

# San Francisco Chronicle

## Homes Slow, Median Price Falls in August

[Robert Selna, Chronicle Staff Writer](#)

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The number of homes sold in the Bay Area declined in August, and the median sales price fell by about \$33,000 compared with the previous month, as the bulk of transactions occurred in the lower price range, according to a real estate report released Thursday.

The 15 percent drop in the sales of existing homes corresponded with a thinner inventory of foreclosures on the market as lenders appear to be working with homeowners to modify mortgages or use alternatives like short sales to move distressed properties.

The median home price dip ended a four-month streak in which Bay Area home prices climbed, but the change may have less to do with perceived home values and more to do with the specific August home inventory, analysts say. The median price of an existing home in the nine-county Bay Area fell from \$408,250 to \$375,000 according to DataQuick, a San Diego research firm that crunched the numbers.

"Part of the midsummer pause in the market could have been caused by home shoppers becoming frustrated by market conditions they didn't anticipate," said Andrew LePage, an analyst with DataQuick. "In many areas there were fewer homes, especially cheap foreclosures, to choose from, a lot of talk of multiple offers and all-cash deals."

According to Realtors working in neighborhoods around the Bay Area, August saw a rash of prospective buyers seeking homes in the \$300,000 range and below.

Low interest rates, an \$8,000 federal government tax rebate for first-time home buyers and prices that are far lower than they were at the peak of the market a couple of years ago have made people think this may be the right time to buy.

"If you're trying to decide whether to rent or buy right now and you're looking at lower-priced homes, in a lot of instances you're better off buying," said Glen Bell, a real estate agent with Keller Williams in Berkeley. "Most of the activity has been in the lower range, but there's not a lot out there."

[Agent Janice Spencer of Windermere Signature Collection in Antioch works in east Contra Costa County, where foreclosure rates were high during the past year. Now, she said, she is seeing only a trickle of foreclosure sales.](#)

[Instead, Spencer has noticed an increase in short sales, in which the owner sells a home for less than the outstanding balance on the loan and the mortgage lender agrees to take less than what it is owed. A short sale often is undertaken to prevent a foreclosure.](#)

Mortgage bankers say that the Obama administration's \$75 billion foreclosure-prevention program, which was announced in the spring, may be gaining ground.

Under the plan, lenders grant at-risk borrowers reduced payments for a trial period and the government essentially provides matching funds to the lenders. After borrowers pay on schedule for three consecutive months, the lower payment is cemented for at least five years.

So far, 570,000 trial modifications have been offered nationwide and approximately 360,000 trial modifications are in place, the Treasury Department reported earlier this month.

"The Obama plan has taken some time to get going, but it's picking up steam," said Dustin Hobbs, spokesman for the California Mortgage Bankers Association.

Foreclosures have abated for now, reducing the inventory on the lower end of the market, but the high end did not see a bustling business in August either, LePage said.

Across the Bay Area, sales of existing single-family detached houses for more than \$500,000 fell to 34 percent of all existing-home sales in August, down from 36.2 percent in July and down from 44.7 percent in August 2008, according to DataQuick.

John Kelley has been looking for homes in Marin County in the \$600,000 range for a few years.

"The inventory is smaller than it was six months ago," Kelley said. "And many of the places I've seen need a lot of work."

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