

The Real Estate Report

LOCAL MARKET TRENDS



ALAMEDA COUNTY



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June/July 2009

Median Home Price Up 10.6% in May

The median price for single-family, re-sale homes rose from the month before for the third month in a row: up 10.6%. Year-over-year, the median price is down 27.9%. The average price gained 6.9% month-over-month, but was down 29.8% year-over-year.

Sales of single-family, re-sale homes rose 31% in May compared to the year before. This is the eleventh month in a row

home sales have been higher than the year before. Year-to-date, home sales are up 59.6%.

The chart on page four shows the percentage of homes sold in three market segments: under \$500,000, between \$500,000 and

\$1,000,000, and \$1,000,000 plus. The under \$500,000 segment of the market is the most active, accounting for 68.1% of all sales last month, down from a high of

78.5% in January. We're starting to see some traction in the move-up market. Sales in that segment, between \$500,000 and \$1,000,000, accounted for 27.7% of all sales in May, up from the low of 19.5% in January.

Condo sales were up 17.1% year-over-year. The median price for condos fell 3.5% compared to April, and was off 31.5% year-over-year.

Trends at a Glance (Single-family Homes)			
	May 09	Apr 09	May 08
Median Price:	\$375,000	\$339,000	\$520,000
Average Price:	\$433,929	\$405,853	\$618,224
Home Sales:	939	875	717
Sale/List Price Ratio:	98.6%	98.1%	98.2%
Days on Market:	59	57	49

The sales price to list price ratio, or the price paid for a home compared to the asking price, rose 0.5 of a point to 98.6%. The ratio for condos fell 0.5 of a point to 96.8%.

The real estate market is very hard to generalize. It is a market made up of many micro markets. For complete information on a particular neighborhood or property, call me.

INSIDE THIS ISSUE:

2009 FIRST-TIME HOME BUYER TAX CREDIT	1
MORTGAGE RATE OUTLOOK	2
CITY STATISTICS	2
PENDING HOME SALES UP THIRD MONTH IN A ROW	3
CONDO STATISTICS	3
PRICE & SALES CHART	4

The Basics: 2009 First-Time Home Buyer Tax Credit

As part of its plan to stimulate the U.S. housing market and address the economic challenges facing our nation, Congress has passed legislation that grants a tax credit of up to \$8,000 to first-time home buyers.

WHO QUALIFIES?

First-time home buyers who purchase homes between January 1, 2009 and December 1, 2009.

To qualify as a "first-time home buyer" the purchaser or his/her spouse may not have owned a residence during the three years prior to the purchase.

WHICH PROPERTIES ARE ELIGIBLE?

The 2009 First-Time Home Buyer Tax Credit may be applied to primary residences, including: single-family homes, condos, townhomes, and co-ops.

HOW MUCH WILL THE CREDIT BE?

The maximum allowable credit for home buyers is \$8,000. Each home buyer's tax credit is determined by two factors:

The price of the home—the credit is equal to 10% of the purchase price of the home, up to \$8,000.

The buyer's income—single buyers with incomes up to \$75,000 and married couples with incomes up to \$150,000—may receive the maximum tax credit.

IF THE BUYER(S)' INCOME EXCEEDS THESE LIMITS, CAN HE/SHE STILL GET A CREDIT?

Yes, some buyers may still be eligible for the credit.

The credit decreases for buyers who earn between \$75,000 and

\$95,000 for single buyers and between \$150,000 and \$170,000 for home buyers filing jointly. The amount of the tax credit decreases as his/her income approaches the maximum limit. Home buyers earning more than the maximum qualifying income—over \$95,000 for singles and over \$170,000 for couples are not eligible for the credit.

WILL THE TAX CREDIT NEED TO BE REPAID?

No. The buyer does not need to repay the tax credit, if he/she occupies the home for three years or more. However, if the property is sold during the three-year period, the credit will be recouped on the sale.

TAX CREDIT CAN BE USED ON CLOSING COSTS

FHA-approved lenders received the go-ahead to develop bridge-loan products that enable first-time buyers to use the benefits of the federal tax credit upfront, according to eagerly awaited guidance from the U.S. Department of Housing and Urban Development on so-called home buyer tax credit loans that was released today.

