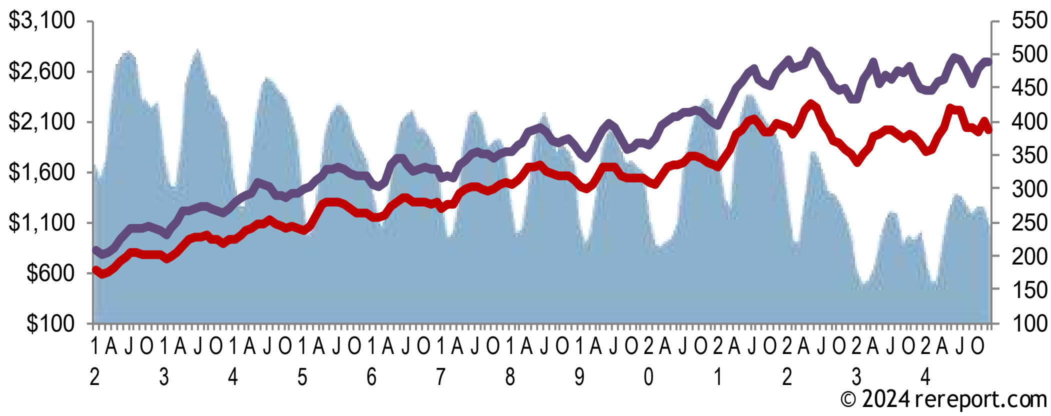
That said, the pattern certainly changed. In 2023, rates essentially started low and mostly rose through the entire year; last year, it's been a bit more roller coaster-ish -- generally rising for four months, falling for five, then rising again for three. The latest three months of increases (October through now) have come despite the Fed slashing short-term rates by a full percentage point in just three months' time. This again underscores how mortgage rates don't follow what the Fed does with policy rates, at least in any immediate fashion. Investor concerns about stubborn inflation have caused mortgage rates to firm over this time, and we'll need to see price pressures subside further in order to have mortgage rates trend lower.

Mortgage rates are often described as a "spread" product, although more accurately it is Mortgage-Backed Securities (MBS) that are. That said, the description is fair enough in that a relationship against other financial instruments can be regularly observed. For mortgage rates, the yield on the low-risk 10-year Treasury is a good proxy for movements, and for a long run of history, the average rate for a conforming 30-year fixed rate was commonly found 150-

(Continued on page 4)

San Mateo County Homes - Median & Average Prices & Sales

(3-month moving average—prices in $000's)



