

Real Estate in Lamorinda: A Healthy Stabilization

By Sophie Braccini

To the many families who have sold their houses for over asking price with multiple offers, the news that the average price of homes is decreasing in Contra Costa County brings a smile. For others, whose houses sat on the market for 5 months and were sold 20% below asking price, this is a reality. What is really going on in our little neck of the woods?

First, we have to realize that Contra Costa statistics are not Lamorinda statistics. In April, there are 855 homes for sale in Antioch, 395 in Concord and 529 in Pittsburgh, while Lafayette lists 69, Moraga 19 and Orinda 43. So in Contra Costa statistics, Lamorinda is not very influential, nor is it well portrayed.

What are the figures for our area then? In 2004 and 2005, we saw a double digit price increase. A 21% yearly growth certainly isn't sustainable in the long term. Between 2005 and 2006, prices started to calm down. Orinda grew by 8%, Lafayette 7% and Moraga stayed the same. Keith Katzman, who compiled the figures (from the multiple listing service) for all single family homes sold in Moraga in 2005 and 2006, says the price per square foot has risen between 2005 and 2006 by an average of 2.4%. At the same time the number of homes sold below the asking price rose. The market was still anticipating a price increase.

So we have a lot of activity, some homes sold over the asking price and some not doing so well, and an over whole stabilization. But what is the difference to buyers between a good house and a not so good one? Of course, "location, location, location..." but a well organized floor plan, good quality finishes, orientation, sunlight and square footage are all very important in what makes a house appealing. Pricing too high will hurt as well, not generating enough offers and leading to price reductions.

But at the end of the day, we all ask the same questions: Is it a good time to sell? Is it a good time to buy? According to Ben Olsen, if you are planning to move to Rossmoor this is a very good time, because as prices are stable here but they have gone down by 35% over there. Sellers have to be aware though that there has been a shift in the relative powers of the actors on this market. Buyers take their time, and they bargain.

If you want to buy today you are in a good position. The inventory is not too high in our area, but there are



choices. Interest rates are still low. Tammy Cryer from the Home Loan Group reminds us that you can get a loan for 6 ¼ % today when on the long term, the average 30 fixed rate is 8%. In talking to Cryer and other loan consultants, it is clear that the level of debt in our area is quite high. They confirm that a 55% rate of debt to gross income is deemed acceptable, provided a stellar credit score and a substantial income.

So we still enjoy an active and healthy real estate market in an otherwise depressed area. What sets us apart from the rest of Contra Costa? First, it's our relative affluence. Look at Marin County and the Peninsula -- there too, no sagging in real estate prices. People there, like here, upgrade in the same neighborhood. But we need to keep attracting young families and for them, the key is our schools. Lamorinda real estate agents tacitly acknowledge, through their involvement with LASF, MEF and EFO, that the value of our homes is tied to the quality of our schools.

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