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## California Market Watch, December 16, 2008

# Deep discounts boost Bay Area sales

**Bay Area existing home prices dropped 41% while sales jumped 39% as compared to October 2007.** According to the latest figures released by DataQuick Information Services, almost 45% of existing home sales were for homes that were foreclosed upon in the last twelve months. This is dramatically higher from a market share of 8% recorded one year earlier. If we remove the volume of foreclosed homes selling in the market, sales are actually down about 17% from one year ago. It is important to note, counties with the biggest price declines are generally those with largest proportion of number of foreclosures.

**The more affordable exterior markets are recording the highest increase in sales by providing the greatest discounts.** Contra Costa and Solano Counties are topping the charts with the most significant drop in prices. Contra Costa County captured 25% of Bay Area sales in October, but the county only accounted for 18% of the region's sales one year ago. Solano's market share also grew, but less drastically, from 6% last year to 10% this year. Steep discounts in the foreclosure market are driving sales as foreclosures account for 59% of Contra Costa's resales. The share of Contra Costa's foreclosures is only second to Solano County where 68% of resales were foreclosures. Comparatively, only 11% of San Francisco's resales were foreclosures and San Francisco's share of the region's sales dropped from 10% last year to 5% this year.

**Positive employment growth wards off foreclosures in San Francisco County.** The county saw a milder 12% decline in its median home price in part because only 11% of its sales were for distressed properties. This allows us to realize more of a true depreciation in price without the clouding of discounted REO bank properties tugging values further downward. However, without buyers perceiving a bargain in the marketplace, San Francisco County was the only area to see a decline in monthly sales volume.

County	Sales Volume			Foreclosure Resales	Median Resale Price		
	Oct. 2007	Oct. 2008	%		Oct. 2007	Oct. 2008	%
Alameda County	1,098	1,544	40.6%	41.1%	\$570,000	\$369,500	-35.2%
Contra Costa County	1,011	1,888	86.7%	58.9%	\$530,500	\$285,000	-46.3%
Marin County	216	220	1.9%	17.2%	\$875,000	\$599,750	-31.5%
Napa County	71	135	90.1%	45.6%	\$548,750	\$400,000	-27.1%
Santa Clara County	1,381	1,520	10.1%	36.4%	\$683,750	\$477,000	-30.2%
San Francisco County	526	414	-21.3%	10.6%	\$795,000	\$699,000	-12.1%
San Mateo County	512	530	3.5%	21.6%	\$775,000	\$605,000	-21.9%
Solano County	309	745	141.1%	68.0%	\$391,750	\$240,000	-38.7%
Sonoma County	362	617	70.4%	49.7%	\$473,000	\$330,000	-30.2%
<b>Bay Area</b>	<b>5,486</b>	<b>7,613</b>	<b>38.8%</b>	<b>44.8%</b>	<b>\$631,000</b>	<b>\$375,000</b>	<b>-40.6%</b>

SOURCE: DataQuick Information Systems.

NOTE: The price statistics are derived from all types of home sales -- new and existing, condos and single-family.

## About Meyers Builder Advisors

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