



February 2024 Newsletter

The holidays were fun for me, Thanksgiving, which is one of my favorite holidays, was a total blast spent with family and friends and then Christmas was a much quieter day with just some family and a friend or two. Glad the Forty Niners went to the Super Bowl and was disappointed in their loss. Having played team sports, football and baseball growing up through high school, taught me how hard it is to win any kind of a championship. Football my senior year at Tenafly High School was a great season, we ended with 9 wins and 2 losses, but the second loss was in the state sectional championship, and we got blown out by a much better and deeper bench Sparta High School, I remember crying after the game because it was so disappointing. Baseball my senior year we did manage to win the league championship and that was a great feeling! In all my team sports experience that was the ONLY championship of any kind I was involved with. But the lesson I learned was that to be truly great and to win takes a lot of work and a lot of luck to be in the right place at the right time. That says a lot about life as well, we work hard and maybe some luck will break our way.

Year-End Market Summary

2023 was a challenging year for the U.S. housing market: mortgage rates hit a 2-decade high, housing inventory remained at historic lows, and sales prices continued to climb nationwide, putting homeownership out of reach for many consumers. Housing affordability remained a top concern for homebuyers, and for good reason: mortgage payments are up significantly for 2022, with a number of homeowners now spending more than 30% of their income on their monthly payment. As a result, sales of previously owned homes remained sluggish throughout the year, while the shortage of existing-home inventory helped sales of new residential homes steadily increase from last year.

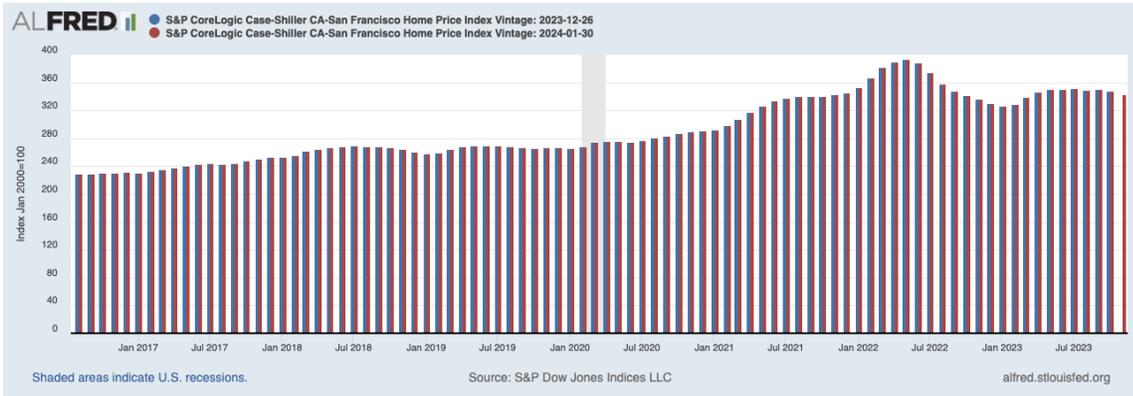
Higher mortgage rates aren't just affecting buyers. Many current homeowners purchased or refinanced their homes in 2020 or 2021, when mortgage rates were several percentage points lower than today's rates. And while those pandemic-era mortgages have been a blessing for many homeowners, they've also kept others from moving. Rather than give up their current mortgage rate for a higher rate and a more expensive monthly payment, some would-be sellers have chosen to put their moving plans on hold, further limiting the number of homes for sale and driving up home prices in the process.

The Federal Reserve recently announced they are likely done raising interest rates for the time being and plan to make at least three cuts to their benchmark rate in 2024. Mortgage rates have been dropping in recent months, which should help bring buyers and sellers back to the market and could lead to an uptick in both home sales and housing supply. Affordability will still prove challenging for many homebuyers, however, and economists predict U.S. home sales will remain down compared to 2019-2022. As for home prices, opinions are mixed, with some analysts expecting prices will hold steady or continue rising in areas, while others foresee a modest price drop in some markets.



Our Current Situation Re: The Case-Shiller Housing Index for the Bay Area

What the Case-Shiller Index means. To determine whether or not you are likely to make money by selling your home, look at the Case-Shiller value for the quarter in which you purchased your home. Let's say that value is 110. That means when you purchased your home it was worth 10% more than it was in 2000.

