

# The Real Estate Report

LOCAL MARKET TRENDS



CONTRA COSTA COUNTY

May/June 2012

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## Contra Costa Market Bounces off Bottom

Low inventory and high demand are pushing the real estate market in Contra Costa County off the bottom quickly.

Multiple offers on the best properties continues to be the norm.

Low inventory is here to stay for the next year or two. We don't see that changing much in the near future for several reasons.

First, there is no new home building going on, which is necessary to relieve the pressure.

Second, many existing homeowners aren't going anywhere.

If they have good jobs here, where would they go?

Lastly, forget about phantom inventory. As of April, the banks owned 2,471 properties in the county. That number includes homes AND condos. In April there were 655 sales of homes AND condos. Even if the banks put all their inventory on the market, it's

less than four month's worth! Right now, there are less than two months worth of inventory on the market.

### APRIL STATISTICS

Sales of single-family, re-sale homes rose 12.8% from March, and were up 14.5% year-over-year.

The average price for homes rose 7.3% from March, and was up 9.8% year-over-year. The average price is at its highest level since July 2011.

Inventory continued to fall in April, dropping 46.8% year-over-year.

The market right now is all about momentum.

### SALES MOMENTUM...

for single-family, re-sale homes in Contra Costa County was up 2.1 points to 8.7. Sales momentum is a leading indicator. Pricing momentum will follow. (See chart below)

### PRICING MOMENTUM...

was up 2.1 points to -3.7.

### PENDING MOMENTUM...

was up 4.3 to +7.7.

### WE CALCULATE...

sales momentum by using a 12-month moving average to eliminate seasonality. By comparing this year's 12-month moving average to last year's, we get a percentage showing market momentum.

| Trends at a Glance<br>(Single-family Homes) |           |           |           |
|---|-----------|-----------|-----------|
|   | Apr 12    | Mar 12    | Apr 11    |
| Average Price:                              | \$678,941 | \$632,667 | \$618,110 |
| Home Sales:                                 | 442       | 392       | 386       |
| Pending Sales:                              | 571       | 614       | 424       |
| Inventory:                                  | 751       | 779       | 1,411     |
| Days of Inventory:                          | 53        | 62        | 110       |

pending sales of single-family, re-sale homes. The purple line shows momentum for the average price.

### CONDO STATISTICS...

The average sales price for re-sale condos was up 4.8% year-over-year.

Year-over-year, condo sales were up 3.9% with 213 condos sold in April.

Pending sales were up 6.1%.

Inventory was down 67.7% from last March.

This is an extraordinarily tough market for buyers. It's important to be calm and realistic. If you don't know what to do or where to begin, give me a call and let's discuss your situation and your options.

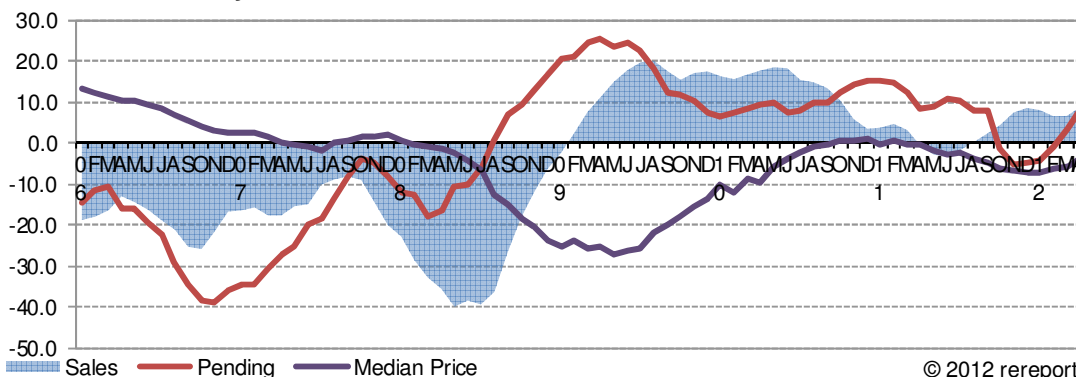
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### IN THE CHART BELOW...

