

Bay Area January Home Sales Slowest in Seven Years; Single-Digit Annual Price Gain

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CoreLogic® (NYSE: CLGX), a leading global property information, analytics and data-enabled services provider, today released its January 2015 San Francisco Bay Area housing market report. January home sales dropped sharply month over month, which is normal for the season, and dipped year over year to the lowest level for a January in seven years. The median price paid for a home in January also declined sharply month over month – another seasonal norm – but it rose 9 percent from a year earlier, marking the 34th straight month with a year-over-year price gain.

A total of 4,439 new and resale houses and condos sold in the nine-county Bay Area in January 2015. That was down month over month by 40.5 percent from 7,456 sales in December 2014 and down year over year by 5.5 percent from 4,696 sales in January 2014, according to CoreLogic DataQuick data.

Bay Area sales have fallen an average of 28.5 percent between the months of December and January since 1988, when CoreLogic DataQuick data began.

January 2015 sales were the lowest for that month since 3,586 homes sold in January 2008, which is the trough for January home sales in CoreLogic DataQuick's statistics. The peak for January home sales was in 2005, when 8,298 homes sold. The January 2015 sales tally was 25.8 percent below the historical January average of 5,985 sales.

The median price paid for a home in the Bay Area was \$572,000 in January 2015. That was down month over month by 5.1 percent from \$603,000 in December 2014 and up year over year by 9.0 percent from \$525,000 in January 2014. Although January 2015 marked the 34th consecutive month with a year-over-year gain in the median sale price, those annual increases slipped from double-digit to single-digit gains in the last few months. In January 2014 the region's median price rose by 26.5 percent compared with January 2013 – nearly triple the gain when comparing January 2015 to January 2014.

The Bay Area median sale price peaked at \$665,000 in June and July 2007 and dropped to a post-boom low of \$290,000 in March 2009.

"January isn't really a bellwether month when it comes to housing trends. For that we'll have to wait until spring," said Andrew LePage, CoreLogic DataQuick data analyst. "But the latest data do indicate the market continues to struggle with challenges that many in the industry hoped would be resolved last year – challenges such as inactive groups of buyers and sellers and a mortgage market that remains difficult for many. More job and income growth, coupled with low mortgage rates, could fuel demand this year in a market still running short on supply and struggling with affordability constraints. It will be interesting to see whether recent home price appreciation will trigger a more pronounced 'supply response' – an increase in the number of homes listed for sale."

Other January 2015 Bay Area housing market highlights include the following:

- Adjustable-rate mortgages (ARMs), an indicator of mortgage availability, accounted for 20.5 percent of the Bay Area's home purchase loans in January, down from a revised 22.0 percent in December 2014, and down from 25.1 percent in January 2014. ARMs hit a low of 3.0 percent of purchase loans in January 2009 and reached a post-housing-bust peak of 27.8 percent in April 2014. Since 2000, ARMs have accounted for about 46 percent of all Bay Area purchase loans.
- Jumbo loans, or mortgages above the old conforming limit of \$417,000, accounted for 52.3 percent of purchase lending in January, down from a revised 54.5 percent in December 2014, and up from 46.1 percent in January 2014. Jumbo usage dropped to as low as 17.1 percent in January 2009.

Prior to the August 2007 credit crunch, jumbo loans accounted for more than 60 percent of the Bay Area's home purchase loans.

- Foreclosure resales accounted for 4.5 percent of all resales in January, up from a revised 3.6 percent in December 2014 and down from 5.2 percent in January 2014. Foreclosure resales in the Bay Area peaked at 52.0 percent in February 2009, while the monthly average over the past 17 years is about 10 percent. Foreclosure resales are purchased homes that have been previously foreclosed upon in the prior 12 months.
- Short sales made up an estimated 4.0 percent of Bay Area resales in January, the same as in December 2014 and down from 8.5 percent in January 2014. Short sales are transactions in which the sale price fell short of what was owed on the property.
- Absentee buyers – mostly investors – purchased 21.0 percent of all Bay Area homes sold in January, up from a revised 19.0 percent in December 2014 and down from 24.5 percent in January 2014. The November 2014 absentee share (18.3 percent) was the lowest for any month since August 2010, when it was 17.8 percent. The peak absentee share was 28.7 percent in February 2013, and the monthly average since 2000, when CoreLogic DataQuick absentee data began, is about 16 percent.
- Cash buyers accounted for 22.6 percent of home sales in January, up from 18.2 percent in December 2014 and down from 25.8 percent in January 2014. The December 2014 cash level was the lowest for any month since September 2008, when it was 17.7 percent. The peak was 32.3 percent in February 2013, and the monthly average since 1988 is about 14 percent.
- Bay Area home buyers used \$1.44 billion of their own money in the form of a down payment or as an outright cash purchase in January 2015. They borrowed \$2.09 billion in mortgage money from lenders.
- The typical monthly mortgage payment for Bay Area home buyers in January 2015 was \$2,099. Adjusted for inflation, that payment was 26.7 percent below the typical payment in spring 1989, the peak of the prior real estate cycle. It was 45.8 percent below the current cycle's peak in July 2007 and 66 percent above the February 2012 bottom of the current cycle.

Because of late data availability, sales were estimated in San Mateo County.

Total January Home Sales in the San Francisco Bay Area counties

	Homes Sold			Median Sale Prices		
	Jan-14	Jan-15	Percent Change	Jan-14	Jan-15	Percent Change
All homes						
Alameda	958	849	-11.40%	\$489,500	\$520,000	6.20%
Contra Costa	912	959	5.20%	\$385,000	\$410,000	6.50%
Marin	173	164	-5.20%	\$725,000	\$790,000	9.00%
Napa	76	79	3.90%	\$435,000	\$476,500	9.50%
Santa Clara	1,034	1,021	-1.30%	\$625,000	\$665,000	6.40%
San Francisco	354	308	-13.00%	\$884,500	\$885,500	0.10%
San Mateo	410	367	-10.50%	\$735,000	\$785,000	6.80%
Solano	424	387	-8.70%	\$282,750	\$305,250	8.00%
Sonoma	355	305	-14.10%	\$412,500	\$458,000	11.00%
Bay Area	4,696	4,439	-5.50%	\$525,000	\$572,000	9.00%

Source: CoreLogic DataQuick. Data available at DQNews.com

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