

The Real Estate Quarter in Review

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The third quarter of 2024 showed consistency in the volume of closings on the residential side of Lamorinda real estate. The recent softening of interest rates did not help increase the number of closings over the last several months due to a continued lack of supply. The recent changes in how real estate agents might be compensated has not really affected things in areas of high prices like Lamorinda.

Per Contra Costa Association of Realtors statistics reported from July 1 through September 30, 2024, 69 single-family homes closed in Lafayette which was consistent with the 66 in the year ago quarter and below the 85 that closed in the third quarter of 2022.

Sales prices ranged from \$705,000 to \$8,495,000. The average number of days on market was 27—almost identical to the year ago when it was 26. The average sales price was \$2,339,175, a solid increase from 3Q 2023 when it was \$2,198,109. This is the highest quarterly price average in Lafayette ever. In 2022 it was \$2,273,646. In 2021 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 31, up from a year ago when it was 25. Prices ranged from \$1,022,000 to \$3,197,000. The average sales price was down at \$1,922,527. In the same period a year ago it was \$2,094,182. This was an increase from \$1,890,272 in 2022. In 2021 it was \$1,993,792. The average marketing time was 27 days, up from 15 days a year ago.

In Orinda, the number of single-family closings rose to 63, up from 48 last year. Sales prices ranged from \$875,000 to \$4,800,000 with an average price of \$2,120,476. In this quarter last year, it was \$2,265,458...close to 3Q2022 when it was \$2,243,571. It took an average of 26 days to expose a home to the market this last quarter. One year ago, it took 20 days.

In the third quarter of this year, on an average price per square foot basis, Lafayette detached single-family homes sold at \$834.12 ... essentially the same as last year's \$835.79.

Moraga homes sold for \$780.77, down from \$822.43. In Orinda it was \$791.24. A year ago, it was \$821.29.

The biggest change came in the area of list price versus sales price. In Lafayette, the average sales price was again 102% of the final asking price like in this quarter of 2023. In Moraga, it was just over 100% of asking and in Orinda it was just over 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 known as "Teaser Pricing") is not as prevalent in Lamorinda.

In Lafayette, 41 of the 69 sales sold at or above the final listing price. A year ago, it was 40 of the 66. In Moraga, 14 of the 31 sales sold at or above asking. A year ago, it was 16 of the 22 sold. In Orinda it was 35 of 63 and a year ago it was 28 of 48.

In the condominium/town home category, Lafayette had seven closings reported to the MLS. They were priced from \$685,179 to \$1,498,000. Moraga had 13, down from 17 a year ago. Sales prices ranged from \$463,125 to \$1,625,000. Orinda had four sales from \$535,000 to \$1,600,000.

As of October 6, 2024, there were 58 pending sales in the three communities combined. A year ago, there were 50 pending sales per the MLS. The asking prices for the pending single family detached homes range from \$1,098,000 to \$5,850,000. 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 58 pending sales in the area, 10 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 finally starting to rise. When looking at the available homes of all types in Lamorinda, there are 123 homes listed in the MLS. In Lafayette there are 52 homes on the market as of October 6 and there were 36 at this time one year ago.

In Moraga buyers have their choice of 32 properties, up from the 20 properties a year ago.

Orinda inventory has increased to 39 currently available up from 23 one year ago.

Current asking prices range from \$450,000 for a Moraga condo to \$25,000,000 for a Lafayette property.

At the high end, 22 homes closed above \$3,000,000 in the three communities combined during the quarter—up from 17 one year ago.

There are 30 currently available above this amount...a year ago there were 19.

You also have a lot of homeowners who refinanced when rates were very low and are reluctant to sell their homes because they do not want to have to give up this "cheap money" and buy something to pay 6% 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, Silicon Valley, 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.