

# Tax Credit Expiration, Limited Inventory

## Behind Fourth Quarter Home Sales Slowdown

FOURTH QUARTER 2010



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### SONOMA COUNTY

With no federal or state tax credit to motivate them and a limited inventory of newly listed homes from which to choose, Sonoma County homebuyers retreated to the sidelines during the fourth quarter of 2010, according to a report by the research division of Better Homes and Gardens Mason-McDuffie Real Estate based on an analysis of MLS data.

Countywide, 991 existing, single-family detached homes changed hands in the fourth quarter, down 11 percent from 1,119 in the third quarter and 13 percent from the fourth quarter of 2009, when 1,139 homes were sold. Among the county's major cities, Santa Rosa (-18%), Sebastopol (-16%), Rohnert Park (-14%), Petaluma and Windsor (both -12%) experienced the most significant year-over-year sales declines.

Fewer multiple offers on properties and a year-end spike in bank short sales combined to drive an 8 percent decline in the county's median sales price on both a quarterly and annualized basis. The median sales price fell from \$387,166 a year ago and \$385,223 in the third quarter to \$354,619 during the fourth quarter of 2010. As with sales, the median price of a

home sold in the county's population centers declined from both the third quarter and fourth quarter 2009 periods. In situations where there have been multiple offers, agents report it has been more difficult to find recent comparable sales on which banks can justify pricing.

Looking ahead, the current lack of ready-for-sale, non-distressed listings creates a window of opportunity for home sellers who might otherwise wait until Spring or Summer to sell. While homebuyers continue to expect the kind of value pricing they see among bank REO and short sale offerings, many find the condition of those properties unacceptable and are willing to pay a premium for a well-cared-for home that is ready to occupy.

Buyers, meanwhile, will want to be ready to pounce on a well-priced new listing in their community or neighborhood of choice – particularly if their target price is in the \$500,000 to \$750,000 price range. For homes price above \$1 million, homebuyers may want to bring cash as banks remain hesitant to make jumbo loans.

### SONOMA COUNTY 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
Annapolis	0	1	-100	-	14	-	-	\$270,000	-
Bodega Bay	11	11	0	88	114	-26	\$640,000	\$634,000	1
Cazadero	2	5	-60	24	74	-50	\$243,500	\$270,000	-10
Cloverdale	27	33	-18	84	24	60	\$274,000	\$285,000	-4
Cotati	15	20	-25	73	36	37	\$425,000	\$407,600	4
Forestville	17	19	-11	55	81	-26	\$160,000	\$325,000	-51
Fulton	1	0	100	100	-	-	\$425,000	-	-
Geyserville	1	2	-50	139	83	56	\$1,495,000	\$965,000	55
Glen Ellen	7	11	-36	117	63	54	\$575,000	\$435,000	32
Graton	2	1	100	64	11	53	\$235,000	\$381,159	-38
Guerneville	26	22	18	95	84	11	\$243,500	\$373,250	-35
Healdsburg	38	30	27	113	115	-2	\$425,000	\$482,250	-12
Jenner	1	1	0	112	7	105	\$900,000	\$349,900	157
Kenwood	4	5	-20	74	145	-71	\$386,250	\$800,000	-52
Monte Rio	6	7	-14	70	94	-24	\$172,500	\$209,000	-17
Occidental	3	5	-40	120	89	31	\$650,000	\$635,000	2
Penngrove	11	8	38	75	96	-21	\$492,000	\$587,500	-16
Petaluma	134	153	-12	67	66	1	\$392,500	\$432,000	-9
Rohnert Park	44	51	-14	53	32	21	\$299,500	\$335,000	-11
Santa Rosa	421	515	-18	69	59	10	\$309,000	\$334,950	-8
Sebastopol	52	62	-16	63	69	-6	\$500,000	\$592,000	-16
Sonoma	78	76	3	87	101	-14	\$427,495	\$455,000	-6
The Sea Ranch	9	9	0	157	82	75	\$565,000	\$629,000	-10
Windsor	81	92	-12	74	49	25	\$338,000	\$354,000	-5
Dillon Beach (Marin Co)	3	5	-40	49	74	-25	\$485,000	\$465,000	4

\* 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 county is the mean of median home prices of cities within Sonoma County.  
 Other notes: The Dillon Beach community in Marin County is served by the Bodega Bay office of Better Homes and Gardens Mason-McDuffie Real Estate. It is included for informational purposes and is not factored into the Sonoma County totals. Bodega and Valley Ford recorded no home sales in either Q4 2010 or Q4 2009 so are not included in the chart, although their results are included in the aggregate sales and median price data. Data are sourced from multiple listing services and are deemed reliable but not guaranteed. All percentages rounded to nearest whole number.