



First Quarter Sales Trends ~ Are We In Recovery?

It seems no matter where we go, the number one question on people's minds is, "What's happening in the real estate market?" We ask ourselves that same question on a daily basis, so we want to share our thoughts and analysis.

Clearly San Francisco's East Bay has many different micro markets and the question can't be addressed with one answer. As local, experienced real estate professionals, we form pretty strong opinions as to strengths or weaknesses of the market within various cities and neighborhoods.

With the first quarter of 2010 just complete, we started digging into the data. A pattern has emerged in terms of market performance at different price points. Since we tend to cover a wide area from Oakland in the south to El Cerrito and northward, we decided to take an in-depth look at two representative communities: Berkeley and El Cerrito.

Our analysis looked at four major price points as shown in the table below. We compared the first quarter, Q1, of 2010 with the last quarter, Q4, of 2009, as well as comparing the Q1 of 2010 with the Q1 of 2009. Typically sales volume is highest in the 2nd and 3rd quarters followed by the 4th with the 1st quarter being the lowest. Thus, we don't let the Q1 to Q4 sales volume comparison throw us.

Like any statistical analysis, there is potential for many interpretations. Here's our view:

| Price Brackets | Median Home Price | | | | | Sales Volume | | | | |
|------------------------|-------------------------|----------------------|-------------------------------|--------------------------|----------------------------------|-------------------------|----------------------|-------------------------------|--------------------------|----------------------------------|
| | Current Quarter Q1 2010 | Last Quarter Q4 2009 | Same Quarter Year Ago Q1 2009 | Change from Last Quarter | Change from 1st Quarter Year Ago | Current Quarter Q1 2010 | Last Quarter Q4 2009 | Same Quarter Year Ago Q1 2009 | Change from Last Quarter | Change from 1st Quarter Year Ago |
| Berkeley | | | | | | | | | | |
| Sales up to \$500k | \$407,000 | \$371,000 | \$385,000 | 9% | 5% | 23 | 20 | 21 | 13% | 9% |
| Sales \$500k to \$750k | \$613,000 | \$600,000 | \$620,000 | 2% | -1% | 19 | 50 | 10 | -163% | 47% |
| Sales \$750k to \$1m | \$877,000 | \$880,000 | \$844,000 | 0% | 4% | 15 | 24 | 15 | -60% | 0% |
| Sales over \$1million | \$1,183,000 | \$1,135,000 | \$1,250,000 | 4% | -6% | 7 | 21 | 5 | -200% | 29% |
| El Cerrito | | | | | | | | | | |
| Sales up to \$500k | \$416,000 | \$428,000 | \$425,000 | -3% | -2% | 8 | 17 | 11 | -113% | -38% |
| Sales \$500k to \$750k | \$598,000 | \$580,000 | \$569,000 | 3% | 5% | 14 | 27 | 9 | -93% | 36% |
| Sales \$750k to \$1m | \$885,000 | \$818,000 | \$805,000 | 8% | 9% | 1 | 4 | 3 | -300% | -200% |
| Sales over \$1million | \$1,100,000 | \$1,060,000 | none | 4% | n/a | 1 | 1 | 0 | 0% | 100% |

Source: EBRDI ~ Data deemed reliable but not guaranteed

Berkeley: For the most part, the median price trend from the fourth quarter of 2009 through the first quarter shows positive gains at almost all price points. When examining the first quarter of 2009 with the same in 2010, we see that the medium prices, between \$500k to \$750k, and over \$1 million are lagging. We believe two primary factors are at work. The lower priced properties are seeing significant sales activity while the three higher price brackets are way down in volume. Part of the volume decrease is because we have two quite different seasons which affect activity. The highest prices have almost insignificant volume to get a fair comparison as sellers have been holding onto their homes because of financing difficulties.

El Cerrito: With the exception of the over \$1 million sales which are virtually non-existent, there is clearly price growth as represented in the bulk of the sales between \$500k and up to \$1 million. This is true in spite of large differences in sales volume. El Cerrito appears to be a good microcosm for other surrounding communities.

With mortgage rates continuing to hold at historic lows, the economy showing evidence of stabilizing and with buyers willing to step off the sidelines, it is not surprising for us to see these encouraging trends. Like everything associated with buying and selling real estate, timing and location play an important role. To discuss your individual circumstances or questions, please call.

