

Bay Area home sales remain at two-decade low

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La Jolla, CA.---The waiting game between Bay Area buyers, sellers and lending institutions continued last month as sales dipped below 4,000 for the second month in a row, a real estate information service reported.

A total of 3,989 new and resale houses and condos sold in the nine- county Bay Area in February. That was up 11.2 percent from 3,586 in January, and down 36.7 percent from 6,305 for February 2007, DataQuick Information Systems reported.

January and February are the two slowest months in DataQuick's statistics, which go back to 1988. They are the only months with sales below 4,000.

"The lending system has been in lockdown mode the last half year, especially when it comes to so-called jumbo mortgages which have traditionally been the majority of Bay Area loans. Sure there are price declines out there, especially in inland markets. But it's not realistic to think many sellers are going to drop a \$600,000 or \$700,000 asking price down to \$550,000 just so a buyer can finance with a conforming loan. We can only conclude that a lot of activity is just on hold, hence the spectacularly low sales counts," said Marshall Prentice, DataQuick president.

"With the Federal Reserve trying to pour Drano into the lending system, it will be interesting to see how things play out if jumbo financing does come back online. Theoretically, there could be enough pent up demand, enough catch-up activity at the high end, to result in a statistically bizarre record median home price," he said.

The median price paid for a Bay Area home was \$548,000 last month, down 0.4 percent from \$550,000 in January, and down 11.6 percent from \$620,000 in February last year. Last month's median was 17.6 percent lower than the peak median of \$665,000 reached last June and July.

Last month's median price would have been closer to \$600,000 if the availability of jumbo home loans had remained stable. A year ago jumbo loans, mortgages above \$417,000, accounted for 59.8 percent of all Bay Area home loans. Last month they were 28.9 percent.

DataQuick, a subsidiary of Vancouver-based MacDonald Dettwiler and Associates, monitors real estate activity nationwide and provides information to consumers, educational institutions, public agencies, lending institutions, title companies and industry analysts. Due to late data availability, the February statistics for Alameda County were extrapolated from the first three weeks of the month.

The typical monthly mortgage payment that Bay Area buyers committed themselves to paying was \$2,446 last month, down from \$2,503 the previous month, and down from \$2,884 a year ago. Adjusted for inflation, current payments are 7.3 percent below typical payments in the spring of 1989, the peak of the prior real estate cycle. They are 26.9 percent below the current cycle's peak in June last year.

Indicators of market distress continue to move in different directions. Foreclosure activity is at record levels, financing with adjustable-rate mortgages is at a six-year low. Down payment sizes and flipping rates are stable, non-owner occupied buying activity is increasing, DataQuick reported.

All Homes	Number Sold Feb-07	Number Sold Feb-08	Percent Change	Median February 2007	Median February 2008	Percent Change
Alameda	1,356	753	-44.5%	\$585,000	\$486,500	-16.8%
Contra Costa	1,160	753	-35.1%	\$537,000	\$450,000	-16.2%
Marin	228	136	-40.4%	\$829,000	\$775,000	-6.5%
Napa	93	57	-38.7%	\$612,500	\$525,000	-14.3%
Santa Clara	1,654	984	-40.5%	\$677,000	\$658,000	-2.8%
San Francisco	375	431	14.9%	\$757,500	\$736,000	-2.8%
San Mateo	528	343	-35.0%	\$720,000	\$646,500	-10.2%
Solano	458	278	-39.3%	\$445,000	\$350,000	-21.3%
Sonoma	453	254	-43.9%	\$515,000	\$400,000	-22.3%
Bay Area	6,305	3,989	-36.7%	\$620,000	\$548,000	-11.6%

Source: DataQuick Information Systems