Bay Area Home Sales Slow in August; Prices Increases Ease Back

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Irvine, CA.----The number of Bay Area homes that sold last month declined again, as potential buyers continued to struggle with constrained supply, tricky mortgage availability and affordability issues. The median price paid for a Bay Area home dropped somewhat, as it usually does from July to August, a real estate information service reported.

A total of 7,578 new and resale houses and condos sold in the nine-county Bay Area last month. That was down 10.6 percent from 8,474 in July and down 12.0 percent from 8,616 in August last year, according to CoreLogic DataQuick data.

August sales have varied from 6,688 in August 1992 to 13,940 in August 2004. The average since 1988, when CoreLogic DataQuick's statistics begin, is 9,526.

"Among the professional number crunchers, there's been talk lately of a 'new normal' and maybe even the need to re-benchmark key statistical indicators like sales and price levels. The fact is that the housing market is still slowly moving back toward long-term norms that were thrown out of whack back during the Great Recession. The most congestion in the various pipelines that comprise the housing market today is caused by abnormalities in the mortgage market," said John Karevoll, an analyst with Irvine-based CoreLogic DataQuick.

The median price paid for a home in the nine-county Bay Area was $607,000 in August. That was down 1.6 percent from $617,000 in July, and up 12.4 percent from $540,000 in August a year ago. A seasonal late-summer decline in median price is normal in the Bay Area. The Bay Area's median sale price peaked at $665,000 in June and July 2007, then dropped to a low of $290,000 in March 2009.

While bouncing around somewhat from month to month, a variety of market indicators are trending incrementally toward long-term norms.

Jumbo loans, mortgages above the old conforming limit of $417,000, accounted for 58.2 percent of last month's purchase lending, up from a revised 57.3 percent in July, and up from 47.9 percent a year ago. Jumbo usage dropped to as low as 17.1 percent in January 2009.

Adjustable-rate mortgages (ARMs), an important indicator of mortgage availability, accounted for 24.5 percent of the Bay Area's home purchase loans in August, down from a revised 25.4 percent in July, and up from 19.4 percent in August last year. ARMs hit a low of 3.0 percent of loans in January 2009. Since 2000, ARMs have accounted for 46.6 percent of all Bay Area purchase loans.

Last month foreclosure resales – homes that had been foreclosed on in the prior 12 months – accounted for 2.9 percent of resales, up from 2.7 percent the month before, and down from 4.3 percent a year ago. Foreclosure resales in the Bay Area peaked at 52.0 percent in February 2009, while the monthly average over the past 17 years is 9.8 percent, CoreLogic DataQuick reported.

Short sales – transactions where the sale price fell short of what was owed on the property – made up an estimated 3.8 percent of Bay Area resales last month. That was down from an estimated 4.0 percent in July and down from 7.6 percent a year earlier.

Last month absentee buyers – mostly investors – purchased 18.4 percent of all Bay Area homes. That was down from a revised 18.9 percent the prior month, and down from 20.3 percent a year earlier.

Buyers who appear to have paid all cash – meaning no sign of a corresponding purchase loan was found in the public record – accounted for 21.8 percent of sales in August, up slightly from a revised 20.0 percent the month before and down from 23.7 percent a year earlier.

Bay Area home buyers committed $2.53 billion of their own money in the form of a down payment or as an outright cash purchase last month, while they borrowed $3.64 billion in mortgage money from lenders.

The typical monthly mortgage payment that Bay Area buyers committed themselves to paying last month was $2,352. Adjusted for inflation, last month's payment was 19.2 percent below the typical payment in spring 1989, the peak of the prior real estate cycle. It was 40.3 percent below the current cycle's peak in July 2007. It was 82.9 percent above the February 2012 bottom of the current cycle.

Because of late data availability, sales were estimated in Alameda, San Francisco and San Mateo counties.

	Sales Volume			Median Price		
All homes	**Aug-13**	**Aug-14**	**% Chng**	**Aug-13**	**Aug-14**	**% Chng**
Alameda	1,825	1,572	-13.9%	$512,000	$610,000	19.1%
Contra Costa	1,645	1,543	-6.2%	$420,250	$465,000	10.6%
Marin	355	323	-9.0%	$760,000	$839,500	10.5%
Napa	137	112	-18.2%	$460,000	$467,250	1.6%
Santa Clara	1,989	1,655	-16.8%	$647,478	$710,000	9.7%
San Francisco	646	515	-20.3%	$825,000	$940,000	13.9%
San Mateo	719	710	-1.3%	$722,250	$800,000	10.8%
Solano	648	573	-11.6%	$277,500	$304,000	9.5%
Sonoma	652	575	-11.8%	$400,000	$450,000	12.5%
Bay Area	**8,616**	**7,578**	**-12.0%**	**$540,000**	**$607,000**	**12.4%**

Source: DataQuick, www.DQNews.com

Media calls: Andrew LePage (916) 456-7157