



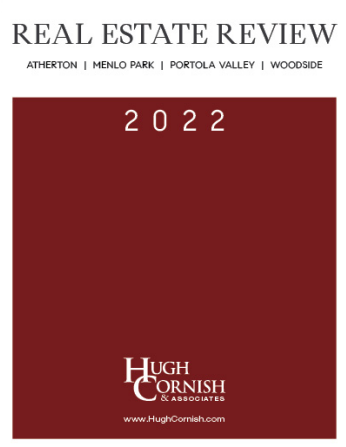
HUGH CORNISH & ASSOCIATES

HUGH CORNISH

#127 Agent in the US by RealTrends, 2022
Top 10 Coldwell Banker Agent, N. California

Over \$3 Billion in Sales

2022 REAL ESTATE REVIEW



[Click here](#) for an early preview of our **2022 Real Estate Review**

MONTHLY SALES DATA for December 2022

ATHERTON

Number of Homes Sold: 3
Average Sale Price: \$7,468,933
Average Days on Market: 48

MENLO PARK

Number of Homes Sold: 22
Average Sale Price: \$3,203,815
Average Days on Market: 28

PORTOLA VALLEY

Number of Homes Sold: 2
Average Sale Price: \$3,050,000
Average Days on Market: 83

WOODSIDE

Number of Homes Sold: 4
Average Sale Price: \$5,783,750
Average Days on Market: 60

MORTGAGE RATES as of 1/30/2023*

CONFORMING LOANS

10-year fixed rate: **6.000%** (APR 6.518%)
30-year fixed rate: **5.875%** (APR 6.028%)
7/6 ARM: **6.000%** (APR 6.626%)

JUMBO LOANS

15-year fixed rate: **5.000%** (APR 5.223%)
30-year fixed rate: **5.000%** (APR 5.118%)
7/6 ARM: **4.750%** (APR 5.978%)

*All above rates are with no points to the borrower. Certain loan to value, credit score, and loan amount premiums may apply. Additional discounts to jumbo mortgage may apply. Contact: Peter Keller, Wells Fargo Home Mortgage, Home Mortgage Consultant (NMLS# 281019) at PeterKeller@wellsfargo.com or 650.248.4190
Please Note: We care about your security and privacy. Please don't include identifying information like account numbers, birth dates and social security numbers in emails to us. Call us instead for secure email options or send the information by fax or regular US mail.
Wells Fargo is an equal housing lender.

Looking Back at 2022

There were four economic events that defined 2022.

- Stock market decline
- Interest rate increase
- Inflation
- Decline in the Initial Public Offering (IPO) market

This past year we have experienced a significant decline in the **stock market**, which directly related to the number of home sales. The S&P 500 closed out 2022, its worst calendar year performance since 2008, on a low note. The benchmark index fell more than 5% in December, finishing 2022 down almost 20% for the year. All three of the major averages suffered their worst year since 2008 and snapped a three-year win streak. The Dow fared the best of the indexes in 2022, down about 8.8%. The S&P 500 sank 19.4%, and is more than 20% below its record high, while the tech-heavy NASDAQ tumbled 33.1%, according to CNBC. When the stock market, especially the NASDAQ, with its many leading technology companies in Silicon Valley, experiences significant declines, fewer buyers are willing to exercise stock options and to sell stock to purchase real estate.

Mortgage interest rates in 2022 experienced a significant rise, which directly affected home affordability. According to Freddie Mac, 30-year fixed interest rates started at 3.25% in the beginning of 2022. In the second quarter, they rose to 4.72%, third quarter to 5.50%, and we ended the year at 6.66%. With the rising interest rates and costs, "mortgage applications were down to their lowest level since 2000," according to the Mortgage Bankers Association.

The annual **inflation** rate at the end of 2021 was 7% and at the end of 2022, it declined to 6.50%. Inflation rates have not been this high in the past 40 years. In a move to curb inflation, the Federal Reserve approved seven straight rate hikes in 2022, something the Federal Reserve has not done aggressively since the 1980s. Federal Reserve chairman Jerome Powell has said "he is seeking to bring demand more in line with supply." Due to the pandemic and ongoing war in Ukraine, the global supply chain has been constrained. The Federal Reserve's goal is to reach more equilibrium in the economy, meaning an inflation rate closer to 2% and unemployment around 4%. This high inflation rate has driven building material and labor costs to new highs, which has a direct effect on new construction and home renovations.

Historically, the **IPO market** has fueled real estate sales throughout the Bay Area. In 2022, there were only 7 companies with Bay Area ties that had an IPO. Just 5 of the companies were based in the Bay Area, down 92% from 2021 according to the *Silicon Valley Business Journal*. This dramatic decline was one of the reasons we experienced fewer new buyers in the marketplace in the past year.

CHANGING HOME VALUES

Even though the stock market declined and interest rates increased in the fourth quarter of 2022, record-high average prices were reached in Portola Valley (up 32%), Woodside (up 21%), and Menlo Park (up 5%). Atherton had a slight decline of 3% yet remained over \$9.4 million. This data is based on homes sold on the Multiple Listing Service (MLS) only. Prices changed significantly by quarter in each city, yet each had a fourth quarter average price that was still higher than it was in 2021. The only way to explain the increase in average sale prices was the shortage of inventory compared to 2021 and the continuing strong demand for housing.

The high end of the markets were strong with a total of 45 homes between the four cities selling for \$10 million or more (compared to 54 in 2021). There were another 13 homes in this price range that sold off-market. In all four cities, properties sold in the least amount of days on market per records dating back to 2006.

Please [click here](#) to see the market details in our **2022 Real Estate Review**.