

San Francisco Bay Area Home Sales Edge Higher; Price Growth Ratchets Down Again

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CoreLogic® (NYSE: CLGX), a leading global property information, analytics and data-enabled services provider, today released its October San Francisco Bay Area homes sales report. The Bay Area housing market posted another modest uptick in sales during October but activity remained below average as cash purchases continued to taper off and buyers faced a limited inventory as well as affordability and mortgage availability challenges. Home prices appear to have plateaued in recent months, although the October median sale price was still about 11 percent higher than a year earlier.

A total of 7,693 new and resale houses and condos sold in the nine-county San Francisco Bay Area in October 2014. That was up 3.4 percent from 7,443 in September and up 1.3 percent from 7,595 in October 2013, according to CoreLogic DataQuick data.

A small gain in sales from September to October is normal for the season. The October sales count was the highest for that month since 7,902 homes sold in October 2012. October sales have ranged from a low of 5,486 in 2007 to a high of 13,392 in 2003. October 2014 sales were 9.7 percent below the October average of 8,521 sales since 1988, when CoreLogic DataQuick's data began.

The median price paid for a home in the nine-county Bay Area in October 2014 was \$601,000. That was down 0.5 percent from \$604,000 in September, and up 11.3 percent from \$539,750 in October 2013.

The median sale price lurched above \$600,000 in April this year, when it was \$610,000, and then reached a 2014 high of \$618,000 in June. Since June the median price has declined on a month-over-month basis and the October median was the lowest since March, when it was \$579,000. The 11.3 percent year-over-year gain in the October median price was the second-lowest, behind this July's 9.8 percent increase, since June 2012, when the median rose 10.4 percent compared with June 2011.

The Bay Area median sale price peaked at \$665,000 in June and July 2007, then dropped to a low of \$290,000 in March 2009. The \$601,000 October 2014 median price was 9.6 percent below the peak, which is the closest any major region of the state has come to its peak median sale price.

"After hitting what many view as a stratospheric level, Bay Area home prices have shown signs of leveling off," said Andrew LePage, data analyst for CoreLogic DataQuick. "To some extent it's the result of sticker shock and a modest pickup in inventory. A bigger jump in inventory would make price spikes less likely. Still, if we see more job and wage growth heading into 2015 it's easy to imagine demand and price pressures building again. People torn from homeownership by a foreclosure or short sale over the past seven years will be looking to buy again. And there's pent-up demand from those who've delayed a purchase as they repaired their finances, struggled to qualify for a loan, or wrestled with doubts about job security or the direction of the housing market."

A variety of market indicators continue to trend slowly, and sometimes inconsistently, toward long-term norms.

Adjustable-rate mortgages (ARMs), an important indicator of mortgage availability, accounted for 24.0 percent of the region's home purchase loans in October. That was down slightly from a revised 24.2 percent in September and up from 20.5 percent in October 2013. The ARM share hit a low of 3.0 percent of purchase loans in January 2009. Since 2000, ARMs have accounted for a monthly average of 39.4 percent of Bay Area purchase loans.

Jumbo loans, mortgages above the old conforming limit of \$417,000, accounted for 55.3 percent of October purchase lending, up from a revised 54.7 percent in September and up from 47.8 percent in October 2013. In recent months the jumbo loan level has ranged from about 55 percent to 57 percent of purchase loans –

the highest level since the credit crunch hit in August 2007. Prior to that crunch, Bay Area jumbo loans accounted for more than 60 percent of home purchase loans. The jumbo loan share dropped to as low as 17.1 percent in January 2009.

Foreclosure resales accounted for 2.7 percent of resales in October, down from a revised 2.8 percent the month before, and down from 3.7 percent a year ago. Foreclosure resales in the Bay Area peaked at 52.0 percent in February 2009, while the monthly average since 1995 is 9.7 percent. Foreclosure resales are homes that had been foreclosed on in the prior 12 months.

Short sales – transactions where the sale price fell short of what was owed on the property – made up an estimated 3.5 percent of Bay Area resales in October. That was down from an estimated 3.8 percent in September and down from 7.3 percent in October 2013.

Absentee buyers – mostly investors – purchased 19.4 percent of all Bay Area homes that sold in October. That was down from a revised 19.6 percent in September, and down from 20.3 percent in October 2013. In recent months the absentee buyer share has hovered near its lowest level since late 2010.

Buyers paying cash accounted for 20.5 percent of sales in October, down from a revised 20.7 percent in September and down from 24.2 percent in October 2013. The cash level in October was the second-lowest, behind 20.3 percent this July, since November 2008, when cash buyers purchased 20.2 percent of all homes sold.

The typical monthly mortgage payment in the Bay Area was \$2,307 in October. Adjusted for inflation, the October payment was 20.4 percent below the typical payment in spring 1989, the peak of the prior real estate cycle. It was 41.2 percent below the current cycle's peak in July 2007. It was 78.8 percent above the February 2012 bottom of the current cycle.

Indicators of market distress continue to decline. Foreclosure activity remains well below year-ago and far below peak levels. Financing with multiple mortgages is very low, and down payment sizes are stable. Because of late data availability, sales were estimated in Alameda, San Francisco and San Mateo counties.

Total October Home Sales in the San Francisco Bay Area counties

	Homes Sold			Median Sale Prices		
	Oct-13	Oct-14	Percent Change	Oct-13	Oct-14	Percent Change
All homes						
Alameda	1,539	1,619	5.2%	\$525,000	\$555,500	5.8%
Contra Costa	1,397	1,492	6.8%	\$395,000	\$455,000	15.2%
Marin	306	316	3.3%	\$805,500	\$885,000	9.9%
Napa	135	125	-7.4%	\$439,500	\$500,000	13.8%
Santa Clara	1,808	1,800	-0.4%	\$650,000	\$699,500	7.6%
San Francisco	583	584	0.2%	\$845,000	\$999,250	18.3%
San Mateo	695	672	-3.3%	\$780,000	\$865,000	10.9%
Solano	583	553	-5.1%	\$266,000	\$303,000	13.9%
Sonoma	549	532	-3.1%	\$425,000	\$440,000	3.5%
Bay Area	7,595	7,693	1.3%	\$539,750	\$601,000	11.3%

Source: CoreLogic DataQuick. Data available at DQNews.com
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