

# Lack of Supply Affects Home Sales

By Conrad Bassett, CRP, GMS-T

The second quarter of 2016 had some moderation with a decrease in closed sale activity on the residential side of Lamorinda real estate, with supply continuing to be low, pending sales down slightly and with the average sales price remaining high in Lafayette, Moraga and Orinda.

The decrease in sales can be attributed to the lack of supply. Here are statistics from the Contra Costa Association of Realtors for April 1 through June 30:

## Lafayette

| Homes Closed Q2 2016         | Sale Prices              | Ave. Price: | Ave. Days on Market |
|------------------------------|--------------------------|-------------|---------------------|
| 2016: 89 single family homes | \$825,000 to \$3,700,000 | \$1,548,262 | 19                  |
| 2015: 128                    |                          | \$1,670,209 | 19                  |
| 2014: N/A                    |                          | \$1,396,941 | 19                  |

The lower average price this year is likely a function of the smaller sample and more lower priced homes selling. Previous second quarter averages were \$1,226,216 for 2013 and 2012 when it was \$1,053,173.

## Moraga

| Homes Closed Q2 2016 | Sale Prices              | Ave. Price: | Ave. Days on Market |
|----------------------|--------------------------|-------------|---------------------|
| 2016: 42             | \$775,000 to \$2,125,000 | \$1,316,655 | 31                  |
| 2015: 40             |                          | \$1,368,425 | 13                  |
| 2014: 43             |                          | \$1,301,236 | 17                  |

The average prices are up from \$1,144,668 in 2013 and from \$983,785 in 2012. The average marketing time was up too. It was 17 days in the second quarter of 2014 and it was 18 days in the same period in 2013.

## Orinda

| Homes Closed Q2 2016 | Sale Prices              | Ave. Price: | Ave. Days on Market |
|----------------------|--------------------------|-------------|---------------------|
| 2016: 74             | \$758,000 to \$4,650,000 | \$1,584,174 | 15                  |
| 2015: 86             |                          | \$1,532,761 | 19                  |
| 2014: 80             |                          | \$1,434,930 | 23                  |

In the quarter ending June 30, on an average price per square foot basis, Lafayette detached single-family homes sold at \$598 per square foot, a slight rise from the \$594 a year ago. It was \$537 per square foot in the second quarter of 2014 and \$495 per square foot in that same time in 2013. Moraga homes sold for \$566 and Orinda was at \$600.49. In 2015, in the same calendar quarter, these amounts were \$538 and \$558 respectively.

In Lafayette, the average sales price was 102.7 percent of the final asking price. In Moraga it was 102.8 percent and in Orinda it was 103.2 percent.

In the condominium/townhome category, Lafayette had two resale closings at \$525,000 and \$590,000, Moraga had 24 ranging from \$359,950 to \$1,085,000 and Orinda had none.

As of July 8, there were 71 homes under contract in the MLS in the three communities combined with asking prices of \$435,000 to \$3.6 million. A year ago there were 85 homes under contract per the MLS in the three communities combined with asking prices of \$239,000 to \$6.5 million. It should be pointed out that there are no "potential short sales" that are currently pending and subject to lender approval. At this same time a year ago there was one. There are no pending REO (bank owned) sales.

This is due to property values continuing to increase versus three years ago and many of those sellers are no longer "under water" or have been able to refinance their homes and are no longer at the point of foreclosure.

Inventory, however, remains low. There are 107 properties on the market and a year ago there were 110 available properties in the three communities combined. Two years ago there were 126. This is quite a change from July, 2011 when the inventory was at 219 homes.

There are only 44 properties on the market in Lafayette — about the same as the 49 at this same time a year ago. Asking prices in Lafayette currently range from \$659,000 to \$5.6 million. In Moraga, buyers have their choice of only 18 homes or condominiums listed between \$649,000 and \$3.3 million. A year ago at this time there were 21.

In Orinda there are 45, about the same as the 40 on the market at the same time a year ago. The list price range from \$899,500 to \$22.5 million.

There are no bank-owned or short sales currently in the MLS available in any of the three communities.

At the high end, 25 homes sold above \$2 million in the three communities combined. A year ago there were 42. There are 47 currently available above this amount in the three communities combined.

Interest rates continue to be at very attractive levels and many corporations have expanded their businesses and continue to relocate families both into and out of the area.

Lastly, it is important to look at what homes are selling for versus their list prices. Often homes come on the market at unrealistic prices, and they do not sell, but in the second quarter of this year many homes have had multiple offers and have sold at or above the list price.

We are also seeing many buyers having to make offers without the traditional contingencies of obtaining financing or having a home appraisal or even having the home inspected. Many sellers are now opting to obtain pre-sale inspections in order to understand the condition of their homes and to also prevent a buyer from trying to renegotiate a lower price or repairs.

Of the 89 single family sales that closed in Lafayette in the second quarter of 2015, 61 sold at or above the final list price.

In Moraga, 28 of the 42 sales were at or above the asking price and in Orinda, 58 of the 74 sold at or above the final listing price.