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San Francisco Bay Area January Home Sales Downshift; Median Sale Price Down Month to Month, But Still Up Modestly Year Over Year

New data released today by CoreLogic® shows a total of 4,849 new and resale houses and condominiums sold in Alameda, Contra Costa, Marin, Napa, Santa Clara, San Francisco*, San Mateo, Solano and Sonoma counties in January 2017, down 31.4 percent month over month from 7,068 sales in December 2016** and up 0.2 percent year over year from 4,839 sales in January 2016. Since 1988 the average change in sales between December and January has been a decline of 29 percent. January sales have ranged from a low of 3,586 in 2008 to a high of 8,298 in 2005, and January 2017 sales were 17.5 percent below the January average of 5,881 sales since 1988 when data for this report begins (data start dates vary by county).

In January 2017, sales of newly built homes—detached houses and condos combined—were 22 percent below the long-term January average, while resales were 17 percent below the month's average. Ignoring the 2003–2006 housing boom that was fueled by risky home loans, January 2017 resales were about 13 percent below the month's average.

“The San Francisco Bay Area’s housing market experienced its usual, seasonal drop-off in sales between December and January, while activity was basically flat compared with a year earlier and remained well-below average,” said Andrew LePage, research analyst with CoreLogic. “Two of the main reasons are a thin inventory of homes for sale and affordability constraints that have been exacerbated by recent increases in mortgage rates. The formal recording of home sales typically falls sharply between December and January, largely because some people prefer not to buy or sell during the holidays or mid-winter—the period when many deals would need to hatch in order to be recorded in January or February. Neither of those months has proved to be a good indicator of how the market will shape up during the rest of the year.”

The median price paid for all homes sold in the San Francisco Bay Area in January 2017 was \$630,000, which was down 5.3 percent month over month from \$665,000 in December 2016** and up 1.6 percent year over year from \$620,000 in January 2016. On a year-over-year basis the median has risen for 58 consecutive months—since April 2012. Last month's median sale price stood 11.3 percent below the region's all-time high of \$710,000 reached in June 2016, but adjusting for inflation, the January 2017 median remained almost 21 percent below its June 2006 peak.

“Similar to sales, it's not unusual for the San Francisco Bay Area's median sale price to dip between December and January, and this year's 5.3 percent decline between those two months is larger than the average December-to-January dip of 3.3 percent over the past three decades,” said LePage. “The median's more pronounced month-to-month decline this January partly stems from a change in market mix, including a shift toward a higher share of home sales occurring in lower-priced areas. This shift helps explain why last month's year-over-year gain in the region's median sale price was only about 2 percent—the lowest since the median began rising on a year-over-year basis nearly five years ago. The bigger picture on the price front is that affordability constraints have gradually moderated price growth over the past few years.”

Home sales of \$500,000 or more accounted for 65.2 percent of all sales in January 2017, down from 69.4 percent in December 2016 and up from 63.7 percent in January 2016. The share of homes selling for \$500,000 or more peaked in 2016 at 71.2 percent in June.

Additional San Francisco Bay Area Highlights for January 2017:

- ▶ Homeowners in the San Francisco Bay Area took out about 3,700 home equity lines of credit (HELOCs) in January 2017. This was down 11 percent from December 2016 and up less than 1 percent from January 2016. The approximately 11,300 HELOCs originated in the region in the three months ending January 2017 represented an approximately 1 percent decline from the November-through-January period a year earlier. However, there's been a substantial gain in another method of tapping home equity: The roughly 10,700 cash-out refinances between November 2016 and January 2017 increased about 43.5 percent from the same three-month period a year earlier.

