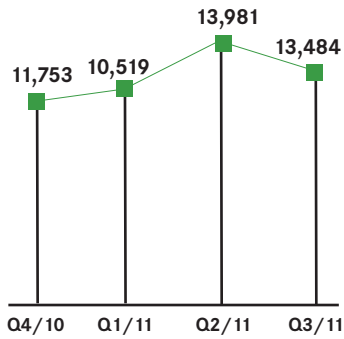


# Uncertainty, Low Inventory Stall Bay Region Home Sales

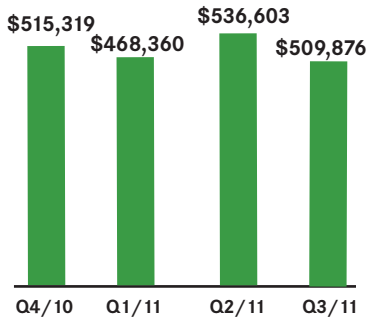
## 'Flat' Real Estate Market May Be "The New Normal"

THIRD QUARTER 2011

### Unit Sales



### Median Price\*\*



### BAY AREA

A lack of motivation in the face of troubling economic news combined with a tightening inventory of homes on the market put the brakes on both home sales and median home prices across the nine-county San Francisco Bay Area during the third quarter of 2011, according to an analysis of MLS data by the research division of Better Homes and Gardens Mason-McDuffie Real Estate.

During the third quarter – normally the peak homebuying season – 13,484 existing, single-family detached homes changed hands across the greater Bay Area, down 4 percent from 13,981 homes sold in the second quarter but up 4 percent from 12,953 homes sold during the third quarter of last year. Observers attributed the slower than usual level of home sales activity to concerns about the economy and a lack of inventory in most Bay Area communities and price ranges.

Sales of distressed properties at the lower end of the home price spectrum continued to put downward pressure on the median sales price of a home across the region. The median price of a home sold in the Bay Area during the third quarter fell 5 percent from \$536,603 in the second quarter to \$509,876, 6 percent lower than the \$542,907 median sales price recorded in the third quarter of 2010.

All nine Bay Area counties posted flat or slightly lower home sales and median sales prices on both a quarter-over-quarter and annualized basis. Contra Costa County recorded the greatest number of home sales for the quarter with 2,922, followed by Santa Clara County with 2,753 homes sold and Alameda County with 2,624. Compared with a year ago, home sales were up 11 percent in both Solano and Sonoma counties and 10 percent in Marin County, with the other six counties reporting flat or single-digit percentage increases.

At \$861,052, San Mateo County reported the quarter's highest median sales price, followed by San Francisco at \$833,372 and Marin County at \$832,088. Napa County reported a 16 percent year-over-year decline in its median sales price, followed by Contra Costa, San Francisco, Solano and Sonoma counties with annualized median sales prices that were 8 percent lower. Quarter-over-quarter median price declines were confined to the single digits across all nine counties.

Investors with cash continued to play a major role throughout the region, as reflected in the average number of days a home was on the market before receiving a contracted offer. Regionwide, homes spent an average of 63 days on the market, down from 65 days a year ago. Alameda set the pace with an average of 47 days, while homes sold in Napa County averaged a high of 93 days on the market.

San Francisco Bay Area homeowners and homebuyers seem to have adjusted to the notion that the region's real estate market is likely to be subject to modest ups and downs from month to month and quarter to quarter in response to economic news and other factors, including the inventory of homes for sale, the presence of distressed properties and a shortage of traditional home sellers. Looking ahead, while favorable home prices and low interest rates will continue to motivate homebuyers over the near term, all eyes will be on consumer confidence and employment measures. Motivated home sellers with equity may find they have a window of opportunity in communities where there are more buyers than there are move-in-quality properties available. Pricing to the market will continue to be a critical factor.

### BAY AREA YEAR-TO-YEAR MARKET COMPARISON

City	Homes Sold Q3/11	Homes Sold Q3/10	% Change	Avg DOM* Q3/11	Avg DOM* Q3/10	Change (days)	Median Price Q3/11	Median Price Q3/10	% Change
Alameda	2,624	2,518	4	47	38	9	\$420,748	\$437,954	-4
Contra Costa	2,922	2,868	2	52	51	1	\$373,899	\$405,477	-8
Marin	486	443	10	71	75	-4	\$832,088	\$884,203	-6
Napa	333	332	.3	93	37	-44	\$350,042	\$418,182	-16
San Francisco	593	577	3	53	50	3	\$833,372	\$910,419	-8
San Mateo	1,181	1,109	6	62	56	6	\$861,052	\$911,786	-6
Santa Clara	2,753	2,769	-1	48	47	1	\$702,903	\$725,124	-3
Solano	1,345	1,212	11	56	54	2	\$195,514	\$212,938	-8
Sonoma	1,247	1,125	11	84	73	11	\$352,075	\$382,668	-8
<b>Bay Area Total</b>	<b>13,484</b>	<b>12,953</b>	<b>4</b>	<b>63</b>	<b>65</b>	<b>-2</b>	<b>\$509,876</b>	<b>\$542,907</b>	<b>-6</b>

\* 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 Bay Area is the mean of median home prices of each of the nine Bay Area counties. Each county's median home price is the mean of median home prices of each of the cities within that county.

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.



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