



THE GATTI REPORT: YOUR GREATER DANVILLE AREA REAL ESTATE UPDATE

By Joe Gatti

How much difference a month makes! In a matter of weeks, we have gone from inflation being our main issue of concern for the US economy to weakness in the banking system. This month's article will focus on two topics we will likely revisit in the months ahead: banking stability and local housing inventory. The acute rise in interest rates beginning one year ago has recently shown serious strain on regional banks. Bank failures, like Silicon Valley Bank, have pushed news of inflation to the back burner. However, on March 22nd, the Federal Reserve raised their fed funds rate .25 basis points in a continuation of their fight against high U.S. inflation levels. Despite these gloomy financial headlines, we have seen a return to multiple offer situations in our local real estate market due largely to low inventory and resilient buyers ready to find their dream home when interest rates move downwards.

National attention went from inflation before March 10th to banking instability after. How did March's banking turmoil directly affect our local real estate market? From March 10th to 20th, five banks either failed, were acquired, or received some form of government support. News of Silicon Valley Bank, Signature Bank, Silvergate Bank, Credit Suisse, and First Republic were dominating news headlines. Investors frantically repositioned investments into treasury bonds. The 10 year treasury yield, as a result, went from 4.07% on March 1st to 3.38% on March 23rd. Home mortgage rates mirror activity of the 10 year yield. Consequently, the average 30 year fixed mortgage went from 7.1% to 6.44% during the same period.* Current banking instability is resulting in lower mortgage interest rates, which is providing prepared buyers with opportunities.

The only issue for prepared buyers is the amount of homes available. From February 15th to March 22th this year, 88 detached properties sold in the greater Danville area, which includes Alamo, Blackhawk, Danville, Diablo, and San Ramon. These properties had a median sold price of \$1,950,000 and were on the market for an average of 29 days.** Contrast that with February 15th through March 22th, 2022. Interest rate levels were still at their lowest, resulting in 145 detached properties being sold. The median sold price for these properties were \$2,361,001 and they averaged 10 days on the market.** A difference of 39.3%, or in other words, 57 fewer properties have sold in the greater Danville area during the same time period this year.

What can be said for our local market currently is that properties listed as active are receiving considerable attention from buyers. Sellers are beginning to place offer dates and if the home is priced correctly, then we are seeing multiple offer situations. There are certain buyers who are going to buy during the spring period, regardless of banking instability news, and there are currently too few houses for sale to satisfy them. This is most evident at specific price points, for example, detached homes between one million and two million dollars. At the current interest rate levels, a loan payment for a two million dollar home comes out to be around \$12,000 a month. Once you go beyond this threshold, the comfort level and qualifying capabilities for buyers becomes more difficult. If you would like a professional price valuation for your home, or want to begin the buying process, please reach out for a private consultation. Our services and full time local experience will help price your home correctly, and provide you with the necessary insight to navigate our local market successfully.

I hope you found this article helpful. I've been serving our real estate community for 11 years. Ron Gatti, my business partner and father, has been a full-time real estate professional for over 40 years, all in the greater Danville area. We both are Associate Brokers with Compass out of the 760 Camino Ramon (Suite 200) office in 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!

*CNBC: US10Y and US30YFRM quotes March 23, 2023. **Data taken from the MLS during specific dates and under the criteria mentioned within the article.



JOE & RON GATTI

AS DANVILLE NATIVES, WE KNOW DANVILLE AND THE SAN RAMON VALLEY

COMPASS

COMING SOON

61 DANVILLE OAK PLACE | WESTSIDE DANVILLE | \$1,095,000
3 BED | 2.5 BATH | 1,542 SF

SOLD

1464 GREENLAWN DRIVE | DANVILLE | SOLD PRICE \$960,000
2 BED | 2 BATH | 1,039 SF | REPRESENTED BUYER

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