

## **Selma Hepp quoted in Mansion Global article on Bay Area Sales**

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### **Bay Area Luxury Sales Double Despite Market Uncertainties**

#### **A volatile stock market, tax reform and rising interest rates did little to dampen demand**

San Francisco Bay Area luxury home sales doubled in February, fueled by activity in Silicon Valley and Wine Country, according to analysis from brokerage Pacific Union.

Home sales over \$3 million doubled to around 126 transactions last month in the eight counties that makes up the larger Bay Area in California, according to a report the brokerage's chief economist Selma Hepp released Monday. The spike in luxury closings comes amid a slew of uncertainties in the market, including the federal tax overhaul Congress passed in December and rising mortgage rates.

Wine Country, with the exception of the most well-known area, Napa, saw some of the greatest year-over-year gains in high-end home sales. Sonoma County logged nine \$3 million-plus sales last month, up from two such sales in 2017 and only one luxury sale in 2016, according to the report based on sales recorded in the multiple listing service.

The bump in high-end activity comes in the wake of devastating wildfires that caused estimated damage north of \$3 billion. Napa County saw the only decline in luxury sales of the wine-producing counties with \$3 million-plus sales dropping from four in February 2017 to only two last month, according to the report.

Extreme volatility in the stock market also did little to dampen demand among tech leaders in Silicon Valley. In February, the Dow Jones Industrial Average plunged more than 12% in two weeks, recovered almost entirely before taking a second dip and ending the month down about 6%, or 1,600 points.

In addition, 30-year fixed-rate mortgages are now at their highest in four years, according to Freddie Mac.

Sales of \$3-million-plus homes in Silicon Valley-based Santa Clara County doubled and then some in February compared to the year prior, with 46 total sales, according to the report. Homes in the lower high-end segments of \$1 million to \$2 million and \$2 million to \$3 million also saw roughly 30% increases.

“The fortunately short-lived stock market jitters did not appear to shake homebuyer confidence,” Ms. Hepp said in the report.

The surge in luxury transactions also comes in spite of a deep inventory shortage in the mainstream, more affordable, market. Inventory for the mainstream market dipped 15% last month compared to the year prior, and sales were down as buyers had little to choose from.

Rising mortgage rates and the impact of tax reform may still have a cooling effect in the Bay Area as the year progresses, Ms. Hepp said.

“All told, demand for homes in the Bay Area does not seem to have abated despite the aforementioned challenges,” she said. “Nevertheless, the impact of rising mortgage rates over the last month may still be too recent for the data to reflect.”

And it could be as much as a few years before the housing market feels the impact of the federal tax reform, she added.

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