- ▶ Absentee buyers, mostly investors, bought 18 percent of all homes sold in January 2017. This was up from 16.2 percent in December 2016** and down from 19.5 percent in January 2016. The absentee buyer share peaked at 28.4 percent in February 2013, and the monthly average since 1988 is approximately 15 percent.
- ▶ Cash buyers accounted for 21.4 percent of January 2017 home sales, up from 16.3 percent in December 2016 and up from 20.6 percent in January 2016. The cash sales share peaked in February 2013 at 32.9 percent, and the monthly average since 1988 is about 15 percent.
- ▶ Jumbo mortgages accounted for 27.7 percent of the total number of home purchase loans used in the San Francisco Bay Area in January 2017, down from 29.8 percent in December 2016 and down from 28.3 percent in January 2016. Jumbo mortgages also represented 49.4 percent of the total dollar volume of all home purchase originations in January 2017, unchanged from December 2016 and up from 48.3 percent in January 2016. Jumbo mortgages are loans that exceed the “conforming loan limit” which is set by regulation and varies by county. Nationally, the base conforming loan limit for single-family homes this year is \$424,100, but high-cost areas, including most of the San Francisco Bay Area, had higher limits of up to \$636,150. A rise in the jumbo mortgage share of home purchase loans can be related to higher home prices, an increase in the share of sales occurring in the market’s higher end or the greater availability of funding for jumbo loans.
- ▶ Government-insured Federal Housing Administration (FHA) loans accounted for 11.8 percent of home purchase loans in the San Francisco Bay Area in January 2017, down from 12.2 percent in December 2016 and down from 12.8 percent in January 2016. Low-down-payment FHA loans accounted for a substantially higher share of home purchase loans in the inland Bay Area. For example, Solano County had the highest FHA share in January 2017 at 24.5 percent, followed by Contra Costa County at 18.5 percent and Sonoma County at 15.1 percent.
- ▶ Real estate-owned (REO) sales represented 2.0 percent of total home sales in January 2017. This was up from 1.7 percent in December 2016** and down from 2.5 percent in January 2016. REOs are homes that lenders took back through foreclosure and then sold on the open market.

* San Francisco County data was estimated for December 2016 and January 2017 because of late data availability.

**When necessary December 2016 data was revised. Revisions are standard, and to ensure accuracy CoreLogic incorporates newly released data to provide updated results.

YEAR-OVER-YEAR CHANGE

TOTAL HOMES SOLD/MEDIAN PRICE FOR SELECT SAN FRANCISCO BAY AREA COUNTIES (REFLECTS TOTAL HOME SALES)

County	Homes Sold January 2016	Homes Sold January 2017	Percent Change	Median Sale Price January 2016	Median Sale Price January 2017	Percent Change
Alameda	943	969	2.8%	\$625,000	\$650,000	4.0%
Contra Costa	978	1,042	6.5%	\$452,500	\$492,000	8.7%
Marin	177	185	4.5%	\$725,000	\$812,500	12.1%
Napa	89	96	7.9%	\$505,000	\$589,750	16.8%
Santa Clara	1,054	1,023	-2.9%	\$750,000	\$786,500	4.9%
San Francisco	395	336	-14.9%	\$1,176,000	\$1,067,500	-9.2%
San Mateo	396	375	-5.3%	\$899,550	\$930,000	3.4%
Solano	423	461	9.0%	\$343,000	\$360,750	5.2%
Sonoma	384	362	-5.7%	\$500,000	\$514,000	2.8%
Bay Area Total	4,839	4,849	0.2%	\$620,000	\$630,000	1.6%
Bay Area Total without San Francisco	7,219	6,583	-8.8%	\$620,500	\$649,000	4.6%

Source: CoreLogic

MONTH-OVER-MONTH CHANGE

TOTAL HOMES SOLD/MEDIAN PRICE FOR SELECT SAN FRANCISCO BAY AREA COUNTIES (REFLECTS TOTAL HOME SALES)

County	Homes Sold December 2016	Homes Sold January 2017	Percent Change	Median Sale Price December 2016	Median Sale Price January 2017	Percent Change
Alameda	1,546	969	-37.3%	\$675,000	\$650,000	-3.7%
Contra Costa	1,441	1,042	-27.7%	\$505,000	\$492,000	-2.6%
Marin	244	185	-24.2%	\$857,500	\$812,500	-5.2%
Napa	124	96	-22.6%	\$560,000	\$589,750	5.3%
Santa Clara	1,609	1,023	-36.4%	\$805,000	\$786,500	-2.3%
San Francisco	501	336	-32.9%	\$1,125,000	\$1,067,500	-5.1%
San Mateo	548	375	-31.6%	\$1,009,000	\$930,000	-7.8%
Solano	591	461	-22.0%	\$390,000	\$360,750	-7.5%
Sonoma	464	362	-22.0%	\$527,500	\$514,000	-2.6%
Bay Area Total	7,068	4,849	-31.4%	\$665,000	\$630,000	-5.3%

Source: CoreLogic