



**MASON-McDUFFIE**

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## **Low Inventory Meets Increased Buyer Demand in the Bay Area.**

### **The Result? Multiple Offers, Whispers That Prices May Have Hit Bottom**

**Pleasanton, CA. April 23, 2012.** A severe shortage of homes available for purchase in all nine San Francisco Bay Area counties coincided with increased interest from homebuyers during the first quarter of 2012, sparking multiple offers and slightly higher home prices in some communities, according to an analysis of MLS data by the research division of Better Homes and Gardens Mason-McDuffie Real Estate.

In the Bay Area region, 11,397 existing, single-family detached homes changed hands during the first quarter, up 4 percent from 10,917 in the first quarter of 2011 but down 8 percent from 12,404 in the 4th quarter of last year. Total sales would have equaled or even surpassed last quarter's figures if not for the most significant shortage of homes available for sale in nearly a decade. As of the final day of the first quarter, 7,703 existing detached homes were listed for sale across the entire Bay Area, down a staggering 54 percent from 16,669 homes on the market on the same date a year ago. Observers attributed the decline to a dramatic slowdown in the number of bank-owned properties on the market.

Despite the severe shortage of inventory, homes continued to move at a brisk pace as homebuyers sought to take advantage of favorable home prices and interest rates. Bay Area homes were on the market an average of only 76 days before attracting an offer to purchase in the first quarter, up slightly from 74 days a year ago. Average days on the market ranged from a low of 53 days in Alameda County to a high of 112 days in Marin County

For the second consecutive quarter, Contra Costa County led the Bay Area region in the number of homes sold with 2,365, followed by Santa Clara County with 2,285 and Alameda County with 2,186. While all nine counties experienced a decline in home sales compared with the previous quarter, eight of the nine reported improved sales on an annualized basis. Among these counties, sales were up 18 percent in San Mateo, 17 percent in Sonoma, 12 percent in Solano, and 7 percent in both Marin and Napa counties.

The median home price of a Bay Area home fell slightly on both a quarterly and annualized basis. Regionwide, the median price declined from \$468,675 a year ago and \$485,411 in the previous quarter to \$464,878 in this year’s first quarter. Even so, the combination of low inventory and strong buyer interest resulted in multiple offers and slightly higher home prices in some areas. Napa County home prices improved by 5 percent quarter over quarter and by 7 percent year over year, while Sonoma County were up by less than 1 percent quarter over quarter, and San Francisco and Santa Clara County median prices were up year over year by 4 percent and 3 percent, respectively.

The combination of low inventory and strong homebuyer interest may be good news for some Bay Area homeowners with equity who have been waiting for prices to stabilize before putting their home on the market. Motivated sellers with well-maintained properties and upgrades, particularly those in price ranges where there are few competing homes for sale, will be most likely to draw interest from qualified homebuyers weary of visiting distressed properties. According to Keith Robinson, VP of Better Homes and Gardens Mason-McDuffie, “Pricing to the market will continue to be a critical factor. First-time homebuyers, meanwhile, should continue to experience strong competition from investors with cash, who may be more capable of bidding up prices.”

**First Quarter 2012 Housing Market Survey – Bay Area Counties**

**Single-Family Detached Homes**

	Homes Sold Q1/12	Homes Sold Q1/11	% Change	Avg. DOM Q1/12	Avg. DOM Q1/11	Change 12/11 (Days)	Median Price Q1/12	Median Price Q1/11	% Change
Bay Area	11,397	10,917	4	76	74	2	\$464,878	\$468,675	-1

**First Quarter 2012 Housing Market Survey – Bay Area Counties**

## Single-Family Detached Homes

City	Homes Sold Q1/12	Homes Sold Q1/11	% Change	Avg. DOM* Q1/12	Avg. DOM Q1/11	Change 12/11 (Days)	Median Price** Q1/12	Median Price** Q1/11	% Change
Alameda	2,186	2,155	1	53	55	-2	\$370,222	\$585,000	-10
Contra Costa	2,365	2,482	-5	61	63	-2	\$337,364	\$330,693	-5
Marin	398	371	7	112	124	-12	\$783,530	\$798,940	-2
Napa	311	291	7	92	93	-1	\$377,098	\$352,220	7
San Francisco	514	498	3	59	54	5	\$849,554	\$813,964	4
San Mateo	932	790	18	65	63	2	\$766,456	\$807,566	-5
Santa Clara	2,285	2,222	3	61	58	3	\$654,129	\$632,241	3
Solano	1,268	1,135	12	66	73	-7	\$186,720	\$200,035	-7
Sonoma	1,138	973	17	106	84	22	\$328,027	\$337,098	-3
Bay Area Total	11,397	10,917	4	76	74	2	\$464,878	\$468,675	-1

\* 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.

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### About Better Homes and Gardens Mason-McDuffie Real Estate

Our heritage began with the founding of Mason-McDuffie Real Estate in 1887. In 2010, the company was named the 17th largest real estate services firm in the nation (RIS Media), and Number One in the San Francisco East Bay (SF Business Times). The company provides comprehensive solutions to home buyers and sellers, and handled 7,790 transactions in 2011, generating \$2.94 billion in sales. [Better Homes and Gardens Mason-McDuffie Real Estate](#) is independently owned and operated and includes joint ventures with partners [Highland Partners](#) in Piedmont and Montclair, [Wine Country Group Realtors](#) in the North Bay, and Tri-Valley Realty in [Pleasanton-Hopyard](#) and [Ruby Hill](#). The organization is comprised of more than 1,400 sales professionals in 29 offices. For more information, go to [www.bhghome.com](http://www.bhghome.com)