the blue area shows momentum for home sales while the red line shows momentum for

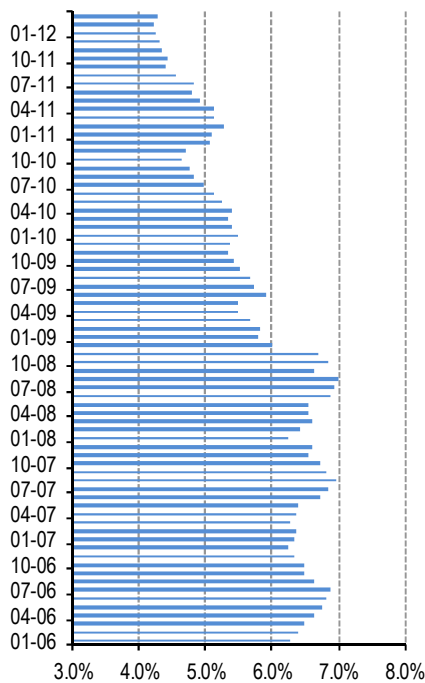
Contra Costa County Homes: Sales Momentum



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## Mortgage Rate Outlook

### 30-Year Fixed Mortgage Rates



May 4, 2012 -- Mortgage rates eased downward this week to again land at new record lows. After a hopeful late winter and early spring, the economic data began to point to a lower trajectory for growth, and that's where we find ourselves at the moment. Troubles in overseas economies continues to show, while inflation has leveled for the moment. These ingredients are the recipe for lower interest rates in general, as investors look for places to park cash away from uncertain stock markets. Once you mix in a Federal Reserve still accumulating long-term Treasuries and mortgages, you've got everything you need for rock-bottom mortgage rates.

It would be better if more borrowers could take advantage of them, though.

HSH.com's broad-market mortgage tracker -- our weekly Fixed-Rate Mortgage Indicator (FRMI) -- found that the overall average rate for 30-year fixed-rate mortgages eased by two basis points (0.02%) for the week, and at 4.15%, now stands at a new record low, the third record-setting week of 2012. The FRMI's 15-year companion also shed two basis points (.02%), slipping to a new record low of 3.39%. Important to homebuyers and low-equity-stake refiners, already-low FHA-backed 30-year mortgages dropped by another single basis point to 3.79%, a fresh low-water mark, while the overall average for 5/1 Hybrid ARMs was unchanged, holding at an average 2.97% for the survey period, its lowest level ever.

In a special question, the Fed asked lenders to compare their willingness to make a mortgage to borrowers in 2006 and 2012 using similar FICO and LTV standards. It what has been painfully obvious to even a casual observer of the mortgage market, lenders are much less willing to lend now compared to then. The reasons are widespread, but include trouble getting mortgage insurance for borrowers, the GSEs requiring buybacks on failed loans, unclear regulations, weak home prices and more. To a degree, all of these issues rely on the other to be solved, and given the thorny issues involved, it may be some time before that happens.

