Sluggish Bay Area Home Sales in July; Prices Up – at a Slower Pace

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Irvine, CA.----Bay Area home sales dipped last month, the result of continued constrained supply, the decline in affordability, and a still-tight mortgage market. While still rising year-over-year, the median sale price stayed at a three-month plateau, CoreLogic DataQuick reported.

A total of 8,474 new and resale houses and condos sold in the nine-county Bay Area last month. That was up 7.1 percent from 7,915 in June and down 9.3 percent from 9,339 in July last year, according to Irvine-based CoreLogic DataQuick, a real estate information service.

Bay Area sales usually decline around 5 percent from June to July. Sales for the month of July have varied from 6,666 in 1995 to 14,258 in 2004. The average since 1988, when CoreLogic DataQuick statistics begin, is 9,333.

"The Bay Area housing market is still in transition, still dealing with the remnants of the Great Recession. That said, it's also a market that is in the process of re-balancing itself with the region's on-the-ground economic realities, mainly decent economic growth and job creation. There still seems to be a bit of buyer and seller reticence. Meanwhile, many analysts are still drumming their fingers on the table, waiting for the mortgage market to normalize," said John Karevoll, CoreLogic DataQuick analyst.

The median price paid for a home in the nine-county Bay Area was $617,000 in July. That was down 0.2 percent from $618,000 in June, and up 9.8 percent from $562,000 in July last year. The May median was $617,000. Last month's was the first single-digit year-over-year increase since May 2012, when the median rose 7.5 percent. A year ago the median jumped 33.5 percent year-over-year, the steepest part of the off-bottom bounce.

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. Last month's median was 7.2 percent off the peak.

The number of homes that sold last month for less than $500,000 dropped 17.2 percent year-over-year, while the number that sold for more rose 3.2 percent.

Over the past year, a variety of market indicators have trended incrementally toward long-term norms, though they sometimes vacillate month-to-month.

Adjustable-rate mortgages (ARMs), an important indicator of mortgage availability, accounted for 25.6 percent of the Bay Area's home purchase loans in July, down from a revised 26.6 percent in June, and up from 19.3 percent in July last year. ARMs hit a low of 3.0 percent of loans in January 2009. Since 2000, ARMs have accounted for 46.7 percent of all Bay Area purchase loans.

Jumbo loans, mortgages above the old conforming limit of $417,000, accounted for 56.6 percent of last month's purchase lending, down from a revised 56.7 percent in June, and up from 49.9 percent a year ago. The June jumbo level was the highest since the credit crunch struck in August 2007. During the last housing downturn, jumbo usage dropped to as low as 17.1 percent in January 2009.

Government-insured FHA home purchase loans, a popular choice among first-time buyers, accounted for 10.9 percent of all Bay Area purchase mortgages in July, up from 10.4 percent in June and up from 9.8 percent a year earlier.

Last month foreclosure resales – homes that had been foreclosed on in the prior 12 months – accounted for 2.7 percent of resales, down from a revised 2.9 percent from the month before, and down from 4.6 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.

Short sales – transactions where the sale price fell short of what was owed on the property – made up an estimated 4.2 percent of Bay Area resales last month. That was down from an estimated 4.4 percent in June and down from 8.5 percent a year earlier.

Last month absentee buyers – mostly investors – accounted for 18.8 percent of all Bay Area home sales, which was the lowest absentee share of purchases since that figure was 18.5 percent in September 2010. Last month's absentee share was down from a revised 19.1 percent the month before and down from 20.5 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 20.2 percent of sales in July, down from a revised 20.8 percent in June and down from 23.5 percent a year earlier. July's cash level was the lowest since cash buyers also purchased 20.2 percent of all homes in November 2008.

Bay Area home buyers put $2.52 billion of their own money on the table in the form of a down payment or as an outright cash purchase last month. They borrowed $3.69 billion in mortgage money from lenders last month, the most since $3.82 billion in August 2007.

The most active lenders to Bay Area home buyers in July were Wells Fargo with 13.2 percent of the purchase loan market, Bank of America with 4.7 percent and RPM Mortgage with 4.0 percent, CoreLogic DataQuick reported.

The typical monthly mortgage payment that Bay Area buyers committed themselves to paying last month was $2,394. Adjusted for inflation, last month's payment was 17.8 percent below the typical payment in spring 1989, the peak of the prior real estate cycle. It was 39.2 percent below the current cycle's peak in July 2007. It was 86.2 percent above the February 2012 bottom of the current cycle.

	Sales Volume			Median Price		
All homes	**Jul-13**	**Jul-14**	**% Chng**	**Jul-13**	**Jul-14**	**% Chng**
Alameda	1,872	1,785	-4.6%	$520,000	$585,000	12.5%
Contra Costa	1,799	1,647	-8.4%	$440,000	$482,000	9.5%
Marin	420	382	-9.0%	$818,000	$850,000	3.9%
Napa	166	124	-25.3%	$425,000	$494,500	16.4%
Santa Clara	2,244	1,919	-14.5%	$650,000	$725,000	11.5%
San Francisco	718	545	-24.1%	$840,000	$991,000	18.0%
San Mateo	812	800	-1.5%	$745,000	$788,000	5.8%
Solano	605	629	4.0%	$255,750	$321,500	25.7%
Sonoma	703	643	-8.5%	$422,500	$450,000	6.5%
Bay Area	**9,339**	**8,474**	**-9.3%**	**$562,000**	**$617,000**	**9.8%**

Source: DataQuick, www.DQNews.com

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