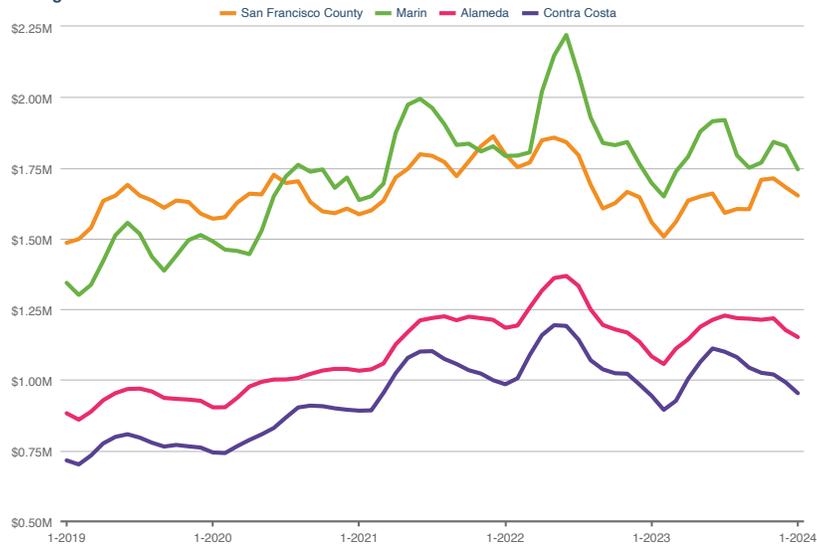


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Average Sales Price



All data from the San Francisco MLS. InfoSparks © 2024 ShowingTime.

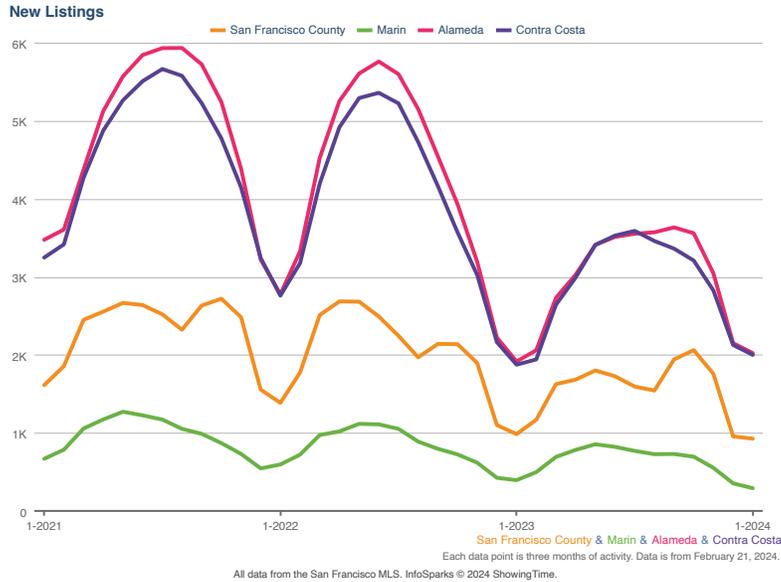


New Listings

We are in the February build up to the Spring Market and as usual per the graph we have a low number of active listings currently on the market.

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We Are Very Local

The employment picture remains good for San Francisco-Oakland-Fremont, CA and the environs with solid jobs and according to the U.S. Bureau of Labor Statistics the unemployment rate still stands at about 4% which by any measure and excellent statistic.

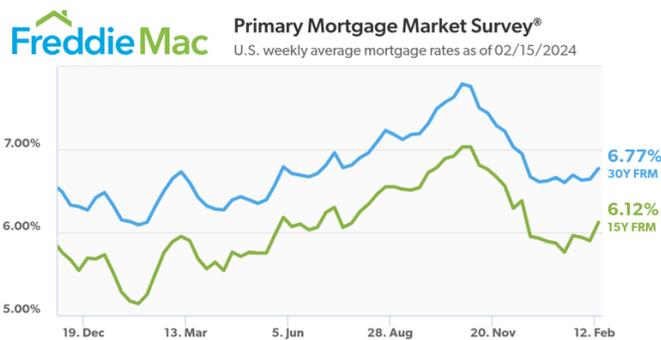
unemployment rate





The Immediate Future

On single family homes and residential multi-family properties that are priced right there are some bidding wars happening. The condo market is still sluggish and buyers in this market can still make a good deal for themselves. There are some interesting programs lenders are offering which can help buyers with the high interest rates. A typical program is called a 3-2-1 Buydown which means that the rate is discounted 3% the first year, 2% the second year and 1% the third year whereas on the fourth year the full rate comes into effect and remains fixed for the life of the loan. The risk is that the buyer would anticipate higher income going forward to afford the price in the fourth year and also interest rates might not go down sufficiently enough to warrant a refinance during the buy down period. The seller typically buys the rate down for the buyer to facilitate the sale. It's worth exploring.



What I Hope For

I am hoping for a renewed and energized market with many more listings on the market giving buyers more of a chance to get in on this Bay Area real estate market. Sellers will see good profits if you have owned for the appropriate amount of time, and I am hoping I can work with a few of you this year whether you are buying or selling.

On A Personal Note

My parents, Ferris and Lenore, are still with us thankfully, dad is 95 years old, and mom is turning 91 next month, they still live on their own here in San Francisco and I am grateful for their presence now and throughout my whole life.

And as always, please don't hesitate to contact me with any question or need you may have, real estate-wise or anything else.

All the best,

Gary F. Saydah

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