

# The Real Estate Quarter in Review

**By Conrad Bassett, CRP, GMS-T**

The third quarter of 2022, as expected, started to show a significant slowing of activity on the residential side of Lamorinda real estate. This is mostly a result of the increase in mortgage rates over the last several weeks. Supply remains relatively low but the demand has slowed.

Per Contra Costa Association of Realtors statistics reported from July 1 through Sept. 30, 85 single-family homes closed in Lafayette which was a decrease from the 120 that closed in the third quarter of 2021. In this quarter of 2020, 136 homes closed. Sales prices ranged from \$655,000 to \$8.81 million. The average number of days on market was 17 versus 12 for the same period in 2021. The average sales price was \$2,273,646, an increase from a year ago when it was \$2,067,747. In this same quarter in 2020 it was \$1,972,380.

In Moraga, the number of single-family closings was 25 – a big drop from the 53 in 3Q2021. Prices ranged from \$1.35 million to \$3.615 million. The average sales price was \$1,890,272 which was a year over year drop from \$1,993,792. In 2020 it was \$1,588,132 in the year ago three-month period. The average marketing time was 18 days, up from 9 days a year ago.

In Orinda, the number of single-family closings was 56 – essentially half as many as the 111 in 3Q2021. Sales prices ranged from \$1.06 million to \$4.995 million with an average price of \$2,243,571, continuing to rise from the \$2,147,497 in the same quarter a year ago. It was \$1,900,069 in 3Q2020. It took an average of 19 days to expose a home to the market this last quarter. One year ago, it took 12 days.

In the third quarter of this year, on an average price per square foot basis, Lafayette detached single-family homes sold at \$897.11. This is an increase from the \$846.43 price per square foot a year ago. Moraga homes sold for \$817.63 up from the summer period a year ago when it was \$768.43. In

Orinda it was \$781.02 – a decrease from the \$823.39 a year ago.

The biggest change came in the area of list price versus sales price. In Lafayette, the average sales price was right at 107.2% of the final asking price in this quarter of 2021. This year it was just below 100%! In Moraga, it was 107.1% of asking last year and this year it was 99.9%, and in Orinda it was just over 109.6% a year ago versus 102.7% this last quarter.

This is likely a factor of sellers realizing that they needed to be more realistic in pricing and buyers understanding that there were fewer buyers to compete with so they were not as aggressive in their offers.

On the Oakland/Berkeley side of the hills, agents have still been asking far below the market value of homes in order to generate the multiple offers and the sales prices well above asking. Often this has failed to work so they raise the asking price and call the list price “Transparent.” This phenomenon (sometimes known as “Teaser Pricing”) has started to slow down in Lamorinda.

In Lafayette, 45 of the 85 sales sold at the final list price or above – a year ago it was 103 of 120. In Moraga, 15 of the 25 sold at or above asking. A year ago, 44 of the 53 sold at or above asking and in Orinda it was 35 of 56, versus 94 of 111 in the third quarter of 2021.

In the condominium/town home category, Lafayette had eight resale closings. They were priced from \$761,000 to \$2.6 million. Moraga had 15, down from 28 a year ago. Sales prices ranged from \$490,000 to \$2.1 million. Orinda had one sale on Raven Hill at \$1.65 million.

As of Oct. 7, there were 56 pending sales in the three communities combined. A year ago, there were 91 pending sales per the MLS. The asking prices for the pending single family detached homes range from \$550,000 to \$5.6 million. It should be pointed out that there are no “Potential Short Sales” or foreclosures that are currently pending, although this trend may change.

It is interesting to note that of the 56

pending sales in the area, seven received acceptable offers in the first six days of October. That is an average of about one per day. Usually many of the sales are completed prior to the start of school. Depending upon how many of the homes are being purchased by families with children who are new to Lamorinda, it may impact certain grades at the elementary level.

Inventory, however, is steadily increasing. When looking at the available homes in Lafayette there are 57 homes on the market as of Oct. 6 and there were 28 at this time one year ago.

In Moraga buyers have their choice of only 18 properties, consistent with the 19 properties a year ago.

Orinda inventory has increased to 45 currently available from 20 one year ago.

Current asking prices range from \$399,000 for a condominium in Moraga to \$9.995 million for a Lafayette property.

At the high end, 22 homes closed above \$3 million in the three communities combined during the quarter – down from 30 one year ago. There are 25 currently available above this amount – a year ago there were 11.

The increase in interest rates that were at historical lows have forced some people out of the market as affordability has decreased. You also have a lot of homeowners who refinanced when rates were very low that are reluctant to sell their homes because they do not want to have to give up this “cheap money” that they may have at 3% or less to go and buy something and have to pay 6% or more. This will help limit supply.

We are still seeing Oakland, San Francisco and Peninsula agents representing buyers in their purchase of Lamorinda homes. They are coming from higher priced areas and have more available equity to use in Lamorinda.

Corporate relocation has also increased as more workers who were working remotely from their old locations are now moving to work in the destination offices.