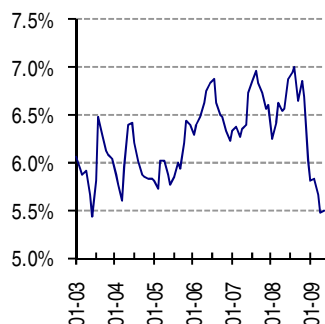
Under the guidance, FHA-approved lenders can develop bridge loans that home buyers can use to help cover their closing costs, buy down their interest rate, or put down more than the minimum 3.5 percent.

The loans can't be used to cover the minimum 3.5 percent, senior HUD officials told reporters on a conference call Friday morning.

The Real Estate Report

Mortgage Rate Outlook

30-Year Fixed Mortgage Rates



June 12, 2009 -- After rising for several weeks, and going over 4% for a time, the 10-year T-bill fell to 3.79% late Friday. That may not presage a huge fall in mortgage interest rates, but should be sufficient to stop and at least partially reverse the upward trend.

The strong flare in rates -- attributed to a number of concerns, from inflation potential, undisciplined fiscal policy, and a moderating recession -- serve as a reminder that even in this great period of government intrusion, private markets still retain considerable power.

For this week, HSH's overall measure of the cost of mortgage credit -- our Fixed-Rate Mortgage Indicator (FRMI), inclusive of conforming, jumbo and "high-limit" conforming data -- moved 22 basis point higher

to land at 6.04%, the highest such reading since November 28, 2008, the week when the Federal Reserve first began its programs to manipulate mortgage rates. For 5/1 Hybrid ARMs, the overall average moved 20 basis point upward, finishing the survey week at 5.44%.

Conforming and FHA-backed loans make up the majority of the marketplace. For those, the increase this week was 29 and 36 basis points respectively, with a zero-point 30-year Conforming loan averaging 5.80%.

The rise in rates has certainly put a damper on refinancing plans. According to the Mortgage Bankers Association of America, applications for refinancing have slumped sharply over the past couple of weeks. However, a low interest rate

is just one of the components of a successful home purchase transaction, and applications of purchase-money mortgages continues to firm slightly from very low levels. It's worth noting that the lift in rates may push more homeowners over into the "loan modification" camp, since payment relief can't be obtained by refinancing in the open marketplace.

If history is any guide, mortgage rates have overshot on the upside, just as they overshot on the downside. However, there are a lot of things which could produce further upset, including an inability of the private market to continue to absorb wave after wave of new Treasury debt coming into the market.

"THE RISE IN RATES HAS CERTAINLY PUT A DAMPER ON REFINANCING PLANS."

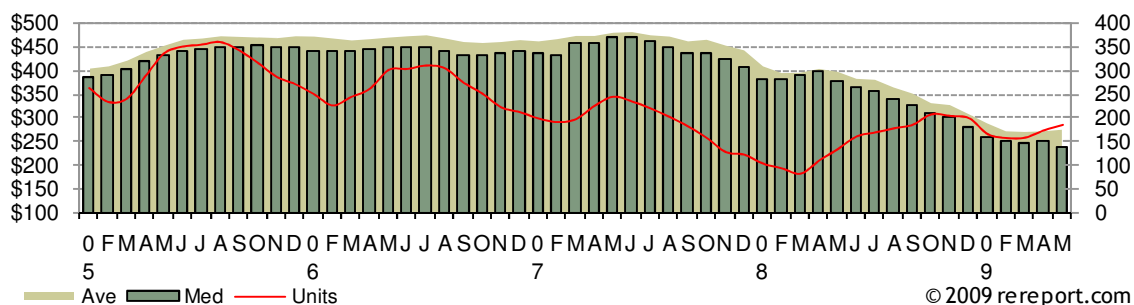
May Sales Statistics

(Single-family Homes)

