

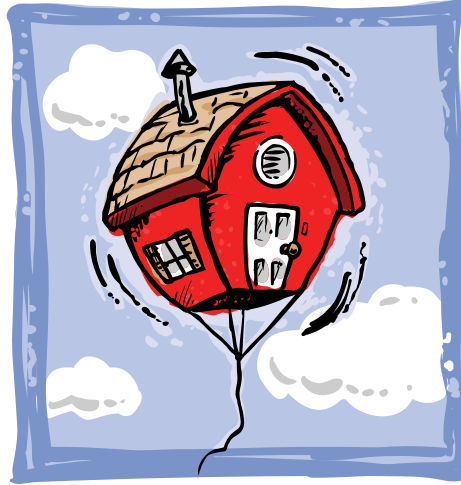
# “Mr. Housing Bubble?” - What’s in Real Estate’s future?

By Mark Shaw

What defines a “bubble?” Some say an 80% decline. If you’re waiting for a \$1M home to fire sale at \$200K, don’t hold your breath.

The media often paints a much bleaker Real Estate picture than is really the case. Why? It sells newspapers. First of all, there is no national real estate market. We know that there are “pockets” of Real Estate within every community. Values are based on many factors – schools, proximity to employment, quality of life and climate. As you will see, even in our own community, values are all over the board.

Let’s look at some local statistics provided by DataQuick:



May 2008 vs. May 2007 (median price of resale houses)			
Community	May 2007 sq. ft	May 2008 sq. ft	Pct. Chg
Alamo	\$536	\$472	-11.9%
Antioch 94509	\$282	\$143	-49.3%
Antioch 94531	\$258	\$152	-41.0%
Clayton	\$334	\$289	-13.5%
Concord 94518	\$374	\$286	-23.6%
Danville 94506	\$418	\$386	- 7.6%
El Cerrito	\$480	\$538	12.2%
Lafayette	\$557	\$531	- 4.7%
Martinez	\$372	\$310	-16.6%
Moraga	\$514	\$510	- 0.8%
Oakley	\$298	\$147	-50.5%
Orinda	\$522	\$597	14.3%
Pleasant Hill	\$459	\$367	-20.1%
Richmond 94801	\$427	\$210	-50.7%
San Ramon 94582	\$399	\$345	-13.5%
Walnut Creek 94596	\$487	\$490	0.8%

## The Positive Power of Zero

In 1906, the average home price in the US was \$200.

By 1936, it jumped to \$2000.

In 1966, a home cost \$20,000.

By 1996, the same house was valued at approximately \$200,000.

What will home values be in 2026? Who knows.

Real Estate will always be a good investment...in the best of times or in the worst.

Between 1996-2005, San Francisco’s Real Estate values increased by 89%. Values in desirable urban areas tend to be the first to accelerate in value during increasing markets and the last to be affected in declining markets.

If we could peer into the future, we may see growth markets such as San Francisco, bouncing back by 2009. Softer markets such as Pleasant Hill, Concord & Martinez experiencing their stabilization by 2010. Declining markets may take longer, perhaps 2013 and cities like Fairfield and Vallejo to come back in 2015. Finally, severely declining markets, such as Las Vegas, Miami & Modesto CA will probably rebound by 2015.



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