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Home Sales Rebound in Valley

Finally, a glimmer of good news for Silicon Valley home sellers: Home sales were up 30 percent last month compared with March.

That was the steepest March-to-April increase in almost two decades for the county, according to DataQuick Information Systems, and it came after several months of record-low sales figures.

“You’ve finally hit a price point that is attracting people back into the market,” said David Martz, an agent with Intero Real Estate. In San Jose’s Alum Rock neighborhood, for example, homes priced at \$350,000 or \$400,000 are selling, while in the Rose Garden neighborhood, a bargain could mean finding a home in the high \$600,000 range, he said. “There are some great deals available.”

But it’s not clear the rebound will last, cautioned DataQuick’s Andrew LePage, discussing the figures released Tuesday. “We don’t know how deep this demand is, even at the discounted prices.”

While the sales trend may be a ray of hope for home sellers, price trends are favoring buyers. The median price of the existing houses that changed hands in Santa Clara County last month was \$699,500, the company said. That was down 12.9 percent from \$803,000 in April 2007. The median price of condos sold in the county slid 13.5 percent from a year ago, to \$467,000.

A total of 1,440 new and resale houses and condos changed hands in Santa Clara County in April, up from 1,105 in March.

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“It was a pretty good pop,” LePage said. Despite the strong month-to-month showing, sales were down 28 percent from April 2007, making last month the second-slowest-selling April in DataQuick’s records, which go back to 1988. Only April 1995 had fewer sales, with 1,426. LePage agreed that bargain hunters are probably responsible for sending the monthly sales up so much from March to April.

“The overwhelming trend across the state is markets that have seen the biggest price declines are now posting some of the biggest sales increases,” he said.

In the nine-county Bay Area, for example, sales of existing single-family houses fell in most counties compared with April 2007, but rose 8 percent in Contra Costa and 5.3 percent in Solano, two counties in the region that have been hit hardest by foreclosures. Median house prices were down 38.4 percent in Contra Costa last month from April 2007, and down 24.9 percent in Solano.

DataQuick also reported that a quarter of all home sales in the Bay Area last month were of properties that had been foreclosed upon sometime in the past 12 months. In Santa Clara County, such sales made up 14.4 percent of transactions. San Francisco had the lowest portion of foreclosure resales among Bay Area counties, with 5.9 percent. Solano County was most affected; 54.2 percent of transactions there were foreclosure resales.

In those deals, the seller is typically the bank or financial institution that foreclosed on the previous owners. A bank, already taking a financial loss and eager to unload its ballooning foreclosure inventory, is likely to list its property at a lower price than the “regular” seller down the street, who may not be desperate to sell. When the bank-owned property sells, it sets a new benchmark for both institutional and “regular” sellers.

Martz said he is listing an East San Jose home that the owner tried to sell months ago for \$480,000. But perhaps 80 percent of the other homes for sale in the neighborhood are bank-owned properties or “short sales.” In short sales, owners must seek their lender’s approval to sell for less than they owe on their loans. Prices in this owner’s area are dropping. “He had to go down to \$350,000; that’s what the neighborhood is doing,” Martz said.



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While prices have come down hard in places plagued by foreclosures, such as the East Side and Gilroy, declines have been less steep across much of the county. And it's still a competitive hunt for homes in popular school districts like Cupertino, Saratoga, Los Altos and Palo Alto, with price declines barely an issue.

Peter Congistre spent about eight months looking at houses in Willow Glen, the Rose Garden and near Santa Clara University before signing a contract a few weeks ago to buy a three-bedroom house in the Rose Garden.

"The homes you find that look like a really good deal for a low price, they happen to be in not an ideal area - there's a business in back or it's backed up to a duplex or an apartment complex," he said. Prices for "a nice home in a nice area" have certainly come down from their peaks, he said, but if some people think they can pick up a great home for \$500,000, he said, it's "not in this area." One perk for buyers now, he added, is that "there are just a lot of places to look at out there. It's nice."

This week, there are nearly 7,500 houses and condominiums for sale in Santa Clara County, according to the local multiple listing service.

DataQuick said median prices for new homes in Santa Clara County dropped 24 percent last month from a year earlier, to \$505,000. The figure measures sale prices of both new houses and new condos, LePage said, and could have fallen that much based on a changing mix of homes sold.

Vickie Nyland, president of home builder Taylor Morrison's Bay Area division, said new home prices are definitely falling in the South Bay. "We have to move our inventory through," she said. For example, at one of the company's townhouse developments in San Jose, "We've got three-bedroom homes . . . in the \$450,000s," she said.

"A year ago we might not have had anything for sale in Santa Clara County under \$505,000," the median new-home price in April.

DataQuick said its data shows that foreclosure activity remains at record levels in the Bay Area and financing with adjustable-rate mortgages is at a six-year low. It said investors appear to be returning to the market, as non-owner occupied buying is increasing. Ice, a development in San Jose that "is a bit denser and has more stairs," describes Nyland, but is appealing to younger,

hip buyers, many of whom are making their first home purchase.

“It’s fun to see the excitement of these buyers. They are showing that they really trust us to help them through these new steps [towards home ownership].”

In some cases, according to Nyland, lenders with whom the builder works are giving seminars to help potential buyers understand the loan process, and sales reps for Taylor Morrison also educate buyers about homeowners’ associations and the requirements, dues and benefits of such associations.

Neighborhoods of townhomes and condos may be denser, but they are also more energy efficient and each has distinctive characteristics.

“I push us towards functionality,” she says, “It may be dense, but we have to provide good living spaces, with good flow and function that works. Architectural features change, colors change and attached projects’ are being designed for their sites and the ambience they can bring to a community. “We know how to do this really well,” notes Nyland with pride.

She continues that the home builder aims for great kitchen orientation, for example, stressing While prices have come down hard in places plagued by foreclosures, such as the East Side and Gilroy, declines have been less steep across much of the county. And it’s still a competitive hunt for homes in popular school districts like Cupertino, Saratoga, Los Altos and Palo Alto, with price declines barely an issue.

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