

State's home sales have a baffling 17.5% jump

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Sales of existing homes rose nearly 18 percent across the state last month, a surprising show of strength driven in part by increasing purchases of priced-to-move distressed and foreclosed properties, according to an industry trade group.

The number of resale, single-family homes that traded hands in June climbed an estimated 17.5 percent from a year ago, according to the California Association of Realtors. It's the third straight month of gains over last year recorded by the organization, which collects data from more than 90 Realtors groups.

The lofty jump left some industry observers incredulous.

"That doesn't reflect anything else we're seeing anywhere else in any number," said Christopher Thornberg, principal at Los Angeles consulting firm Beacon Economics. "That just seems insane to me."

The results contrast particularly sharply with a report issued last week by DataQuick Information Systems that showed an 8.1 percent decline in statewide sales during June. The La Jolla (San Diego County) research firm tabulates all residential transactions registered by county recorder offices, not just those handled by Realtors. It also incorporates condo and new home sales, categories hard hit by the real estate slowdown but less likely to be swung by increasing foreclosure sales.

The wide disparities between various studies can be perplexing, but there are similarities in the overall trend lines. Notably, the Realtors group and DataQuick both show continuing annual declines in values, 37.7 percent to \$368,250 and 31.5 percent for all home types to \$328,000, respectively.

In addition, while DataQuick hasn't indicated an annual increase in sales, it has reported a moderating of the decreases and several monthly gains, company analyst Andrew LePage said.

Sales volume is closely watched within the real estate industry, especially in a slump like the current one, because increasing transactions tend to precede any price stabilization. When that increase is mostly due to bargain-priced foreclosures or short sales, however, the upward pressure on values is tempered if not reversed.

Among the California homes sold in June, 41.9 percent were foreclosure resales, compared with 6.6 percent a year earlier, DataQuick said. The Realtors group noted that sales of homes priced under \$500,000 represented 67 percent of all sales, up from 40 percent.

The Bay Area trends last month were similar in the two studies.

DataQuick found that sales of all home types across the nine counties fell 9.9 percent from a year ago and the median price dropped 27.1 percent to \$485,000. The state trade group, which excludes Sonoma and Napa in its regional calculation, said sales declined 4.7 percent and the median sank 19.8 percent to \$676,740.

"We still have a ways to go before we can say the housing market has turned and showed improvement," said Robert Kleinhenz, deputy chief economist with the trade group. "And we're not even using the word recovery yet."

Mixed results

Median values for existing homes fell sharply in the Bay Area and California during June, but there was a surprising annual jump in the number of sales across the state.

	Price	Sales			
	Median	Monthly change	Yearly change	Monthly change	Yearly change

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California	\$368,250	-4.3%	-37.7%	-0.7%	17.5%
Bay Area*	\$676,740	-1.5	-19.8	3.8	-4.7

*Includes San Francisco, Alameda, Contra Costa, Marin, Solano, Santa Clara and San Mateo counties. Does not include Napa and Sonoma counties.

Source: California Association of Realtors

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<http://sfgate.com/cgi-bin/article.cgi?f=/c/a/2008/07/26/BU3P11VOUR.DTL>

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