

NEWS



Prudential
California Realty

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Bay Area Home Sales Up 65 Percent as Investors, First-Time Buyers Take Advantage of Low Interest Rates, Favorable Pricing

A continued large inventory of bargain-priced bank-owned properties fueled a 65 percent year-over-year increase in sales of single-family detached homes in the San Francisco Bay Area during the first quarter of 2009, according to a report by the research division of Prudential California Realty based on an analysis of MLS data. The wide availability of priced-to-sell REO properties and a continued slowdown at the high end caused the median price of a home sold during the quarter to decline by 21 percent from \$849,484 in the first quarter of 2008 to \$670,882 in this year's first quarter.

There were several signs the market was stabilizing, at least for the moment. Increasingly, buyers expecting rock-bottom prices on bank-owned homes faced bidding wars – often from investors offering all-cash. Because all-cash sales are faster to close, several foreclosure-heavy Bay Area counties experienced significant declines in the average number of days a home was on the market before sale.

For the third straight quarter, Solano County led the way with a 190 percent annualized increase in home sales, followed by Contra Costa County (+110%), Napa County (+78%), Sonoma County (+70%) and Alameda County (+69%). The large percentage of sales of bank-owned properties once again led the year-over-year median sales price on a downward path in Contra Costa (-48%), Alameda and Solano (both -43%), Santa Clara (-42%) and San Mateo (-40%).

The story was quite different in upper-bracket markets like Marin County and San Francisco, where sales fell by 21 percent year over year. Prices told the same tale, however, tumbling by 30 percent in Marin and by 22 percent in San Francisco.

“Looking ahead, higher-priced markets are likely to continue to cool, absent signals of an economic recovery,” said Ed Krafchow, president and CEO of Prudential California Realty. “The

opposite will remain true in the most affordable Bay Area communities as first-time buyers and investors continue to revel in bank-owned bargains, favorable interest rates and the recently announced \$8,000 federal income tax credit for first-time homebuyers.”

**First Quarter 2009 Housing Market Survey – Bay Area Counties
Single-Family Detached Homes**

	Homes Sold Q1/09	Homes Sold Q1/08	% Change	Avg. DOM* Q1/09	Avg. DOM Q1/08	Change 09/08 (Days)	Median Price** Q1/09	Median Price Q1/08	% Change
Bay Area	10,633	6,454	65	75	80	-5	\$670,882	\$849,484	-21

**First Quarter 2009 Housing Market Survey – Bay Area Counties
Single-Family Detached Homes**

City	Homes Sold Q1/09	Homes Sold Q1/08	% Change	Avg. DOM* Q1/09	Avg. DOM Q1/08	Change 09/08 (Days)	Median Price** Q1/09	Median Price Q1/08	% Change
Alameda	2,142	1,270	69	60	50	10	\$316,571	\$552,627	-43
Contra Costa	2,930	1,396	110	67	73	-6	\$261,253	\$500,455	-48
Marin	211	266	-21	110	93	17	\$827,464	\$1,175,028	-30
Napa	148	83	78	85	109	-24	\$335,000	\$475,000	-29
San Francisco	317	402	-21	62	42	20	\$827,421	\$1,056,306	-22
San Mateo	587	613	-4	62	65	-3	\$710,721	\$1,191,713	-40
Santa Clara	1,881	1,343	40	66	59	7	\$519,891	\$892,987	-42
Solano	1,399	483	190	70	107	-37	\$191,225	\$335,446	-43
Sonoma	1,018	598	70	91	123	-32	\$300,608	\$411,274	-27
Bay Area Total	10,633	6,454	65	75	80	-5	\$670,882	\$849,484	-21

* Days on market is the number of days a property was listed on the market until it went under contract at its final listing price. This may not reflect previous listings.

**The median home price for the entire county is the weighted mean of median home prices of cities within the San Francisco Bay Area.

Data are sourced from multiple listing services and are deemed reliable but not guaranteed. All percentages rounded to nearest whole number. Bay Area refers to sales within Alameda County, Contra Costa County, Marin County, Napa County, San Francisco County, San Mateo County, Santa Clara County, Solano County and Sonoma County.

Produced by the Prudential California Realty Research Division

About Prudential California Realty

Part of the tri-state affiliation owned by David Cobo and Ed Krafchow that includes Prudential California Realty and Prudential Nevada Realty, the organization cumulatively has more than 1700 agents and in 40 offices. Founded in 1887 as Mason-McDuffie Real Estate and transitioning to the Prudential name in 1997, Prudential California Realty (PCR) and its sister affiliation in Nevada are a leading innovator of real estate technology solutions to its agents and clients. Prudential CA/NV provides comprehensive real estate solutions when buying, selling and owning a home with more than 6,500 transactions and \$3 billion in annual sales for 2008. The company offers consumers full MLS access to home listings through its website www.PruRealty.com. Prudential California Realty is an independently owned and operated member of the Prudential Real Estate Affiliates.