County	Prices		Unit			Change from last year		
	Median	Average	Sales	DOM	SP/LP	Median	Average	Sales
Alameda	\$375,000	\$433,929	939	59	98.6%	2.1%	2.9%	-27.5%
Alameda	\$603,500	\$608,219	16	42	97.2%	-13.0%	-12.8%	-5.3%
Albany	\$661,500	\$608,833	3	19	100.7%	-9.0%	6.1%	120.0%
Berkeley	\$747,500	\$798,428	37	43	99.1%	-3.2%	1.0%	-43.6%
Castro Valley	\$472,500	\$506,735	34	78	99.8%	0.4%	-1.3%	-55.3%
Dublin	\$595,000	\$593,483	35	59	97.3%	-12.5%	-1.9%	-32.1%
Fremont	\$511,000	\$576,661	122	54	97.3%	0.8%	7.8%	-6.8%
Hayward	\$251,000	\$284,447	127	63	101.6%	-4.3%	-3.1%	-50.0%
Livermore	\$382,000	\$441,323	71	47	98.3%	2.4%	3.0%	-10.6%
Newark	\$376,415	\$372,199	31	70	99.3%	6.0%	3.4%	-47.8%
Oakland	\$150,000	\$287,269	267	66	99.7%	13.6%	6.2%	-32.3%
Piedmont	\$1,350,000	\$1,516,017	6	75	94.2%	-30.5%	-43.9%	160.0%
Pleasanton	\$717,500	\$844,941	48	59	95.6%	-0.6%	-2.1%	4.3%
San Leandro	\$330,000	\$351,829	69	43	99.4%	-9.0%	-13.2%	-42.1%
San Lorenzo	\$319,500	\$305,300	25	61	102.4%	-10.1%	-6.4%	-23.1%
Union City	\$412,500	\$432,212	48	58	99.7%	-9.0%	-5.7%	-32.6%

Alameda County Condos: Prices & Sales

(3-month moving average — \$000's)



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Pending Home Sales Up Third Month in a Row

Record low mortgage interest rates boosted pending home sales for the third consecutive month, with some benefit now from the first-time buyer tax credit, according to the National Association of Realtors®.

The Pending Home Sales Index, a forward-looking indicator based on contracts signed in April, rose 6.7 percent to 90.3 from a reading of 84.6 in March, and is 3.2 percent above April 2008 when it was 87.5.

Lawrence Yun, NAR chief economist, said buyers are responding to very favorable market conditions. "Housing affordability conditions have been at historic highs, but now the \$8,000 first-time buyer tax credit is beginning to impact the market," he said. "Since first-time

buyers must finalize their purchase by November 30 to get the credit, we expect greater activity in the months ahead, and that should spark more sales by repeat buyers."

The Pending Home Sales Index in the Northeast shot up 32.6 percent to 78.9 in April and is 0.8 percent above a year ago. In the Midwest the index rose 9.8 percent to 90.4 and is 11.1 percent above April 2008. The index in the South slipped 0.2 percent to 93.0 in April but is 3.5 percent higher than a year ago. In the West the index rose 1.8 percent to 94.8 but is 2.9 percent below April 2008.

NAR President Charles McMillan, a broker with Coldwell Banker Residential Brokerage in Dallas-Fort Worth, said there are

numerous buyer assistance programs around the country. "Some states are offering bridge loans that allow first-time buyers to use the tax credit for downpayment and closing costs, but there are many other local government and nonprofit programs available to buyers, depending on location," he said.

"Just last week, HUD announced that qualifying buyers can use the tax credit for closing costs on FHA loans, to buy down the interest rate or make a larger downpayment. Buyers who are wondering about their options should contact a Realtor®, who can advise consumers on the housing assistance programs and resources available in a given area."

NAR's Housing Affordability Index² is in record territory. The affordability index rose to 174.8 in April from an upwardly revised 171.9 in March, and was the second highest monthly reading on record after peaking at 176.9 in January of this year. The HAI is a broad measure of housing affordability using consistent values and assumptions over time, which examines the relationship between home prices, mortgage interest rates and family income; tracking began in 1970.

A median-income family, earning \$60,900, could afford a home costing \$296,800 in April with a 20 percent downpayment, assuming 25 percent of gross income is devoted to mortgage principal and interest. Affordability conditions for first-time buyers with the same income and small

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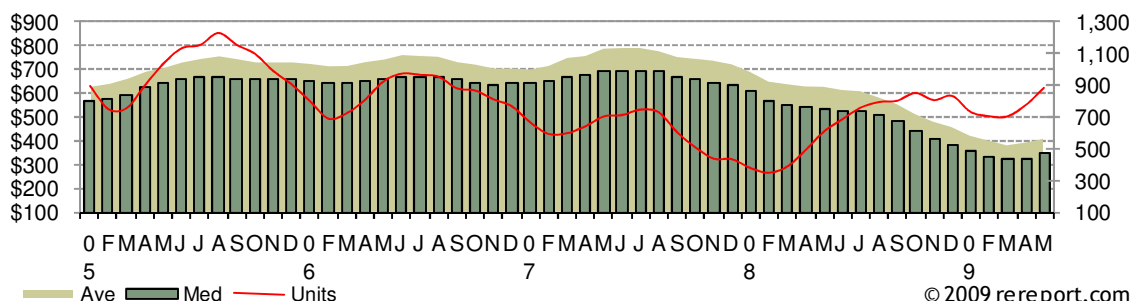
May Sales Statistics