San Mateo County - December 2024												
Single-Family Homes								% Change from Year Before				
	Prices							Prices				
Cities	Median	Average	Sales	Pend	Inven	DOI	SP/LP	Med	Ave	Sales	Pend'	Inven'
SMC	$ 1,844,500	$ 2,366,500	182	123	134	22	103.6%	6.9%	3.0%	-14.6%	20.6%	-17.3%
Atherton	$ 5,680,000	$ 5,978,850	5	1	4	24	94.6%	5.4%	-49.2%	66.7%	-66.7%	-42.9%
Belmont	$ 2,100,700	$ 2,554,240	5	2	0	0	112.2%	23.6%	30.5%	-28.6%	-33.3%	-25.0%
Brisbane	$ 965,000	$ 993,333	3	2	1	10	107.8%	-19.9%	-17.6%	200.0%	200.0%	0.0%
Burlingame	$ 3,275,000	$ 3,376,110	9	5	6	20	103.3%	17.8%	24.1%	-25.0%	66.7%	0.0%
Daly City	$ 1,250,000	$ 1,251,950	12	6	3	8	103.1%	13.6%	14.0%	-14.3%	50.0%	-50.0%
East Palo Alto	$ 977,500	$ 1,079,750	6	3	6	30	106.0%	3.4%	21.2%	20.0%	50.0%	100.0%
El Granada	$ 1,510,000	$ 1,494,000	5	4	2	12	98.5%	11.2%	10.1%	150.0%	33.3%	0.0%
Foster City	$ 2,600,000	$ 2,625,250	4	4	2	15	105.7%	7.7%	10.6%	-50.0%	300.0%	100.0%
Half Moon Bay	$ 2,265,000	$ 2,265,000	2	3	10	150	98.6%	-9.4%	-2.8%	-60.0%	-25.0%	-9.1%
Hillsborough	$ 4,695,000	$ 5,280,800	6	2	13	65	96.2%	-25.8%	-16.5%	200.0%	-71.4%	0.0%
Menlo Park	$ 2,751,000	$ 3,350,400	15	5	5	10	107.4%	17.1%	9.8%	15.4%	-58.3%	-50.0%
Millbrae	$ 1,967,940	$ 2,013,350	4	6	2	15	118.4%	-18.6%	-9.7%	0.0%	100.0%	-60.0%
Montara	$ -	$ -	0	1	2	0	0.0%	-27.3%	-31.0%	300.0%	200.0%	150.0%
Moss Beach	$ 2,150,000	$ 2,112,250	4	2	0	0	95.7%	39.7%	9.9%	-33.3%	0.0%	66.7%
Pacifica	$ 1,320,000	$ 1,412,900	10	15	8	24	101.5%	8.6%	3.3%	-37.5%	36.4%	-11.1%
Portola Valley	$ 4,900,000	$ 6,083,500	5	3	7	42	96.1%	-1.1%	29.3%	25.0%	50.0%	0.0%
Redwood City	$ 1,950,000	$ 2,141,920	22	19	17	23	104.7%	-5.4%	-4.7%	-38.9%	58.3%	-22.7%
Redwood Shores	$ 2,720,000	$ 2,720,000	1	1	0	0	113.9%	12.5%	12.5%	0.0%	0.0%	0.0%
outh San Francisco	$ 1,150,000	$ 1,101,710	7	18	3	13	107.0%	-28.6%	-30.6%	-63.2%	-25.0%	-76.9%
San Bruno	$ 1,287,500	$ 1,291,750	16	7	1	2	105.9%	5.1%	3.4%	77.8%	40.0%	-83.3%
San Carlos	$ 2,325,000	$ 2,411,880	8	10	0	0	103.7%	-1.7%	-5.7%	-52.9%	42.9%	-66.7%
San Mateo	$ 1,810,000	$ 2,018,540	24	11	14	18	103.5%	8.7%	6.5%	-25.0%	57.1%	75.0%
Woodside	$ 2,800,000	$ 2,874,980	5	3	14	84	91.2%	25.6%	-42.7%	-28.6%	-40.0%	-6.7%

Trends at a Glance

(Single-family Homes)

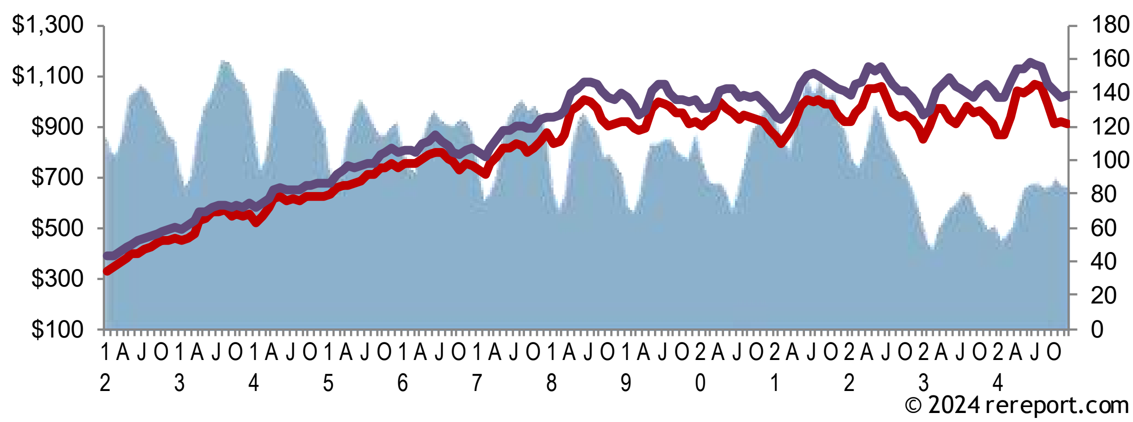
	Dec 24	Month %	Nov 24	Year %	Dec 23
Median Price:	$1,844,500	-16.2%	$2,200,000	6.9%	$1,725,000
Average Price:	$2,366,500	-11.0%	$2,659,980	3.0%	$2,297,600
Home Sales:	182	-27.5%	251	-14.6%	213
Pending Sales:	123	-37.2%	196	20.6%	102
Active Listings:	134	-48.5%	260	-17.3%	162
SP/LP Ratio	103.6%	-1.3%	104.9%	2.5%	101.1%
Days on Market	35	55.9%	22	8.4%	32
Days of Inventory:	22	-26.5%	30	-3.2%	23

