

Bay Area Housing News Mixed

Home Sales Pace Slows But Prices Remain Stable in Fourth Quarter

FOURTH QUARTER 2010



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An increase in sales of homes priced at the middle and high end and a corresponding decline in the share of sales of rock bottom-priced bank REO properties helped buoy the median price of a home sold in the nine-county San Francisco Bay Area in the fourth quarter compared with the same period of 2009, according to an analysis of MLS data issued by the research division of Better Homes and Gardens Mason-McDuffie Real Estate.

Although the median price of a home sold in the greater Bay Area during the fourth quarter declined from \$549,680 in the third quarter to \$515,319, the latest figure was 3 percent higher than the prior year's fourth quarter median price of \$498,236. Sales of existing detached homes totaled 11,753 for the Bay Area as a whole, down 4 percent from the third quarter and 16 percent from 13,937 homes sold in the final quarter of 2009. Transactions took slightly longer to complete in this year's fourth quarter, as measured by the number of days a home was on the market before receiving a contracted offer. That figure rose from 62 days a year ago to 70 days in the final quarter of 2010.

Santa Clara County led the pace with 2,547 closed sales, followed by Contra Costa County (2,473 sales) and Alameda County (2,306 sales). Overall, five of the nine Bay Area counties experienced equivalent or improved sales on a quarterly basis but recorded sharp percentage declines from the same period a year ago. In these and other Bay Area communities, homebuyers paused in response to the expiration of federal and state tax incentives and to evaluate the market as it transitioned

from one dominated by low-priced bank foreclosures to more competitively priced short sales. In recent months, growing numbers of renters discovered it is more affordable to own a home than to rent one in many parts of the Bay Area, and that realization (teamed with extremely favorable interest rates) kept many buyers in the market. This motivation and an expected increase in new inventory coming onto the market this Spring could cause additional buyers to act in the coming months.

The City and County of San Francisco was the only Bay Area market to experience an increase in the median sales price between the third and fourth quarters and on an annualized basis with an 8 percent jump. However, several counties showed more modest improvement compared with the year-ago median price. In Alameda, the median sales price was up 6 percent from the previous fourth quarter, while Marin County's median price rose 5 percent, Santa Clara edged up 2 percent and San Mateo remained unchanged. Napa registered the most significant median price decline with a 16 percent year-over-year drop. The median sales price eased by 2 percent in Solano County and by 1 percent in Contra Costa County on an annualized basis.

Looking ahead, Bay Area homebuyers can expect to see additional housing inventory entering the market in the coming months, and that should help renew buyer interest. In the interim, home sellers whose present home is market-ready may want to consider taking advantage of the current lack of inventory in some areas to list their home for sale and to explore trade-up opportunities.

BAY AREA YEAR-TO-YEAR MARKET COMPARISON

City	Homes Sold Q4/10	Homes Sold Q4/09	% Change	Avg DOM* Q4/10	Avg DOM* Q4/09	Change (days)	Median Price Q4/10	Median Price Q4/09	% Change
Alameda	2,306	2,709	-15	48	39	-9	\$429,699	\$407,020	6
Contra Costa	2,473	3,187	-22	61	52	9	\$357,569	\$360,064	-1
Marin	422	497	-15	85	91	-6	\$855,883	\$817,302	5
Napa	275	325	-15	122	93	29	\$331,754	\$394,532	-16
San Francisco	591	646	-9	52	49	3	\$927,347	\$858,796	8
San Mateo	1,020	1,066	-4	67	57	10	\$849,157	\$847,618	.2
Santa Clara	2,547	2,969	-14	58	58	0	\$676,216	\$661,137	2
Solano	1,128	1,399	-20	59	50	9	\$205,703	\$210,774	-2
Sonoma	991	1,139	-13	86	69	17	\$354,619	\$387,166	-8
Bay Area Total	11,753	13,937	-16	70	62	8	\$515,319	\$498,236	3

* Days on market is the number of days a property was listed on the market until it went under contract at its final listing price. This may not reflect previous listings.

** The median home price for the entire Bay Area is the mean of median home prices of each of the nine Bay Area counties. Each county's median home price is the mean of median home prices of each of the cities within that county.

Data are sourced from multiple listing services and are deemed reliable but not guaranteed.