(Condos/Town Homes)

County	Prices		Unit			Change from last year		
	Median	Average	Sales	DOM	SP/LP	Median	Average	Sales
Alameda	\$240,900	\$275,301	178	66	96.8%	-0.9%	0.0%	-0.8%
Alameda	\$424,000	\$412,444	9	37	97.5%	-3.1%	3.1%	90.0%
Albany	\$295,000	\$328,700	5	106	96.7%	8.6%	11.5%	33.3%
Berkeley	\$427,500	\$479,750	6	34	98.3%	-12.7%	-1.1%	-9.1%
Castro Valley	\$415,000	\$373,800	5	80	96.0%	-7.7%	3.7%	80.0%
Dublin	\$295,000	\$274,332	11	44	95.7%	-17.0%	-17.9%	25.0%
Emeryville	\$497,000	\$497,000	2	112	96.6%	7.2%	2.6%	28.6%
Fremont	\$233,500	\$289,733	30	66	96.5%	2.4%	6.7%	-3.7%
Hayward	\$170,000	\$183,220	35	77	98.2%	-7.8%	-9.9%	-40.0%
Livermore	\$229,500	\$262,250	8	111	93.0%	-12.0%	-13.5%	15.4%
Newark	\$169,375	\$160,938	4	84	87.2%	-4.8%	-4.9%	33.3%
Oakland	\$270,000	\$287,476	23	83	95.5%	-2.9%	-0.7%	12.5%
Pleasanton	\$355,833	\$343,389	12	38	98.1%	3.8%	-1.7%	38.5%
San Leandro	\$184,250	\$210,955	10	54	97.7%	14.3%	15.3%	-50.0%
Union City	\$216,000	\$234,705	16	45	100.0%	-9.3%	-1.6%	-40.0%

Alameda County Homes: Prices & Sales

(3-month moving average — \$000's)



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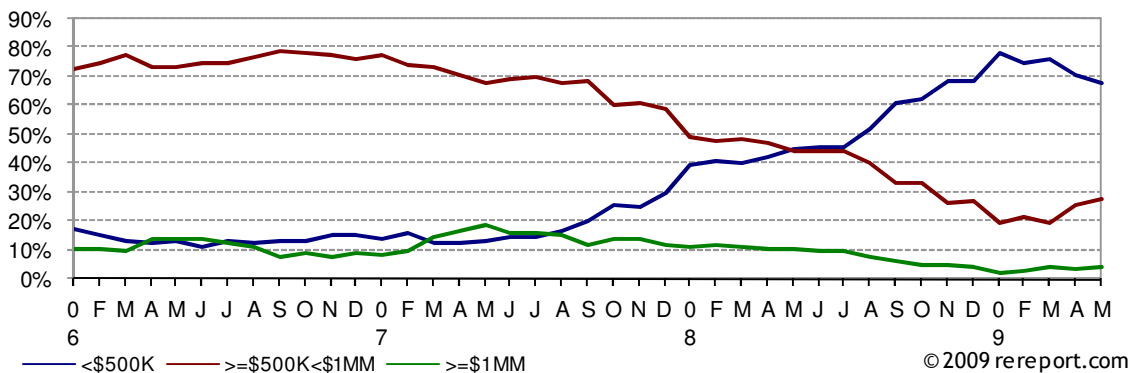
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Go online to see the full report
with the city by city breakdown:

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If your home is currently listed, this is not intended as a solicitation.

Alameda County Homes: Market Segment by percent of sales



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(Continued from page 3)

downpayments are roughly 80 percent of that amount. The affordable price was well above the median existing single-family home price in April, which was \$169,800.

Yun cautions that the reporting sample for pending home sales is smaller than that of existing-home sales, so it is subject to greater variability. "In addition, the

relationship between contracts on pending home sales and closings on existing-home sales is taking longer than in the past for several reasons," he said. "Mortgage processing time has increased, it is taking many months to close on those homes requiring short sales with lender approval, and some sales are falling through at the last moment."

The total number of existing-home sales is expected to improve but with dramatic local market variation in the timing of recovery. "The market has already bottomed in some areas, but this is an unusual housing cycle with some areas improving rapidly while others languish or decline," Yun said.