



MASON-McDUFFIE

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Favorable Prices Motivate Bay Area Homebuyers

Bargain-Hunters Undeterred by Wet Weather

Pleasanton, CA. July 21, 2011. Investors bearing cash and traditional homebuyers confident about their jobs took advantage of some of the most favorable home prices in years during the second quarter of 2011, sparking double-digit increases in the number of homes sold compared with the prior quarter in all nine San Francisco Bay Area counties, according to an analysis of MLS data by the research division of Better Homes and Gardens Mason-McDuffie Real Estate.

In the second quarter, 13,981 existing, single-family detached homes changed hands across the Bay Area, up 33 percent from 10,519 homes sold in the first quarter. Even so, that figure was down 8 percent from 15,246 homes sold in the second quarter of 2010, when homebuyers were motivated to complete a purchase by the impending expiration of federal and state tax incentives.

Absent that incentive this year, investors and homebuyers found motivation in some of the lowest home prices since 2003, when the Bay Area median price was \$550,000. For the second quarter of 2011, the median price of a home sold in the Bay Area was \$536,603, less than 1 percent higher than in the second quarter a year ago but 14 percent higher than in this year's first quarter, when the median price was \$468,360.

All nine Bay Area counties posted double-digit increases in the number of homes sold on a quarterly basis. However, all but two – Napa County and San Mateo County – recorded modest declines on an annualized basis. Santa Clara County tallied 3,090 homes sold (up 43% for the quarter), followed by Contra Costa County with 2,934 homes sold (+25% for the quarter)

and Alameda County with 2,697 homes sold (up 32% for the quarter). Closed sales were down by only a handful of transactions year over year in both San Francisco and Marin County.

Median sales prices were modestly higher in seven of the nine Bay Area counties compared with the first quarter but were slightly lower from the year-ago period in the same number of counties. Santa Clara County (+15% for the quarter; +3% for the year) and San Mateo County (+14 percent for the quarter; +3% for the year) were the only counties to experience increases over both periods. Napa County (-12% year over year; -1% for the quarter) and Solano County (-11% for the year; -1% for the quarter) were the only counties to register declines over both periods.

Aggressively priced homes continued to sell quickly. The average Bay Area home was on the market just 65 days before receiving a contracted offer, up slightly from 57 days a year ago. Among the nine Bay Area counties, San Francisco registered the shortest average time on the market at 44 days, while Napa County had the highest average at 112 days.

According to Pat Shea, President of Better Homes and Gardens Mason-McDuffie, “Looking ahead, the continued presence of large numbers of short sale properties should help maintain a favorable price environment for investors with cash, first-time homebuyers and current homeowners considering a lifestyle move.”

Buyers planning to finance a home purchase should be aware of a proposed reduction in the maximum loan amount eligible for Fannie Mae, Freddie Mac and FHA programs from \$729,500 in the seven urban Bay Area counties to \$625,500. (The Fannie Mae/Freddie Mac maximum is scheduled to decline to \$592,250 in Napa County, \$417,000 in Solano County and \$520,950 in Sonoma County. FHA loan maximums are scheduled to decline to \$592,250 in Napa County, \$400,200 in Solano County and \$520,950 in Sonoma County.) After September 30, mortgages that exceed these amounts will require a more expensive “jumbo” loan. Meanwhile, homeowners who may qualify to sell their home via short sale may wish to consult a tax professional to explore the tax ramifications of completing one before the end of 2012, when current tax rules governing short sales are set to expire.

**Second Quarter 2011 Housing Market Survey – Bay Area Counties
Single-Family Detached Homes**

	Homes Sold Q2/11	Homes Sold Q2/10	% Change	Avg. DOM Q2/11	Avg. DOM Q2/10	Change 11/10 (Days)	Median Price Q2/11	Median Price Q2/10	% Change
Bay Area	13,981	15,246	-8	65	57	8	\$536,603	\$535,526	.2

Second Quarter 2011 Housing Market Survey – Bay Area Counties

Single-Family Detached Homes

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Alameda	2,697	3,013	-10	46	38	8	\$425,418	\$446,292	-5
Contra Costa	2,934	3,406	-14	53	47	6	\$383,503	\$393,290	-2
Marin	522	536	-3	72	60	12	\$893,880	\$902,835	-1
Napa	350	336	4	112	93	19	\$351,466	\$397,976	-12
San Francisco	665	671	-1	44	51	-7	\$873,838	\$911,237	-4
San Mateo	1,197	1,180	1	60	52	8	\$924,188	\$896,954	3
Santa Clara	3,090	3,378	-8	51	48	3	\$732,277	\$710,011	3
Solano	1,367	1,496	-9	66	50	16	\$196,117	\$221,276	-11
Sonoma	1,159	1,230	-6	78	76	2	\$347,010	\$369,145	-6
Bay Area Total	13,981	15,246	-8	65	57	8	\$536,603	\$535,526	.2

* Days on market is the number of days a property was listed on the market until it went under contract at its final listing price. This may not reflect previous listings.

**The median home price for the entire Bay Area is the mean of median home prices of each of the nine Bay Area counties. Each county's median home price is the mean of median home prices of each of the cities within that county.

Data are sourced from multiple listing services and are deemed reliable but not guaranteed.

All percentages rounded to nearest whole number. Bay Area refers to sales within Alameda County, Contra Costa County, Marin County, Napa County, San Francisco County, San Mateo County, Santa Clara County, Solano County and Sonoma County.

About Better Homes and Gardens Mason-McDuffie Real Estate

Our heritage began with the founding of Mason-McDuffie Real Estate in 1887. In 2009, the company was named the 19th largest real estate services firm in the nation, and Number One in the San Francisco East Bay. The company provides comprehensive solutions to home buyers and sellers, and handled more than 7,300 transactions in 2010, generating \$2.9 billion in sales. Better Homes and Gardens Mason-McDuffie Real Estate is independently owned and operated and includes joint ventures with partners J F Finnegan Realtors, Highland Partners in Piedmont and Montclair, Wine Country Group in the north bay, and Tri-Valley Realty in Pleasanton-Hopyard and Ruby Hill. The organization is comprised of

more than 2,000 sales professionals in 40 offices. For more information, go to www.bhghome.com <<http://www.bhghome.com/>> .

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