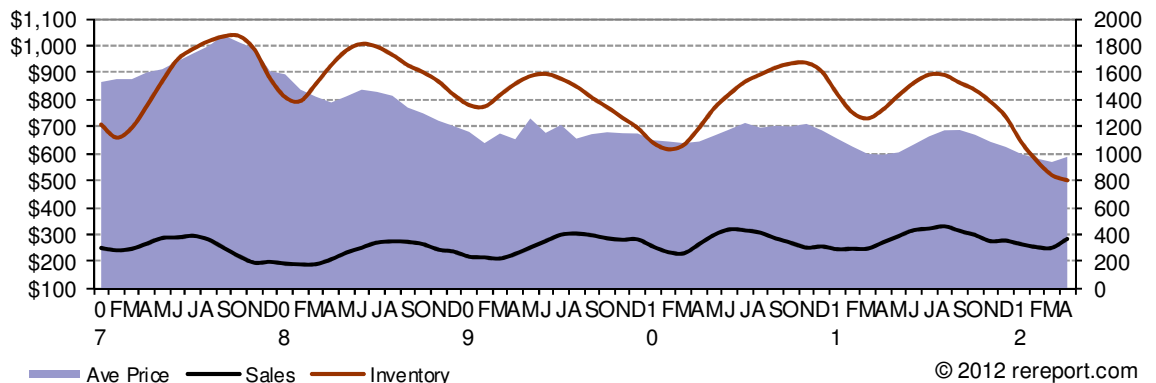
That's a shame, since making it somewhat easier to get a mortgage loan would tend to foster demand, firming home prices. If prices start to rise, losses on failed loans would slow, which might allow some leeway on buybacks. Fewer failing loans would see mortgage insurers in better fiscal straits, allowing them to ease rigid rules. If the market starts to function better all around, regulators might be less tempted to make drastic changes, and new regulations might come sooner rather than later, easing the anxiety of over-regulation which has hung over the market for several years now.

It goes without saying that a functioning housing market would revive the economy in a number of ways. Presently, it's not the only facet of the economy which isn't firing on all cylinders, but it is a sizable one.

## April Sales Statistics (Single-family Homes)

| County        | Average     |      |       |        | Change from last year |        |        |        | Change from last month |        |        |        |
|---------------|-------------|------|-------|--------|-----------------------|--------|--------|--------|------------------------|--------|--------|--------|
|               | Price       | Sold | Pend. | Inven. | Average               | Sold   | Pend.  | Inven. | Average                | Sold   | Pend.  | Inven. |
| Alamo         | \$678,941   | 442  | 571   | 751    | 9.8%                  | 14.5%  | 34.7%  | -46.8% | 7.3%                   | 12.8%  | -7.0%  | -3.6%  |
| Blackhawk     | \$1,235,482 | 25   | 21    | 54     | 2.3%                  | 127.3% | 10.5%  | -41.3% | 5.3%                   | 31.6%  | -22.2% | -20.6% |
| Clayton       | \$984,182   | 11   | 8     | 32     | -21.2%                | 22.2%  | -11.1% | -25.6% | -4.5%                  | -15.4% | -50.0% | 3.2%   |
| Concord       | \$485,039   | 12   | 19    | 28     | -14.9%                | -20.0% | 18.8%  | -37.8% | -0.3%                  | 33.3%  | 35.7%  | 40.0%  |
| Danville      | \$347,270   | 25   | 21    | 54     | 6.3%                  | -74.5% | -81.6% | -81.4% | 6.8%                   | 31.6%  | -22.2% | -20.6% |
| El Cerrito    | \$949,072   | 61   | 73    | 118    | 11.8%                 | 60.5%  | 28.1%  | -32.6% | 14.5%                  | 45.2%  | 23.7%  | 10.3%  |
| Kensington    | \$485,942   | 19   | n/a   | n/a    | -9.5%                 | 11.8%  | n/a    | n/a    | 41.3%                  | 11.8%  | n/a    | n/a    |
| Lafayette     | \$691,000   | 4    | n/a   | n/a    | -7.2%                 | 100.0% | n/a    | n/a    | -33.7%                 | 100.0% | n/a    | n/a    |
| Martinez      | \$1,004,339 | 29   | 32    | 64     | -5.0%                 | 38.1%  | 18.5%  | -20.0% | 10.1%                  | 7.4%   | -20.0% | 14.3%  |
| Moraga        | \$320,172   | 11   | 8     | 32     | 10.1%                 | -71.8% | -86.2% | -73.8% | 6.3%                   | -15.4% | -50.0% | 3.2%   |
| Orinda        | \$1,079,715 | 12   | 16    | 15     | 20.8%                 | 0.0%   | 33.3%  | -48.3% | 22.3%                  | -14.3% | 0.0%   | 87.5%  |
| Pleasant Hill | \$1,061,000 | 14   | 18    | 35     | 15.4%                 | 16.7%  | 0.0%   | -32.7% | 13.5%                  | -26.3% | -18.2% | 2.9%   |
| San Ramon     | \$436,835   | 35   | 39    | 35     | 9.7%                  | 75.0%  | 44.4%  | -52.7% | -1.6%                  | 52.2%  | -7.1%  | -27.1% |
| Walnut Creek  | \$718,483   | 68   | 91    | 101    | -1.7%                 | 19.3%  | 30.0%  | -35.3% | -6.3%                  | 30.8%  | -7.1%  | -8.2%  |
|               | \$673,920   | 46   | 67    | 69     | -6.1%                 | 48.4%  | 9.8%   | -45.2% | 2.8%                   | 39.4%  | 11.7%  | 19.0%  |

