



The “Inventory” Problem *By Joe Gatti*

In this inaugural article regarding our local real estate market, I'm going to address the hot topic of local real estate inventory. How I will define “inventory” here is the number of active listings on the Multiple Listing Service available for a motivated buyer to view and potentially write an offer on, in order to purchase.

The national storyline is that inventory is low for the entire United States. This headline can be misleading especially concerning our local market. In regards to brand new homes being built, this is correct. After 2008, home builders decreased their new home production across America. Between 2007 and 2020, just under 400,000 fewer homes on average were built each year compared to the historical average of 1.1 million homes built between 1956 and 2006*. For our local market, inventory largely consists of existing homes being resold with only small amounts of new home developments coming online (in recent years primarily in San Ramon). The areas of Danville, Alamo, Blackhawk, and Diablo are primarily built out with very small exceptions.

When I write of our local market, I'm comprising what I consider the greater historical Danville area, which consists of Alamo, Blackhawk, Danville, Diablo, and San Ramon. Between February 1st and May 25th of 2021, 765 detached houses were sold in these combined areas. In looking back to 2018, more inventory was sold in the beginning of 2021 by at least 200 detached homes than in 2018 and 2019 and almost double than the pandemic year of 2020. See figures below from the local Multiple Listing Service**:

Year	Total Sold Feb. 1 - May 25 All Areas	Danville	Alamo	Blackhawk	Diablo	San Ramon
2018	548	205	69	30	8	236
2019	532	202	71	28	4	227
2020	387	160	51	22	2	152
2021	765	313	112	50	8	282

February to early-mid June has historically been the spring housing market for our area. In 2021, all four areas exceeded the previous three years in detached properties sold. As of this writing, 313 detached properties have been sold in Danville, 112 in Alamo, 50 in Blackhawk, 8 in Diablo, and 282 properties in San Ramon for 2021. From these numbers, our inventory has seen a significant uptick in properties compared to the same period between 2018 through 2020. Then why is there the perception of low inventory?

There are two main reasons why. First, as the 2020 pandemic progressed, there was a distinct push away from urban settings and towards nearby suburban markets with more interior space (containing an office or even multiple work areas within the home), larger backyard spaces with pools and the ability to have self-contained gatherings for family and friends. Our greater Danville area received specific attention with the high quality of our local schools, the high safety rating for the area in general, large companies forecasting to their employees that work from home will continue for the intermediate future, and large lot sizes combined with lower home prices in comparison to urban areas immediately in and around San Francisco, Oakland, and San Jose.

The second reason involves properties going into contract prior to ever entering the Multiple Listing Service as officially active or just after they enter as active. For sellers and buyers, it has never been more essential to have a real estate professional tapped into the local market. As of this writing, there were 129 active detached properties for sale in Alamo, Blackhawk, Danville, Diablo, and San Ramon combined. The amount pending or in contract was 249 properties and the amount sold in the month from April 25th to May 25th was 250 detached properties**. We have a situation where pending properties are replacing sold properties almost to the exact amount; however, active listings are trailing these two other categories by more than 100 properties. In the next article, I will address how off market offers, coming soon listings, and pre-emptive offers are the cause of this disparity between active and pending listings.

I hope you found this article helpful. I've been serving our real estate community for close to the last 10 years now. Ron Gatti, my business partner and father, has been a full-time real estate professional for over 40 years, all in the Danville area. We both are Associate Brokers with Compass and work out of the 15 Railroad office in downtown Danville. If you have any real estate questions during this extraordinary time or have questions about this article please email GattiRealEstate@gmail.com or call Joe Gatti at 925-588-3590. Our services are here for you!

*Figures cited from *Imanews* article “How long will the housing shortage last? Years—here's why” by Ben Caballero 05/12/2021

**Data taken from the MLS during specific dates and under the criteria mentioned within article.

Recent Activity in Your Community!

As Danville Natives, We Know Danville and the San Ramon Valley



Sold \$50,000 Over Asking

201 El Sobrante Drive, Danville

3 Beds | 3.5 Baths | 2,846 Sq Ft | \$2,050,000

Custom Craftsman luxury home built in 2010 with gourmet chef's kitchen/great room combo. Flat .33 of an acre lot with RV/boat parking access. 3 car finished garage. Newly landscaped backyard. Near downtown Danville.



Sold \$200,000 Over Asking

101 Via Serena, Alamo

4 Beds | 3.5 Baths | 3,183 Sq Ft | \$2,400,000

Single story home in one of Westside Alamo's most coveted neighborhoods. The ample backyard features a pool and built-in barbeque area. Moments from the Iron Horse Trail.



Coming Soon

357 Cordell Drive, Danville

4 Beds | 3 Baths | 2,666 Sq Ft | \$2,495,000

Westside Danville location on one of the most sought-after streets. Located on a flat 1/2 acre, the future home possibilities are endless. A short distance from the Iron Horse Trail, and award-winning schools.



Call us regarding how our Compass Concierge and Bridge Loan programs can help you!

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