



HUGH CORNISH & ASSOCIATES

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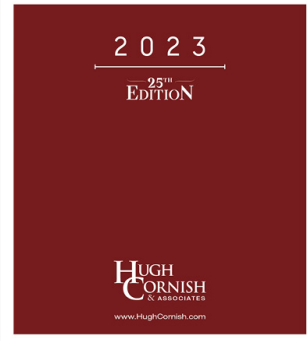
#1 Agent, SF/Peninsula, Coldwell Banker 2023
#8 Individual Agent, USA, Coldwell Banker 2023

Over \$3.3 Billion in Sales

MARKET UPDATE FEBRUARY 2024

REAL ESTATE REVIEW

ATHERTON | MENLO PARK | PORTOLA VALLEY | WOODSIDE



[Click here](#) for an early preview of my 2023 Real Estate Review

MONTHLY SALES DATA for December 2023

ATHERTON

Number of Homes Sold: 6
Average Sale Price: \$11,803,333
Average Days on Market: 39

MENLO PARK

Number of Homes Sold: 15
Average Sale Price: \$2,885,333
Average Days on Market: 42

PORTOLA VALLEY

Number of Homes Sold: 4
Average Sale Price: \$4,703,250
Average Days on Market: 23

WOODSIDE

Number of Homes Sold: 8
Average Sale Price: \$4,893,736
Average Days on Market: 106

MORTGAGE RATES as of 1/23/2024*

CONFORMING LOANS

10-year fixed rate: 6.75% (APR 7.380%)
30-year fixed rate: 5.875% (APR 6.265%)
7/6 ARM: 6.75% (APR 7.530%)
New conforming loan limit is \$766,550

JUMBO LOANS

10-year fixed rate: 6.125% (APR 5.223%)
30-year fixed rate: 6.125% (APR 6.484%)
7/6 ARM: 6.00% (APR 7.105%)

*The above rates are with points as indicated and certain loan to value, credit score and loan amount premiums apply. Contact: Peter Keller, Reliance Financial, Senior Mortgage Advisor (NMLS# 281019) at PeterK@relfin.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.

Looking Back at 2023

There were four economic events that defined 2023:

1. Fluctuating Interest Rates
2. Home Insurance
3. Stock Market Rally
4. Initial Public Offering (IPO) Market

1. FLUCTUATING INTEREST RATES Interest rates peaked in the later half of 2023 but finally adjusted downwards by the end of the year. At the end of 2022, the 30-year new purchase rate ended at 7.17%. According to Mortgage News Daily, "the year started with mortgage rates in the mid-6% range." In the following three months, the rate hovered between the 6% and 7.30%. From mid-May to mid-October, the 30-year average rose almost 1.5 percentage points. On October 17, the 30-year average was over 8%. At the end of 2023, the average rate on a 30-year fixed loan was 6.76%.

The real estate listings website Realtor.com predicts in a 2024 Housing Market Forecast that rates will average 6.8% this year, dipping to 6.5% by the end of 2024. The National Association of Home Builders believes that interest rates will be averaging 7.04% for the 30-year fixed in 2024 before dipping to 5.81% in 2025. The forecast was last updated in November 2023.

The good news for homebuyers is that many sources are predicting that interest rates will be lower by the end of 2024.

2. HOME INSURANCE In May 2023, State Farm announced that they will no longer take on new home insurance applications due to historic increases in construction costs outpacing inflation, rapidly growing catastrophe exposure (i.e. wildfire risk) and a challenging reinsurance market. Then in June 2023, Allstate said they will no longer write new policies in California. Following State Farm and Allstate, a number of other home insurance companies have decided to pull out from California due to an increase of wildfire risk and high construction costs. The shortage of new policies is making it difficult for buyers to purchase a home in California. In 2024, State Farm is expected to increase its average rate for homeowner insurance policies in California by 20% next year, under a proposal approved last week by the Department of Insurance, records show.

Acquiring homeowner's insurance with homes that have wood roofs and/or in high fire zones, was very challenging in 2023. There are insurance brokers who can secure insurance policies on these types of properties, but it can be very expensive. I do not expect fire insurance policies to get less expensive in 2024 but hope they are more readily available.

3. STOCK MARKET RALLY 2023 S&P 500 ended the year with a gain of approximately 24% and the Dow finished the year on a record high, according to CBS News. Decreasing inflation, a strong economy and the anticipated lower interest rates generated confidence for investors, especially in the last quarter of the year.

According to CBS News, the benchmark S&P 500 index inched lower on Friday, the last trading day of 2023, but ended the year with a 24.2% gain. The Dow Jones Industrial Average rose more than 13% in 2023, and the Nasdaq soared 43%, driven by gains in big technology companies, including Nvidia, Amazon, and Microsoft.

Given the record high stock market closing in 2023, I expect more buyers will enter the market with more readily available funds. This, plus possible lower interest rates in 2024, may increase demand in our area even higher than last year.

4. INITIAL PUBLIC OFFERING MARKET historically drives a lot of the high-end sales throughout the Bay Area. Just four Bay Area companies went public in 2023, that's three less than the meager seven that began trading in 2022, according to Pitchbook Data analysis shared with the Business Journal. In 2021, 92 local companies made it to Wall Street either through traditional initial public offering, a merger with a special purpose acquisition company, or a direct listing.

The four Bay Area companies that went public in 2023 were: Instacart (legally Maplebear Inc.), Structure Therapeutics Inc., Cargo Therapeutics Inc., and Sagimet Biosciences Inc.

Many investment banks are predicting the number of IPOs will increase in 2024. If this forecast is correct, it will definitely be a boost in the high-end real estate market in our area.

Please [click here](#) to see the market details in my 2023 Real Estate Review.