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The Real Estate Quarter in Review

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The first quarter of 2023 began with a slower pace in activity on the residential side of Lamorinda real estate than previous years. Demand remains high but the supply has continued to be low. The closings that occurred, for the most part, came from properties that went under contract in late November to late February.

The average sales price has remained strong so far this year in Lafayette, Moraga and Orinda despite an increase in mortgage interest rates. The days on market remained short and the homes that had multiple offers were plentiful.

Per Contra Costa Association of Realtors statistics reported from Jan. 1 through March 31, 2023, only 35 single family homes closed in Lafayette. There were 66 in 2022 and in 2021 there were 76. Sales prices ranged from \$999,000 to \$5.375 million and the average number of days on market was 27. The average sales price was \$2,059,520. A year ago it was \$2,954,570, which was in part due to a couple of homes that sold for prices as high as \$12 million. In the first quarter of 2021 it was \$2,062,932.

In Moraga, there were 13 single-family closings, versus 26 in the year ago first quarter and well below the 39 in 2021. Prices so far this year have ranged from \$1.3 million to \$2.725 million. The average sale price was \$1,964,615, a drop from the record first quarter in 2022 of \$2,350,260. In 1Q2021 it was \$1,800,433. The average marketing time was 34 days - up from six days in 2022 and 15 days in 2021. This change is due to three houses that took over 80 days to sell.

In Orinda, the number of single-family closings was 28, versus 54 in 2022. Sales prices ranged from \$1.05 million to \$3.7 million with an average price of \$1,919,205. In the first quarter of 2022 it was \$2,268,258. In 2021 it was \$2,021,192. It took an average of 40 days on the market to sell a home versus 16 days on the market to sell a home in Orinda in 2022 and 28 days on the market in 2021.

In the first quarter of 2023, Lafayette homes sold at an average of \$812.92 per square foot, a drop from \$989.08 per square foot in 2022. Moraga came in at \$840.12 versus a year ago when it was \$901.87 per square foot. Orinda was at \$773.00. One year ago it was \$858.69.

Again, as the number of closings in the first quarter contain a much smaller sample size, these numbers are different and can be affected by just one or two closings at the high end or the low end.

In the condominium/town home category, Lafayette had six closings reported to the MLS. They ranged from \$705,000 to \$2.405 million. Moraga again had seven ranging from \$410,000 to \$1.585 million. Orinda had two - both on Brookwood Road at \$572,250 and \$580,000.

As of April 14, 2023, there were 38 homes under contract per the MLS in the three combined communities (a year ago it was 94 and in 2021 it was well over 100) with asking prices of \$899,000 to \$4.3 million. This again points to the lack of supply of homes that have hit the market since the middle of February.

Inventory is at 64, comparable to the 60 a year ago and 62 at this same point in 2021.

There are 30 Lafayette properties currently on the market versus 22 properties on the market in April, 2022. Asking prices in Lafayette currently range from \$839,000 to \$8.849 million. In Moraga, buyers have their choice of 13 homes, down from 14 homes at this time in 2022. The price range is \$599,000 to \$2.598 million.

In Orinda there are 21 homes on the market. One year ago there were 23. The list prices range from \$899,000 to \$4.950 million.

There are no distressed (bank-owned or short sale) properties available in Lamorinda.

As is the case nearly every quarter, the most active price range is in the more "affordable" price ranges. At the high end, nine homes sold above \$3 million in the three communities combined. The affordability factor is subject to a lot of interpretation. There are 12 currently available above this amount in Lamorinda.

Interest rates have stayed above historical lows which have pushed some buyers either out of the market or to lower priced homes or out of Lamorinda. Relocation from the corporate side has started to increase as companies now want their employees to work out of their destination offices versus working remotely from their old locations.

Lamorinda continues to be attractive with BART access and highly rated schools. The real estate markets in Oakland, Berkeley and Piedmont have continued to be active so there has been some spillover effect where buyers are willing to make longer commutes in order to find more "affordable housing." Of course, Lamorinda and affordable housing is also subject to interpretation.

We also continue to see a lot of buyers in Lamorinda being represented by agents based in San Francisco and the Peninsula. Prices there have been higher for many years so many have sold there and bought more house for less money in Lamorinda.

Lastly, it is important to look at what homes are selling for versus their list prices. On occasion, homes come on the market at unrealistic prices and they do not sell. We also are seeing more homes listed well below true values so that it may encourage bidding wars that sellers hope might generate a higher overall sales price. In the first quarter of this year many homes have had multiple offers and have sold at or above the list price.

Of the 35 single-family home sales that closed in Lafayette in the first quarter of 2023, 22 sold at or above the list price. In Moraga, 10 of the 13 sales sold at or above the asking price and in Orinda, 14 of the 28 sold at or above the final listing price.

This will typically happen when a house goes pending in the first two weeks on the market. Of the 38 currently pending sales in the three Lamorinda communities combined, 26 went pending in 14 days or less. The actual average days on the market would be markedly lower but many agents are setting up marketing

plans where they market the home to the public and to brokers and follow with an offer date in a week or so after exposing the property to the market-pointing to a high likelihood of a continued trend in homes selling above the asking price.

In the detached home category in the first quarter of 2023, the average sale price in Lafayette was just under 100% of the asking price. In Moraga it was 103.9% and in Orinda it was 99.2% of the final asking price.

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