

# State of the MARKET

MARIN • JANUARY 2024

## HOW'S THE MARKET?

**2023 was a year of continuing change** as the Fed stayed true to their goal of controlling inflation with aggressive interest rate hikes. Beginning in March of 2022, the Fed raised their benchmark rate **ELEVEN TIMES** – the final increase being in July 2023.

From mortgage interest rates to homeowner's insurance, everywhere buyers looked in the past 24 months, **the cost of purchasing their dream home in Marin rose** all the while competing for fewer homes on the market. It was that lack of supply this year that resulted in 26% fewer home sales with only a 6% reduction in the median sale price.

**As we kick off 2024**, the cycle is anticipated to change as inflation has eased from its high and the Fed has hinted at rate cuts. The theory will hold that rates go up fast and down slow, so we will likely not see that reduction until Q3. The difference is that 2024 buyers have come to accept today's rates as the cost of doing business and plan to refinance when lower rates return. Other economic indicators remain encouraging with consumer confidence increasing to a five-month high and the Dow hitting a new record close. But **low inventory will remain the challenge** creating the musical chairs syndrome where buyers compete for their place to call home in beautiful Marin.

## MARIN SALES BY PRICE POINT

Price	# Homes Sold									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Above \$4 million	75	70	90	86	89	124	215	206	135	
\$3 - \$4 million	84	66	100	105	110	151	244	182	143	
\$2 - \$3 million	230	233	281	298	298	365	501	487	322	
\$1.5 - \$2 million	279	288	347	397	378	441	621	493	348	
\$1 - \$1.5 million	601	627	674	715	774	749	814	567	483	
\$800,000 - \$1 million	456	436	412	383	355	328	250	130	132	
Below \$800,000	526	361	321	200	247	154	60	45	43	
	<b>2251</b>	<b>2081</b>	<b>2225</b>	<b>2184</b>	<b>2251</b>	<b>2312</b>	<b>2705</b>	<b>2110</b>	<b>1606</b>	

**2023: Number of sales down for the second year in a row** and the lowest number of homes sales is the past 10 years. Lack of available inventory was the culprit behind the **24% decrease** as buyers compete for fewer homes on the market. 2023 saw a 29% decrease in the number of luxury home sales over \$3 million compared to 2022. In both years, **the meat of the market remains between \$1 - \$2 million** representing 52% of sales in 2023.



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## MARKET TRENDS



**This eleven-year chart of single-family home sales** demonstrates the total number of home sales and median sale price by year. 2023 saw a decrease in the median sale price by 7% (a measure of sales half above and half below) from \$1,800,000 in 2022 to \$1,679,000 in 2023. Median home values reached a peak in June 2022 topping out at \$1,900,000 fueled by historically low mortgage interest rates.

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