

Bay Area home sales jump to 3-year high

By George Avalos
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Home sales in the Bay Area jumped to their best levels in nearly three years during June, but prices nose-dived again — an unsettling indicator that the housing market is still mired in a slump and a hoped-for recovery remains distant.

The East Bay followed a similar pattern as the Bay Area, the new report from MDA DataQuick showed. Sales surged but the median price plunged for the residences involved in the transactions.

"Some of it is sales of foreclosed homes, but sales are picking up across the price spectrum," said Andrew LePage, a spokesman for MDA DataQuick.

An estimated 37.3 percent of the 8,644 homes sold in the Bay Area during June had been foreclosed during the previous 12 months. In February, 52 percent of the homes sold that month had previously been foreclosed.

"This is a slowing of the free fall, but it is not a turn in the market," said Brad Kemp, director of regional research with Beacon Economics, which tracks local economies. "It is too early to say that there is a real change in the housing market that most Californians will feel."

That's because, by Beacon's reckoning, much of the upswing in sales is occurring in the upper-end residential market. The vast majority of consumers

don't buy or sell homes in the top price tiers.

"The forces that were creating the momentum of falling prices are not gone," Kemp said. "They are on the sidelines."

It's unclear if those forces, primarily in the guise of widespread residential foreclosures, will leap back into the game. California officials have imposed multiple moratoriums on foreclosures. And both state and federal politicians have pressured lenders to relent on seizures of houses via foreclosures.

Analysts believe some markets in the East Bay won't deteriorate any more. Or at least, not much more.

"We may have found a bottom in San Joaquin County, and we may have found a bottom in the harder-hit parts of the East Bay where prices are already off significantly," said Sean O'Toole, principal executive with Discovery Bay-based Foreclosure Radar, which tracks residential defaults.

Places such as eastern Contra Costa County and the Livermore-Dublin area might have seen the worst of the difficulties. But the outlook may still be grim for other parts of the East Bay.

"We still might not be all the way to the bottom in some higher-end and mid-priced markets" in the region, O'Toole said.

Mortgage financing may have become a bit easier for a wide array of borrowers. And buyers may believe that prices don't have much further to drop.

"There's still a long way to go, but it looks like the worst of the grind is over," said John Walsh, DataQuick president.

DataQuick's June report marked the 10th month in a row that home sales rose compared to the same

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month the year before. But it also marked yet another month of median prices that were lower on a year-to-year basis:

Alameda County home sales rose 21.7 percent and the median price fell 26.4 percent.

Contra Costa County home sales were up 18.9 percent while prices plunged 33.9 percent.

Solano County sales rose 66.5 percent, but prices fell 38.3 percent.

San Mateo County sales were up 10.1 percent and prices fell 18 percent.

San Joaquin County sales increased 0.2 percent while prices declined 33 percent.

"There are positive indicators, but that doesn't mean there is a recovery in housing yet," Kemp said. "We should take this with a grain of salt."

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Infobox1

Area Home sales % change from year before

Median Home Price % change from year before

**Alameda County 1,753 +21.7% \$335,000
-26.4%**

**Contra Costa County 1,817 +18.9% \$250,000
-33.9%**

**San Mateo County 622 +10.1% \$565,500
-18.0%**

Solano County 851 +66.5% \$185,000 -38.3%

San Joaquin 1,160 +0.2% \$152,000 -33.0%

Bay Area 8,644 +20.4% \$352,000 -27.4%

Source: MDA Dataquick

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