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## LOCAL NEWS

# Median home price passes \$400,000

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In today's surreal housing market where tiny homes sell for millions, Santa Cruz County reached another disconcerting milestone last month.

The median price of homes sold in February topped \$400,000 for the first time ever; it was \$415,000 to be exact.

"I'm selling one-bedroom units for over \$400,000," said Joe Matus who is selling homes in the Pajaro Dunes closed community in South County. "They're little condominiums, about as big as a closet, maybe as big as your garage."

Beachfront properties may always be top price-getters, but in these days of low winter inventory, and Silicon Valley cash, prices are continuing their steep climb.

Only three of 540 Pajaro Dunes properties are listed for sale.

Real estate agents all point north for the answer. There, Silicon Valley pumps out young, high-tech millionaires seeking an ocean view. They want second homes. They have cash.

"I get young people saying, 'I could really pay \$1 million, \$2 million or \$3 million,'" said Sally Lyng, who specializes in high-end properties and has rung up the highest volume single-family residential sales in the county four years straight.

"They seem a little embarrassed about how much they could really spend if they wanted to. They've never even owned a house and their first house is going to be over a million dollars."

In the last 12 months, Lyng and Matus have each sold five Santa Cruz

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County homes priced at more than \$1 million.

Ten of the 181 homes that closed escrow in February sold for more than \$1 million.

It wasn't an anomaly. January had six \$1 million-plus sales; December had nine; November had eight.

For Gary Gangnes, president of the Santa Cruz Association of Realtors, West Santa Cruz "is ground zero" for local real estate.

According to monthly statistics kept by the regional Multiple Listing Service, the median price for a single family home topped \$300,000 for the first time in May 1998. In June of 1999, it topped \$350,000. It took only eight more months to reach \$400,000.

Although the median is a closer reflection of the market than the average price, which can be skewed by a single high or low sale, just for the record, the average price of the homes sold in February was \$492,500.

"It's a little scary," Matus said. "I have doctors that call me up and they want to buy down here and they say, 'Unfortunately I'm not in that kind of a bracket.' It's surprising to hear doctors say that. In the old days that's who you would target, the doctors and lawyers. Now it's the young Silicon Valley people."

Debbie Thompson, a real estate agent with the Los Gatos office of Coldwell Banker, rang up the top sale in Santa Cruz County last month at \$4.75 million for a 7,000-square-foot home on Holiday Drive in La Selva Beach.

"I could have probably brought him another million if he'd waited," Thompson said.

The Pasatiempo and Scotts Valley areas have buyers waiting, but the market is hot everywhere.

"I have three buyers for Granite Creek Estates if I can find a house," Lyng said. "I have probably 10 buyers for Pasatiempo if I could find a house. ... There's people that are saying: 'Money is no object: Just find the house.' "

Real estate agents look to Silicon Valley for indicators that the market could ease up a little.

Santa Clara County averaged 3,200 new jobs a month from January 1995 to August 1998, according to the California Employment Development Department. Since then, the net gain of jobs in Santa Clara County has averaged 200 a month.

"It's not cooling down yet," Gangnes said. "The influx of people to take these jobs has put tremendous pressure on the housing market all over Northern California."

The 285 homes listed for sale countywide Thursday marked a 20-year low inventory, Gangnes said.

At the current pace of home sales, Santa Cruz County would be out of homes to sell in six weeks. That's an extremely low unsold inventory index that pushes prices up.

When it's less than six months, we see appreciation," Gangnes said. "It can be very frustrating for buyers now."

With interest rates climbing and more sellers typically putting their homes on the market in spring, the inventory should grow. But that doesn't mean relief for buyers yet.

"It appears as if prices will continue to increase in the short-term," Gangnes said. "That's not necessarily better, but there just might be something for them to buy."

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