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## Bay Area's Median Sale Price Drops Year Over Year in May, Marking the Second Annual Decline This Year; Month-Over-Month Sales Were Above Average, and the Annual Decline in Transactions was the Lowest Since Last August

New data released today by CoreLogic® shows a total of 8,310 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 May 2019. This number is up 18.9% month over month from 6,989 sales in April 2019,\* and down 2.7% year over year from 8,537 sales in May 2018.

Total May 2019 home sales in the San Francisco Bay Area were the lowest for that month since 8,038 homes sold in May 2016. Sales have fallen on a year-over-year basis for the past 10 consecutive months. Those declines were in the double digits from November 2018 through March 2019. However, this May's 2.7% year-over-year decline in sales was the lowest for any month since August 2018, when the annual decline began.

Since 1988, the average change in San Francisco Bay Area home sales between April and May is a gain of 7.8%. May sales have ranged from a low of 6,216 in 2008, to a high of 13,567 in 2004. May 2019 sales were 11% below the May average of 9,336.

In May 2019, sales of newly-built homes (detached houses and condos combined) were 41.8% below the month's historical average, while resales were 7.5% below the month's average. Ignoring the 2003–2006 housing boom that was fueled by risky home loans, May 2019 resales were 3.5% below the long-term average for the month.

"Home sales have strengthened this spring thanks to lower mortgage rates, more inventory and a transition to a more neutral market where buyers have some bargaining power," said Andrew LePage, a CoreLogic analyst. "This May's annual sales decline of just under 3% was the smallest decrease since home sales began falling on a year-over-year basis last August. Lower mortgage rates and a flattening of home prices mean that compared with a year ago there's been a decline in the mortgage payments that many would-be buyers must qualify. In May 2018, a principal-and-interest mortgage payment based on the region's \$874,750 median sale price was 24% higher than a year earlier, driven up by sharp gains in both mortgage rates and home prices. In May 2019, the monthly payment on the median-priced home (\$860,000) was 7.3% lower than last year thanks to a slight decline in prices and a roughly 0.5-percentage-point drop in mortgage rates."

The median price paid for all homes sold in the San Francisco Bay Area in May 2019 was \$860,000, up 1.2% from \$850,000 in April 2019 and down 1.7% from \$874,750 in May 2018.

For the past few months, the median sale price has been close to flat on a year-over-year basis, dipping 0.1% in March, showing no change in April, and declining 1.7% in May. Before March of this year, the median sale price had risen on a year-over-year basis for 83 consecutive months—since April 2012. The \$875,000 median in June 2018 was the highest ever.

“So far this year, the annual change in the Bay Area’s median sale price has been close to flat, whereas early last year the median experienced double-digit annual growth,” LePage said. “This change reflects the erosion of buyer affordability after years of rising home prices and last year’s run-up in mortgage rates. The combination caused would-be buyers’ mortgage payments to far outpace income growth, pricing out some and causing others to back out of the market. A few years before the last cycle’s peak the market might have experienced a similar slowdown had it not been for the widespread availability of very risky home financing that let buyers stretch to their financial max. For the most part, this sort of financing is no longer available.”

Home sales of \$500,000 or more accounted for 81.5% of all sales in May 2019, up from 80.6% in April 2019 and up from 81.2% in May 2018.

### **Additional San Francisco Bay Area Highlights for May 2019:**

- Absentee buyers—mostly investors, but also second-home buyers—bought 14.9% of all homes sold in May 2019. This is down from 15.4% in April 2019, and down from 18.1% in May 2018. The absentee buyer share peaked at 28.8% in February 2013, and since 2000, the monthly average has been 16.5%.
- Jumbo mortgages accounted for 39.6% of the total number of home purchase loans used in the San Francisco Bay Area in May 2019, up from 39.4% in April 2019 and down from 42.3% in May 2018.
- Jumbo loans represented 62.1% of the total dollar volume of all home purchase originations in May 2019, down from 62.2% in April 2019 and down from 65.2% in May 2018.
- 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 in 2019 is \$484,350, up from \$453,100 in 2018. In high-cost areas, including most of the San Francisco Bay Area, the limit is now \$726,525, up from the 2018 maximum of \$679,650.
- Adjustable-rate mortgages (ARMs) made up 23.8% of the number of purchase loans used to buy homes in the Bay Area in May 2019. This is down from 24.8% in April 2019 and down from 24.5% in May 2018. ARMs, which offer lower initial interest rates and monthly payments compared with fixed-rate mortgages, are more common in the middle and high-end of the market where the impact on monthly payments is larger. In May 2019, the median price paid for Bay Area homes purchased with ARMs was \$1,262,000, compared with a median of \$860,000 for all homes purchased. The ARM share ranged from 4.2% of purchase loans in Solano County to 41.2% in San Francisco County.
- Real estate-owned (REO) sales represented 0.6% of total San Francisco Bay Area home sales in May 2019, down 0.8% from April 2019 and down from 0.7% in May 2018. REOs are foreclosed homes that lenders sold on the open market.

\* When necessary, April 2019 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 May 2018	Homes Sold May 2019	Percent Change	Median Sale Price May 2018	Median Sale Price May 2019	Percent Change
Alameda	1,765	1,762	-0.2%	\$850,000	\$854,750	0.6%
Contra Costa	1,698	1,725	1.6%	\$629,000	\$631,000	0.3%
Marin	372	372	0.0%	\$1,185,000	\$1,200,000	1.3%
Napa	116	143	23.3%	\$637,500	\$670,000	5.1%
Santa Clara	1,959	1,744	-11.0%	\$1,200,000	\$1,127,500	-6.0%
San Francisco	634	637	0.5%	\$1,380,000	\$1,325,000	-4.0%
San Mateo**	699	636	-9.0%	\$1,380,000	\$1,432,000	3.8%
Solano	663	639	-3.6%	\$430,000	\$436,500	1.5%
Sonoma	631	652	3.3%	\$611,000	\$596,000	-2.5%
Bay Area Total	8,537	8,310	-2.7%	\$874,750	\$860,000	-1.7%

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 April 2019	Homes Sold May 2019	Percent Change	Median Sale Price April 2019	Median Sale Price May 2019	Percent Change
Alameda	1,447	1,762	21.8%	\$825,000	\$854,750	3.6%
Contra Costa	1,313	1,725	31.4%	\$622,500	\$631,000	1.4%
Marin	323	372	15.2%	\$1,075,500	\$1,200,000	11.6%
Napa	115	143	24.3%	\$655,000	\$670,000	2.3%
Santa Clara	1,549	1,744	12.6%	\$1,100,000	\$1,127,500	2.5%
San Francisco	572	637	11.4%	\$1,400,000	\$1,325,000	-5.4%
San Mateo**	589	636	8.0%	\$1,360,000	\$1,432,000	5.3%
Solano	554	639	15.3%	\$430,000	\$436,500	1.5%
Sonoma	527	652	23.7%	\$580,000	\$596,000	2.8%
Bay Area Total	6,989	8,310	18.9%	\$850,000	\$860,000	1.2%

Source: CoreLogic

\*\*San Mateo home sales were estimated for May 2019 due to late data availability.