



DATA BRIEF

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September 2018

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Bay Area Home Sales Were the Slowest for September in 11 Years; Median Sale Price Declines Month over Month, while Annual Gain Moderates

New data released today by CoreLogic shows a total of 5,970 new and existing houses and condominiums were sold in Alameda, Contra Costa, Marin, Napa, Santa Clara, San Francisco, San Mateo, Solano and Sonoma counties in September 2018. This number is down 22.1 percent month over month from 7,667 sales in August 2018,* and down 18.9 percent year over year from 7,358 sales in September 2017.

Total September 2018 home sales in the San Francisco Bay Area were the lowest for that month since September 2007 when 5,014 homes were sold. Sales have fallen on a year-over-year basis the past four consecutive months. June sales fell 8.6 percent, while July and August sales declined 0.5 and 9.8 percent, respectively.

Since 1988, the average change in San Francisco Bay Area home sales between August and September is a decline of 11.5 percent. September sales have ranged from a low of 5,014 in 2007, to a high of 13,343 in 2003. September 2018 sales were 27.6 percent below the September average of 8,245.

In September 2018, sales of newly built homes (detached houses and condos combined) were 45.5 percent below the month's historical average, while resales were 25.3 percent below the month's average. Ignoring the 2003-2006 housing boom that was fueled by risky home loans, September 2018 resales were 20.4 percent below the long-term average for the month.

"The almost 19 percent year-over-year drop in home sales this September was the steepest for any month in nearly eight years," said Andrew LePage, a CoreLogic analyst. "Job growth and demographic trends have created plenty of housing demand, but the combination of higher home prices and increasing mortgage rates have priced out some buyers and prompted others to take a wait-and-see stance. There was one caveat to last month's sharp annual sales decline—this September had one less business day for recording transactions. Adjusting for that, the annual sales decline would be about 15 percent—still one of the larger declines in recent years."

The median price paid for all homes sold in the San Francisco Bay Area in September 2018 was \$815,000, down 1.8 percent from \$830,000 in August 2018 and up 9.3 percent from \$745,750 in September 2017. The \$875,000 median price in both June and May 2018 was the highest ever recorded.

Over the last nine months, year-over-year gains in the region's median sale price have averaged 13 percent, up from an average year-over-year gain of 8.9 percent during the same period last year. On a year-over-year basis, the median sale price has risen for 78 consecutive months (since April 2012). Those gains had been in the double-digits for 13 consecutive months prior to September 2018.

"Although still larger than in many regions, the 9.3 percent year-over-year gain in the Bay Area's median sale price was the lowest in 15 months," LePage said. "Price growth could continue to weaken if sales continue to slow amid a rise in listings. This is welcome news for potential homebuyers, but many will still face a daunting hurdle—monthly mortgage payments pushed up sharply by higher mortgage rates. The principal-and-interest mortgage payment on the median-priced home was up 21 percent on a year-over-year basis this September because mortgage rates increased about 0.8 percentage points over that period."

Home sales of \$500,000 or more accounted for 79.6 percent of all sales in September 2018, down from 80.5 percent in August 2018 and up from 75.3 percent in September 2017.

Additional San Francisco Bay Area Highlights for August 2018:

- ▶ Absentee buyers – mostly investors, but also second-home buyers – bought 17.9 percent of all homes sold in September 2018. This is up slightly from 17.1 percent in August 2018, and up from 17.6 percent in September 2017. The absentee buyer share peaked at 28.4 percent in February 2013, and since 1988, the monthly average has been about 15 percent.
- ▶ Jumbo mortgages accounted for 39.5 percent of the total number of home purchase loans used in the San Francisco Bay Area in September 2018, down from 39.6 percent in August 2018 and up from 36.9 percent in September 2017.
- ▶ Jumbo loans represented 60.5 percent of the total dollar volume of all home purchase originations in September 2018, down from 61.1 percent in August 2018 and up from 57.4 percent in September 2017.
- ▶ Jumbo loans are those that exceed the “conforming loan limit,” which is regulated and varies by county. Nationally, the base conforming loan limit for single-family homes this year is \$453,100, but high-cost areas (including most of the San Francisco Bay Area) have higher limits of up to \$679,650. A rise in the jumbo loan 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 4.3 percent of all home purchase loans in the San Francisco Bay Area in September 2018, up from 3.9 percent in August 2018 and down from 7.9 percent in September 2017.
- ▶ Low-down-payment FHA loans accounted for a substantially higher share of home purchase loans in the more affordable stretches of the Bay Area. For example, Solano County had the highest FHA share in September 2018 at 10.4 percent, followed by Contra Costa County at 6.8 percent.
- ▶ Real estate-owned (REO) sales represented 0.6 percent of total San Francisco Bay Area home sales in September 2018, unchanged from August 2018 and down from 1.1 percent in September 2017. REOs are foreclosed homes that lenders sold on the open market.

* When necessary, August 2018 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 September 2017	Homes Sold September 2018	Percent Change	Median Sale Price September 2017	Median Sale Price September 2018	Percent Change
Alameda	1,558	1,236	-20.7%	\$761,000	\$824,250	8.3%
Contra Costa	1,497	1,201	-19.8%	\$560,000	\$600,000	7.1%
Marin	277	258	-6.9%	\$1,005,000	\$1,050,000	4.5%
Napa	119	117	-1.7%	\$570,000	\$633,000	11.1%
Santa Clara	1,737	1,357	-21.9%	\$950,000	\$1,061,000	11.7%
San Francisco	385	360	-6.5%	\$1,150,000	\$1,300,000	13.0%
San Mateo	596	481	-19.3%	\$1,150,000	\$1,300,500	13.1%
Solano	616	499	-19.0%	\$400,000	\$430,000	7.5%
Sonoma	573	461	-19.5%	\$571,500	\$609,250	6.6%
Bay Area Total	7,358	5,970	-18.9%	\$745,750	\$815,000	9.3%

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 August 2018	Homes Sold September 2018	Percent Change	Median Sale Price August 2018	Median Sale Price September 2018	Percent Change
Alameda	1,628	1,236	-24.1%	\$850,000	\$824,250	-3.0%
Contra Costa	1,539	1,201	-22.0%	\$612,000	\$600,000	-2.0%
Marin	307	258	-16.0%	\$1,000,000	\$1,050,000	5.0%
Napa	150	117	-22.0%	\$660,000	\$633,000	-4.1%
Santa Clara	1,693	1,357	-19.8%	\$1,114,000	\$1,061,000	-4.8%
San Francisco	466	360	-22.7%	\$1,312,500	\$1,300,000	-1.0%
San Mateo	601	481	-20.0%	\$1,300,000	\$1,300,500	0.0%
Solano	619	499	-19.4%	\$430,000	\$430,000	0.0%
Sonoma	664	461	-30.6%	\$608,500	\$609,250	0.1%
Bay Area Total	7,667	5,970	-22.1%	\$830,000	\$815,000	-1.8%

Source: CoreLogic