(Condominiums)

	Dec 24	Month %	Nov 24	Year %	Dec 23
Median Price:	$885,000	-7.8%	$960,000	6.9%	$828,000
Average Price:	$1,009,550	-1.1%	$1,020,600	7.6%	$937,817
Home Sales:	82	6.5%	77	39.0%	59
Pending Sales:	47	-47.2%	89	2.2%	46
Active Listings:	92	-35.7%	143	-7.1%	99
SP/LP Ratio	100.5%	0.1%	100.3%	0.9%	99.6%
Days on Market	52	5.3%	49	-0.5%	52
Days of Inventory:	34	-37.5%	54	-33.1%	50

San Mateo County Condos - Median & Average Prices & Sales

(3-month moving average—prices in $000's)



San Mateo County - December 2024												
Condominiums								% Change from Year Before				
	Prices							Prices				
Cities	Median	Average	Sales	Pend	Inven	DOI	SP/LP	Med	Ave	Sales	Pend'	Inven'
SMC	$ 885,000	$ 1,009,550	82	47	92	34	100.5%	6.9%	7.6%	39.0%	2.2%	-7.1%
Belmont	$ 1,393,000	$ 1,393,000	1	2	3	90	100.4%	-8.9%	-0.1%	-66.7%	100.0%	200.0%
Burlingame	$ -	$ -	0	0	1	0	0.0%	14.0%	-2.4%	-80.0%	0.0%	0.0%
Daly City	$ 650,000	$ 609,400	5	3	3	18	100.9%	8.3%	-9.6%	-44.4%	50.0%	-50.0%
Foster City	$ 1,249,000	$ 1,276,490	12	6	8	20	105.1%	0.7%	1.0%	71.4%	20.0%	-20.0%
Menlo Park	$ 1,750,000	$ 1,689,900	5	4	2	12	98.2%	78.6%	88.8%	66.7%	33.3%	-71.4%
Pacifica	$ 1,090,000	$ 1,012,000	4	1	3	23	98.4%	43.0%	21.7%	0.0%	-66.7%	-40.0%
Redwood City	$ 949,000	$ 863,667	6	7	5	25	103.0%	-32.7%	-41.3%	50.0%	75.0%	-58.3%
Redwood Shores	$ 1,500,000	$ 1,271,670	3	0	0	0	99.7%	-2.3%	-17.2%	50.0%	-33.3%	200.0%
San Bruno	$ 675,000	$ 813,333	3	3	4	40	98.6%	0.0%	24.4%	0.0%	-25.0%	-20.0%
San Carlos	$ 843,950	$ 843,950	2	4	7	105	95.7%	-19.6%	-19.6%	0.0%	33.3%	16.7%
San Mateo	$ 808,000	$ 885,302	25	11	47	56	99.5%	13.8%	11.4%	31.6%	-15.4%	62.1%
outh San Francisco	$ 765,000	$ 775,000	3	7	2	20	107.0%	-19.7%	-21.3%	-25.0%	40.0%	-75.0%

Table Definitions

Median Price
The price at which 50% of prices were higher and 50% were lower.

Average Price
Add all prices and divide by the number of sales.

SP/LP
Sales price to list price ratio or the price paid for the property divided by the asking price.

DOI
Days of Inventory, or how many days it would take to sell all the property for sale at the current rate of sales.

Pend
Property under contract to sell that hasn't closed escrow.

Inven
Number pf properties actively for sale as of the last day of the month.

