

Napa Sets the Pace for Bay Area Home Sales

Distressed Properties Drive Increase in Transactions, Stable Prices

FIRST QUARTER 2011



NAPA COUNTY

Stable prices on distressed properties helped fuel a 9 percent year-over-year increase in closed sales of existing, single-family detached homes in the first quarter of 2011 as Napa County set the pace for a stronger-than-expected Bay Area real estate market, according to a report by the research division of The Wine Country Group by Better Homes and Gardens Real Estate based on an analysis of MLS data.

Countywide, 286 existing, single-family detached homes changed hands in Napa County during the first quarter, up 9 percent from 263 homes sale in the first quarter of 2010 and 4 percent higher than the 275 homes sold in the fourth quarter. The improvement in the number of sales is seen as further evidence that the residential real estate market is stabilizing across much of the Bay Area.

The City of Napa recorded 186 sales in the first quarter, up 4 percent from the previous period and a healthy 24 percent increase from 150 homes sold a year ago. American Canyon followed with 71 homes sold during the first quarter and likely would have achieved more sales but for a lack of inventory from which to choose – the primary reason for an 18 percent drop in sales from the year-ago period.

One reason for the overall improvement in sales was that homes spent fewer days on the market before a buyer's offer was accepted. In the most recent quarter, it took an average of 93 days from the time a home was

listed – 36 fewer days than a year ago, when it took an average of 129 days to sell a home. Average days on market in the first quarter ranged from a low of 32 days in Pope Valley to a high of 181 days in Yountville.

Despite the broad availability of value-priced short sale and bank-owned properties, the median price of a home sold in Napa County during the first quarter was \$354,232, up 7 percent from \$331,317 in the fourth quarter of 2010 but essentially unchanged from \$355,317 a year ago. Napa existing home prices were up 2 percent from the previous quarter to \$327,500, but that figure was down a modest 3 percent from \$339,250 in the first quarter of 2010. Median price increases in Angwin, Calistoga and Pope Valley, and declines in Rutherford and Yountville, generally can be attributed to a change in the mix of properties sold and should not be viewed as a sign of longer-term improvement or decline.

Looking ahead to the peak homebuying season, favorable interest rates and the continued availability of below-market short sale and bank-owned properties could draw additional buyers. As a result, distressed property sales should continue to account for more than half of all closed transactions. However, buyers who require financing to purchase a home will need to be patient and, in some cases, more aggressive as they compete against multiple (and all-cash) offers.

NAPA COUNTY YEAR-TO-YEAR MARKET COMPARISON

City	Homes Sold Q1/11	Homes Sold Q1/10	% Change	Avg DOM* Q1/11	Avg DOM* Q1/10	Change (days)	Median Price Q1/11	Median Price Q1/10	% Change
American Canyon	71	87	-18	68	59	9	\$324,000	\$305,000	6
Angwin	5	2	150	108	389	-281	\$457,980	\$380,000	21
Berryessa	-	-	-	-	-	-	-	-	-
Calistoga	6	5	20	72	91	-19	\$558,750	\$499,000	12
Circle Oaks	-	-	-	-	-	-	-	-	-
Deer Park	-	-	-	-	-	-	-	-	-
Gordon Valley	-	-	-	-	-	-	-	-	-
Napa	186	150	24	113	86	27	\$327,500	\$339,250	-3
Oakville	-	-	-	-	-	-	-	-	-
Pope Valley	1	2	-50	32	9	23	\$156,000	\$125,450	24
Rutherford	1	1	0	33	95	-62	\$775,000	\$1,390,000	-44
St. Helena	10	12	-17	136	173	-37	\$712,500	\$670,000	6
Yountville	6	4	50	181	130	51	\$615,500	\$772,500	-20

* 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 mean of median home prices of cities within Napa County. Data are sourced from multiple listing services and are deemed reliable but not guaranteed. All percentages rounded to nearest whole number.