### Contra Costa County Homes: (3-month moving average — \$000's)



# The Real Estate Report

## Foreclosure Statistics

Notices of default, the first step in the foreclosure process, in Contra Costa County dropped 12% in April from March. Year-over-year, notices were down 15.4%, according to [ForeclosureRadar.com](http://ForeclosureRadar.com).

Notices of sale fell 21.3% from March. They were down 36.3% year-over-year.

After the filing of a Notice of Trustee Sale, there are only three possible outcomes. First, the sale can be cancelled for reasons that include a successful loan modification or short sale, a filing error, or a legal requirement to re-file the notice after extended postponements.

Alternatively, if the property is taken to sale, the bank will place the opening bid. If a third party, typically an investor, bids more than the bank's opening bid, the property will be sold to the third party; if not, it will go back to the bank and become part of that bank's REO inventory.

In April, cancellations were down 52.3% year-over-year.

Properties that went back to the bank decreased by 8.9% from March, and were down 63.5% year-over-year.

The total number of homes that have had a notice of default filed was down 21.6% compared to April 2011.

The total number of homes scheduled for sale decreased by 18.2%.

The total number of homes owned by the banks dropped 36.1% year-over-year.

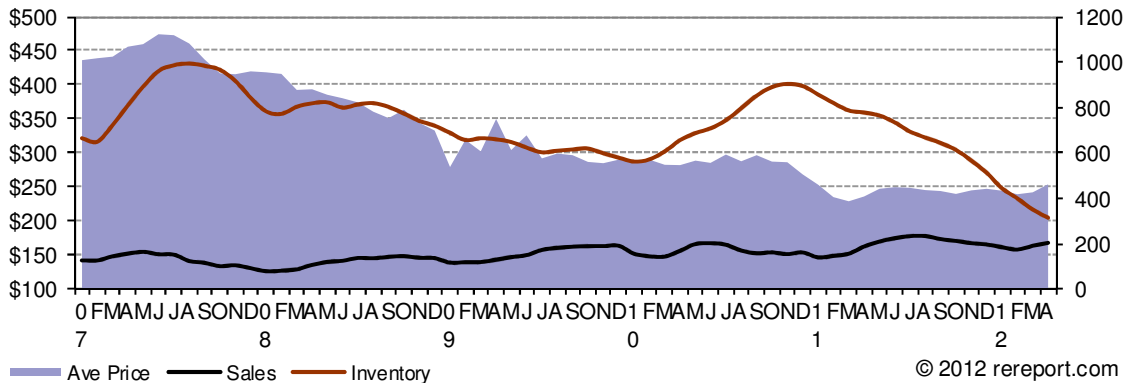
Banks currently own approximately 2,470 homes in Contra Costa County.

