The Real Estate Quarter in Review

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The third quarter of 2023, as expected, showed a significant slowing of the volume of closings on the residential side of Lamorinda real estate. This is mostly a result of the continued increase in mortgage rates over the last several months and a lack of supply.

Per Contra Costa Association of Realtors statistics reported from July 1 through Sept. 30, 66 single-family homes closed in Lafayette which was a decrease from the 85 in the year ago quarter and from the 120 that closed in the third quarter of 2021. In the quarter of 2020, 136 homes closed.

Sales prices ranged from $830,000 to $13.69 million. The average number of days on market was 26 versus the same period a year ago when it was 17. The average sales price was $2,198,109, a decrease from the third quarter in 2022 when it was $2,273,646. In 2021 it was $2,067,747. In this same quarter in 2020 it was $1,972,380. In 2019 it was $1,716,517.

In Moraga, the number of single-family closings was 22, versus a year ago at 25 – a big drop from the 53 in 3Q2021. Prices ranged from $1.4 million to $3.55 million. The average sales price was up at $2,094,182. This was an increase from $1,890,272 a year ago. In 2021 it was $1,993,792. In 2020 it was $1,588,132 in the same three-month period. In 2019 it was $1,443,253. The average marketing time was 15 days, down from 18 days a year ago.

In Orinda, the number of single-family closings continued to fall to 48 from 56 a year ago – more than half as many as the 111 in 3Q2021. Sales prices ranged from $1.15 million to $4.295 million with an average price of $2,265,458 – close to 3Q2022 when it was $2,243,571, continuing to rise from the $2,147,497 in 2021. It was $1,900,069 in 3Q2020 and $1,651,117 in 3Q2019. It took an average of 20 days to expose a home to the market this last quarter. One year ago, it took 19 days.

In the third quarter of this year, on an average price per square foot basis, Lafayette detached single-family homes sold at $835.79. This is a decrease from $897.11 a year ago. Moraga homes sold for $822.43, a slight increase from a year ago at $817.63. In Orinda it was $821.29, an increase from summer 2022 when it was $781.02.

The biggest change came in the area of list price versus sales price. In Lafayette, the average sales price was at 102% of the final asking price in this quarter of 2023. In Moraga, it was also about 102% of asking, and in Orinda it was just under 102%.

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, many 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 knows as “Teaser Pricing”) has started to slow down in Lamorinda.

In Lafayette, 40 of the 66 sales sold at or above their final asking price. A year ago, it was 45 of the 85. In Moraga, 16 of the 22 sold at or above asking. A year ago, 15 of the 25 sold at or above asking and in Orinda it was 28 of 48 versus 35 of 56 in the third quarter of 2022.

In the condominium/town home category, Lafayette had 10 resale closings. They were priced from $581,784 to $2,144,672. Moraga had 17, up from 15 a year ago. Sales prices ranged from $425,000 to $1.8 million. Orinda had two sales at $1.325 million and $1.85 million.

As of Oct. 6, there were 50 pending sales in the three communities combined. A year ago, there were 56 pending sales per the MLS. The asking prices for the pending single family detached homes range from $899,000 to $4.4 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, 11 received acceptable offers in the first six days of October. That is an average of almost two 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 fluctuating. When looking at the available homes in Lafayette there are 36 homes on the market as of Oct. 6 and there were 57 at this time one year ago.

In Moraga buyers have their choice of only 20 properties, consistent with the 18 properties a year ago.

Orinda inventory has decreased to 23 currently available from 45 one year ago.

Current asking prices range from $519,441 for a BMR (Below Market Rate) condo in Lafayette to $12.9 million for a Lafayette property.

At the high end, 17 homes closed above $3 million in the three communities combined during the quarter – down from 22 one year ago.

There are 19 currently available above this amount, while a year ago there were 25.

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 7% or more. This will help limit supply.

And, some buyers are in the market to buy anything, regardless of the interest rates. They feel that if rates fall, two things will happen…more buyers will be back in the buyer pool and if rates go down, they will just refinance again.

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.