



THE GATTI REPORT: YOUR GREATER DANVILLE AREA REAL ESTATE UPDATE

By Joe Gatti

We are now officially in the spring housing market for the Greater Danville Area! On Tuesday, February 14th (Valentine's Day), the Consumer Price Index for January came out with less love for the US economy than anticipated. US Inflation did slow to 6.4%, but at a smaller decline than professional economists had expected. As a result, financial markets foresee the Federal Reserve continuing their rate increases for longer than previously thought. What we will need to watch in the coming months for our local area is home inventory levels. Expectations for the spring market will be fueled by the amount of active homes available for sale and the level of mortgage interest rates. If a home is priced correctly, expect very good buyer activity. These are circumstances where both sellers and buyers will benefit from our spring market going forward.

In the Greater Danville Area, which includes Alamo, Blackhawk, Danville, Diablo, and San Ramon, "sold" inventory to begin 2023 has been very low. For a pre-pandemic comparison, from January 1st to February 16th 2019, 110 properties closed escrow. The sold inventory in 2022 was similar, with 119 detached properties selling. However, this year, 52 detached properties have sold during this same time period. A 52.7% decrease from 2019 and a 56.3% inventory decline from last year.* Surprisingly, though this aspect of lower inventory might be favorable for both sellers and buyers going forward this spring.

From the homes we have sold thus far in 2023, if a home is priced accurately, with data from recent comparables, it will do well on the open market. The time on market for these well priced properties, which have high-end photography and are well advertised, is better than the summer and fall of last year. From this firsthand experience, there are a few key factors to watch regarding our spring market.

First, the number of properties for sale, and if the amount of properties entering the market increases as spring progresses. Second, mortgage interest rate levels and how they affect buyer sentiment. For example, when interest rates dipped to a low of 6.2% in mid-January, buyer mortgage applications spiked. Conversely, when the rates went up in more recent weeks, buyer applications dropped back down.** Therefore, savvy buyers with an understanding of interest rates will be ready for opportunities when interest rates go downward again.

What does this mean for both sellers and buyers in our local area? It means both can benefit from the current real estate environment. Prepared sellers with accurate price expectations will have smoother and shorter transactions. For buyers who understand and are comfortable with mortgage interest rates, this will be the best opportunity to purchase a new home without intense competition as in the last two years. As a real estate professional, continually looking at home price averages and our local market activity, I am more upbeat for both sellers and buyers going forward this year. If you have questions on the value of 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 information to navigate the current real estate market successfully. We look forward to seeing you soon!

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!

*Data taken from the MLS during specific dates and under the criteria mentioned within the article. **CNBC "Mortgage demand jumps nearly 28% in one week, as interest rates drop to lowest point in months," by Diana Olick, January 18, 2023 www.cnbc.com/2023/01/18/mortgage-demand-jumps-interest-rates-drop.html.



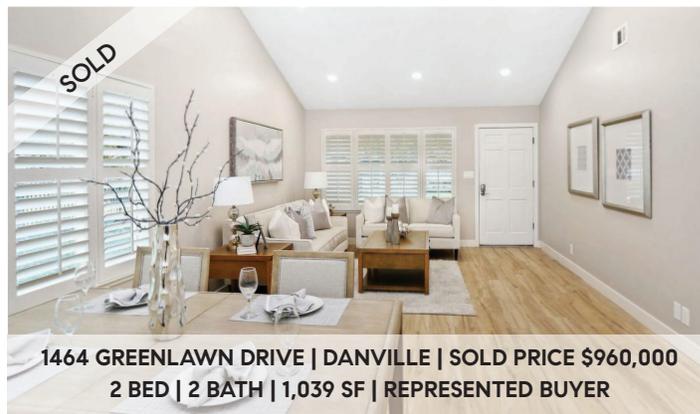
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