## April Sales Statistics

(Condos/Townhomes)

| County        | Average   |      |      |        | Change from last year |         |        |        | Change from last month |        |        |        |
|---------------|-----------|------|------|--------|-----------------------|---------|--------|--------|------------------------|--------|--------|--------|
|               | Price     | Sold | Pend | Inven. | Average               | Sold    | Pend.  | Inven. | Average                | Sold   | Pend.  | Inven. |
| County        | \$264,792 | 213  | 260  | 253    | 4.8%                  | 3.9%    | 6.1%   | -67.7% | 3.4%                   | -9.7%  | -18.0% | -16.5% |
| Clayton       | \$328,240 | 5    | 6    | 4      | n/a                   | n/a     | 50.0%  | -66.7% | 49.2%                  | 150.0% | 0.0%   | -20.0% |
| Concord       | \$112,464 | 0    | 1    | 1      | 1.9%                  | n/a     | -98.3% | -99.3% | 4.2%                   | n/a    | n/a    | 0.0%   |
| Danville      | \$325,662 | 18   | 26   | 28     | -14.3%                | -18.2%  | 52.9%  | -34.9% | -23.6%                 | -30.8% | -3.7%  | -20.0% |
| Martinez      | \$178,903 | 0    | 2    | 1      | 2.7%                  | n/a     | -91.7% | -98.4% | -4.5%                  | n/a    | n/a    | 0.0%   |
| Moraga        | \$239,625 | 4    | 5    | 6      | -24.7%                | -50.0%  | -16.7% | -62.5% | -28.2%                 | -20.0% | 150.0% | 50.0%  |
| Pleasant Hill | \$273,618 | 11   | 9    | 13     | 71.0%                 | 1000.0% | -35.7% | -63.9% | 12.6%                  | -15.4% | -50.0% | -13.3% |
| Rossmoor      | \$250,395 | 57   | 60   | 64     | -15.3%                | 46.2%   | 5.3%   | -57.9% | 3.8%                   | -3.4%  | 9.1%   | -9.9%  |
| San Ramon     | \$361,731 | 36   | 33   | 26     | 17.2%                 | 16.1%   | -26.7% | -71.1% | 14.8%                  | 12.5%  | -40.0% | -31.6% |
| Walnut Creek  | \$322,343 | 30   | 48   | 47     | 25.9%                 | -3.2%   | -15.8% | -63.3% | 14.0%                  | -26.8% | -7.7%  | -14.5% |

## Contra Costa County Condos: (3-month moving average — \$000's)



# THE REAL ESTATE REPORT

## CONTRA COSTA COUNTY

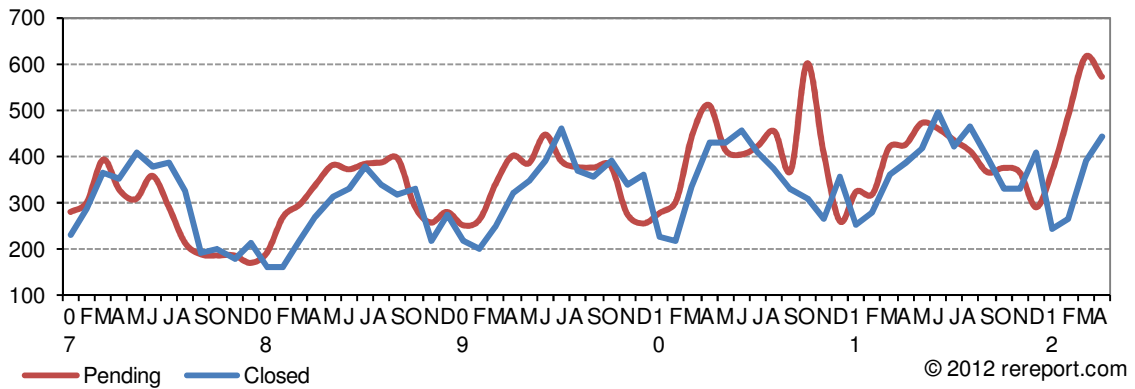
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Go online to see the full report  
with the city by city breakdown:

### Contra Costa County Homes: Pending & Closed Sales



### Contra Costa County Homes: Year-Over-Year Average Price Change (3-month moving average)