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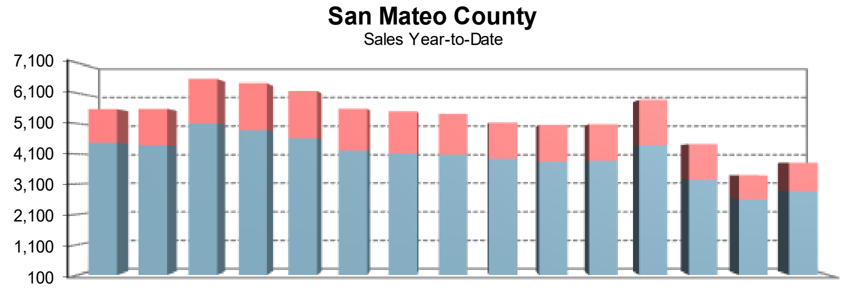

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Condos	1,106	1,203	1,457	1,560	1,555	1,385	1,369	1,336	1,195	1,216	1,211	1,505	1,158	781	939
Homes	4,467	4,382	5,112	4,883	4,623	4,204	4,130	4,078	3,944	3,841	3,866	4,387	3,262	2,604	2,866

(Continued from page 2)

180 basis points above this yield. In turbulent times for the economy or housing, this spread balloons, as it takes much higher returns to get investors to buy MBS at a time when identifiable risks are rising or high. These spreads can be and have been narrowed appreciably at times when a large buyer steps in, as the Fed did after the financial crisis and again when the pandemic upended the economy.

With this in mind, and as you might expect, spreads widened appreciably after the Fed stepped away from buying MBS, and most especially since they began the process of reducing their mortgage holding. So far, this has been occurring at a glacial pace, as refinancing activity has been very subdued for several years, and was recently pegged at levels last seen nearly 30 years ago. The slow drip of principal repayment by homeowners whose mortgages make up the securities the Fed holds is essentially the only way reductions of mortgage holdings are happening in the Fed's balance sheet.

Home sales have also been very sluggish for some time, issuance of new MBS for investors to absorb has also been low. It may just be that the current level of new MBS is at or perhaps even below the level the market collectively can handle, and that demand for product is meeting or perhaps exceeding present supply. While there are likely other factors at work, it's a good a reason as any to explain why spreads have generally been declining in recent months. In fact, the spread differential in the week ending December 20 was just 224 basis points, the narrowest gap since mid-June 2022, probably not coincidentally the first month where the Fed began actively reducing its mortgage holdings.

After fall storms in the south and southeast crushed activity in October, sales of new homes perked up a little bit in November. The month saw a 5.9% increase in sales to a 664,000 level, and October's figure was revised upward by 17K to a 627,000 annualized pace. Even with the lift in sales, builders put more homes on the market; the 490,000 (annualized) homes available for purchase is the highest figure in about 17 years, and represents 8.9 months of supply at the current rate of sale. Builders are helping to move homes by offering financing incentives or concession on price, and the $402,600 median sales price for a newly-constructed home is the least expensive it as been since February 2022. Sellers of existing homes are of course much more sticky when it comes to cutting sale prices, and new homes are competing very effectively on price compared to existing homes, even with typical seasonal price softening.

The Silicon Valley's Real estate market is a derivative of the local economy--it prospers and withers depending on how well the local innovation-based sector performs. The San Jose Mercury News tracks the performances of the largest 150 publicly traded companies headquartered in Silicon Valley through an index called the SV150, which may be found at www.mercurynews.com. Stocks are valued based on several criteria, but one of the more important criteria is a company's future earnings. Therefore, I see the SV150 as a leading indicator for Silicon Valley's real estate market.

Investors Corner

S&P CoreLogic Case-Shiller Index Records 3.6% Annual Gain in October 2024

NEW YORK, DECEMBER 31, 2024: S&P Dow Jones Indices (S&P DJI) today released the October 2024 results for the S&P CoreLogic Case-Shiller Indices. The leading measure of U.S. home prices recorded a 3.6% annual gain in October 2024, a slight deceleration from the previous annual gains in 2024. More than 27 years of history are available for the data series and can be accessed in full by going to **CLICK HERE**

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