Strongest September for Bay Area Home Sales in Five Years; Prices Flat

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Irvine, CA.----The number of homes sold in the Bay Area last month edged up to its highest level for a September since 2009, the result of some spillover summer activity and sustained demand in a strong regional economy. Prices appear to have flattened out at a level reached this spring, Irvine-based CoreLogic DataQuick reported.

A total of 7,443 new and resale houses and condos sold in the nine-county Bay Area last month. That was down 1.8 percent from 7,578 in August and up 4.2 percent from 7,141 in September last year, according to CoreLogic DataQuick.

A decline in sales from August to September is normal for the season. Last month's sales count was the highest for any September since 7,879 homes were sold in 2009. Sales for the month of September have varied from 5,014 in 2007 to 13,343 in 2003. The average since 1988, when CoreLogic DataQuick's statistics begin, is 8,479.

The median price paid for a home in the nine-county Bay Area was $604,000 in September. That was down 0.5 percent from $607,000 in August, and up 14.0 percent from $530,000 in September last year. The median sale price lurched above $600,000 this April, when it was $610,000, and then reached a 2014 high of $618,000 in June. Since then the median has declined slightly on a month-to-month basis.

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.

"Some analysts are re-calculating what they consider to be normal sales levels, taking out the 'loans-gone-wild' years of over-available credit. And if you do that, current sales are right in the normal range. We still have issues today, though. The mortgage market is still dysfunctional. There are categories of buying and selling that are still inactive, and nobody really has any idea just how much pent-up demand there is out there," said John Karevoll, CoreLogic DataQuick analyst.

A variety of market indicators are trending slowly toward long-term norms.

Adjustable-rate mortgages (ARMs), an important indicator of mortgage availability, accounted for 24.4 percent of the Bay Area's home purchase loans in September, up from a revised 23.6 percent in August, and up from 20.3 percent in September last year. ARMs hit a low of 3.0 percent of loans in January 2009. Since 2000, ARMs have accounted for 46.5 percent of all Bay Area purchase loans.

Jumbo loans, mortgages above the old conforming limit of $417,000, accounted for 55.7 percent of last month's purchase lending, down from a revised 56.1 percent in August, and up from 46.7 percent a year ago. Jumbo usage dropped to as low as 17.1 percent in January 2009.

Last month foreclosure resales – homes that had been foreclosed on in the prior 12 months – accounted for 2.8 percent of resales, unchanged from a revised 2.8 percent the month before, and down from 3.6 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 9.7 percent, CoreLogic DataQuick reported.

Short sales – transactions where the sale price fell short of what was owed on the property – made up an estimated 3.6 percent of Bay Area resales last month. That was down from an estimated 3.8 percent in August and down from 7.5 percent a year earlier.

Last month absentee buyers – mostly investors – purchased 19.1 percent of all Bay Area homes. That was up from August's revised 18.6 percent, and down from 20.9 percent in September last year.

Buyers who appear to have paid all cash – meaning no sign of a corresponding purchase loan was found in the public record – accounted for 20.9 percent of sales in September, down from a revised 21.8 percent in August and down from 23.3 percent a year earlier.

Bay Area home buyers used $2.13 billion of their own money in the form of a down payment or as an outright cash purchase last month. They borrowed $2.8 billion in mortgage money from lenders last month.

The typical monthly mortgage payment that Bay Area buyers committed themselves to paying last month was $2,340. Adjusted for inflation, last month's payment was 19.4 percent below the typical payment in spring 1989, the peak of the prior real estate cycle. It was 39.1 percent below the current cycle's peak in July 2007. It was 82.4 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, CoreLogic DataQuick reported. Because of late data availability, sales were estimated in Alameda, San Francisco and San Mateo counties.

	Sales Volume			Median Price		
All homes	**Sep-13**	**Sep-14**	**% Chng**	**Sep-13**	**Sep-14**	**% Chng**
Alameda	1,468	1,613	9.9%	$510,500	$560,000	9.7%
Contra Costa	1,385	1,460	5.4%	$409,000	$450,000	10.0%
Marin	300	270	-10.0%	$750,000	$880,000	17.3%
Napa	131	108	-17.6%	$431,500	$500,000	15.9%
Santa Clara	1,753	1,732	-1.2%	$640,000	$694,500	8.5%
San Francisco	511	510	-0.2%	$820,000	$938,000	14.4%
San Mateo	561	656	16.9%	$680,000	$790,000	16.2%
Solano	495	509	2.8%	$273,500	$305,000	11.5%
Sonoma	537	585	8.9%	$409,500	$458,250	11.9%
Bay Area	**7,141**	**7,443**	**4.2%**	**$530,000**	**$604,000**	**14.0%**

Source: CoreLogic DataQuick, www.DQNews.com

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