



THE GATTI REPORT: YOUR GREATER DANVILLE AREA REAL ESTATE UPDATE

By Joe Gatti

As we enter May, U.S. inflation levels have shown signs of decelerating. The March Consumer Price Index came in lower than expected and banking turmoil has subsided for the time being. The Greater Danville Area is seeing consistent activity with active homes entering into contract more quickly. This is largely due to the amount of homes for sale being at historic lows. The low home inventory results from higher mortgage interest rates affecting current homeowners. In other words, some potential sellers are "rate locked" into staying in their current home, because moving to a new property would result in higher future borrowing costs. For potential sellers without this "rate lock" issue, the months ahead could be a great opportunity to maximize buyer attention on your property, resulting in a more lucrative and less stressful selling transaction.

On April 12th, we received good news! The latest Consumer Price Index was released showing that inflation had cooled to 5%, which was better than expected for the month of March. The inflation reading for February was 6%, showing that the Federal Reserve's rate increases over the past year appear to have taken considerable hold.* The Fed's next meeting will be May 2nd-3rd. Barring any future negative economic development, the Federal Reserve will likely raise their funds rate 25 basis points again. The prevailing view, though, is that we are definitively reaching the end of this raising cycle, and the Fed will soon pause further rate hikes. This would signal to the financial and real estate sectors a more stable and receding interest rate path going forward, with markets already anticipating mortgage interest rates declining to below 6% by the end of this year.

Current mortgage rates, however, are fluctuating in the mid-6% range now. It is a high enough level where a portion of homeowners are reluctant to sell until interest rates recede. From January 1st to April 20th, 2022, 428 detached properties sold in the greater Danville area, which includes Alamo, Blackhawk, Danville, Diablo, and San Ramon.** Interest rates were much lower during this period, between 3.25% and 4.5%. Contrast that with January 1st through April 20th of this year, only 228 detached properties have sold thus far. That is 200 less homes than the prior year, or 46.7% less! It's apparent a good portion of local homeowners are pushing their selling plans back until interest rates are lower than the current 6.5% range, leaving an opportunity for sellers without this "rate lock" restraint to take advantage of considerable buyer demand for local properties.

If you have the ability to sell now, and are willing to price your home accurately off recent comparable sold properties, it will be a favorable time. Many buyers waited through the summer and fall of last year with the anticipation that prices would drop like they did post-2008. That is not what happened and to the surprise of many we began this year with good properties, if priced correctly, receiving multiple offers. Local housing prices, as a result, have leveled and in some circumstances have gone up during this spring season. If you are looking to sell and would like a professional price valuation for your home, please reach out to the Gatti Team for a private consultation. Our services and full time local experience will help price, market, and promote your home on all levels so you receive the best possible outcome in our local market.

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!

*Inflation rises just .01% in March and 5% from a year ago as Fed Hikes take hold, by Jeff Cox, <https://www.cnbc.com/2023/04/12/cpi-march-2023.html>

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



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DANVILLE AND THE SAN RAMON VALLEY**

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