

# San Francisco Chronicle

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## Bay Area homes sales up, prices flat

By Carolyn Said

As the real estate market continues bouncing along the bottom, the Bay Area saw more homes change hands in March compared with a year ago, while the median price stayed flat, according to a real estate report released Thursday.

"I think 2012 is the year where we'll find a rock-solid bottom to the market if current trends hold, such as a strengthening economy and no big surge in distressed properties," said Andrew LePage, an analyst with San Diego's DataQuick, which released the report. "In areas like Silicon Valley with strong job growth you could argue that we're past the bottom, but that's not true elsewhere. The data are still choppy; we'll know when the market really turns the corner if we have month after month of year-over-year price gains."

A total of 7,694 new and resale houses and condos sold in the nine-county region in March, up 9.1 percent from a year earlier, according to DataQuick. For existing single-family homes, the total was 5,376 sold, a 3.6 increase from the prior year.

For all homes, the median price, which closely reflects the mixture of homes sold (more high-end homes lead to a higher median, for instance), was \$358,000, a notch below \$360,000 in March 2011. For existing homes, the median was \$390,000, down 1.5 percent from a year earlier. The median has steadily declined compared with the prior year every month since October 2010, but DataQuick said last month's was the smallest decline so far.

### Drawing more sellers

What will the beginnings of a recovery look like?

"Once it's accepted that prices have bottomed and are rising modestly, we'll hit a period where lots of people will realize the market has strengthened and they'll put their homes up for sale," LePage said. "That increase in supply will limit any price pressures."

That scenario could play out in some Bay Area markets this year, he said.

But for now, sellers who can stay put remain on the sidelines, not wanting to sell their homes at a loss. Banks have slowed foreclosure practices in the wake of the robo-signing scandal, so fewer foreclosed homes are hitting the market.

The net result, real estate agents say, is that the supply of homes for sale is unusually low.

"Tight inventory is the story of the day," said Janice Spencer, a broker with Windermere Real Estate in Antioch. "Buyers are almost always up against competing offers."

The western side of Contra Costa County has a similar situation.

"For the first quarter of this year, our new listings (for sale) are off by 45 percent compared to last year," said Carylon Dopp of Security Pacific Real Estate, which has about 75 agents primarily in western Contra Costa County - Richmond, El Cerrito, Pinole and Hercules.

Tight inventory spurs buyer competition



Photo: Lea Suzuki, The Chronicle / SF

Renee (l to r) and Wyatt Sullivan, owners of Bella Casa Home Staging, make adjustments in a home that was staged by Bella Casa Home Staging on Thursday, April 19, 2012 in San Francisco, CA



Photo: Lea Suzuki, The Chronicle / SF

Wyatt Sullivan, co-owner of Bella Casa Home Staging, adjusts a mirror in a living room at a home staged by Bella Casa Home Staging.

and can drive up prices, but price increases "are still fairly fragile," Dopp said. "In some areas, prices are improving; in some they are not. I certainly think we must be at bottom."

Foreclosures and short sales - distressed properties that often sell at a discount - made up 44.3 percent of resales in March, DataQuick said. Foreclosures were about a quarter of the resale market, down from their peak of 52 percent in February 2009 but still much higher than the historic average of 10 percent of the market. Short sales, properties sold for less than is owed on the mortgage, were 19.4 percent of resales, up from 16.7 percent in March 2011.

Spencer said she sees banks taking two or three months to approve short sales, and notices that many fall in and out of contract due to the extended timeline.

"In some areas, the total pendings (properties in contract or in escrow) are four to five times the sales volume," she said. "That tells me that properties are going on the market, coming right off (because they're in contract) and then coming back on again" if the bank doesn't approve the short sale or the buyers give up.

Investors remained a potent force in the market. Absentee buyers accounted for 24.2 percent of Bay Area home sales in March, paying a median \$246,500. All-cash buyers (who overlap with absentee buyers) composed 29.4 percent of sales; they paid a median \$240,000.

### Cash buyers

"There is still a lot of competition from cash buyers and investors out here," Spencer



Photo: Lea Suzuki, The Chronicle / SF

A living room staged by Bella Casa Home Staging.

said. For instance, she said, she's working with mom-and-pop investors in contract for an Oakley four-bedroom house for between \$175,000 and \$200,000; they are waiting for the bank to approve their all-cash, short-sale offer. That property can rent for about \$2,000 a month.

Condos, the most affordable category of residences, had the strongest sales of any month since August 2006, DataQuick said. A total of 1,734 resale condos changed hands in March, up 14.3 percent from last year, and the median price rose 10.4 percent, to \$276,000.

As has often been the case with the Bay Area's varied real estate microclimates, some areas experience a different reality from others.

The market for high-end homes in San Francisco feels strong, with affluent buyers from tech companies out in force, agents said.

"In the 12 years we've been in business, I have never received as many calls for new business as we're receiving now," said Renee Sullivan, who owns San Francisco's Bella Casa Home Staging with her husband, Wyatt Sullivan. "We are staging a property a day, sometimes two a day."

Most of those are more than \$1 million, although some condos are in the \$600,000 to \$900,000 range, she said.

And they're turning around quickly. "From the day houses go on the market until the day they go into contract is a 10-day cycle now," she said.

But things aren't entirely like the boom days. Budgets shrink

"Sellers are still cautious with their budgeting," she said. "While the volume is high now, the budgets are much lower. What would have been a \$6,000 installation staging is now \$4,000. People are cutting back, doing partial staging. Instead of staging the entire four-bedroom house, maybe it's just the entryway, living room, dining room and master bedroom."

She's also seeing more sellers emerge.

"A few years ago, when the market went down fast, particularly around 2009 when it just plummeted, a lot of property owners leased out their homes because they couldn't get the values they wanted (in a sale). Now those leases are expiring and those homes are coming onto the market because their owners believe that prices have hit bottom and are coming back up."

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Photo: Lea Suzuki, The Chronicle / SF

Renee Sullivan, co-owner of Bella Casa Home Staging, turns off lights after make adjustments in a home that was staged by Bella Casa Home Staging in Eureka Valley.