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June 9, 2004

## County home prices climb still higher

### Santa Cruz County median sale prices

2001

January \$467,000

February 485,000

March 499,000

April 530,000

May 505,000

June 470,000

July 525,000

Advertisement

August 470,000

September 470,000

October 475,000

November 490,000

December 470,809

2002

January \$475,000

February 480,100

March 496,000

April 494,000

May 532,000

June 522,500

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July 540,000  
August 539,500  
September 529,250  
October 520,000  
November 510,000  
December 515,000

2003

January \$515,000  
February 525,000  
March 522,500  
April 541,000  
May 535,000  
June 550,000  
July 543,500  
August 549,000  
September 550,000  
October 544,000  
November 541,500  
December 550,000

2004

January \$580,000  
February 560,000  
March 603,125  
April 619,000  
May 637,000

Numbers are for single-family homes

Sources: Santa Cruz Association of Realtors and [Real Options Realty](#)

By **HEATHER BOERNER**  
Sentinel staff writer

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Home prices hit a new all-time high of \$637,000 in May, with the help of North Monterey County buyers, conscientious sellers, rising interest rates and a record lack of homes on the market.

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Prices set records in three of the four price categories, real estate agent Gary Gangnes of Real Options Realty reported. And those records make this a year of astronomical increase in the cost of a home. Since December, prices have increased nearly \$90,000.

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Soaring prices have had another unintended consequence: Long trailing Santa Clara County's home prices, Santa Cruz County has surpassed Silicon Valley for four of the past five months.

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"The pattern we've seen for the last several months is continuing," Gangnes said. "And that's that the number of sales is higher than it's been in a long time and the number of listings is lower. And it's more than a little higher and lower."

As of May, the county housing market broke records in three of four statistical categories:

- The median sales price for a single-family home rose to \$637,000 — only the third time the median has been above \$600,000.
- The new average price for a single-family home set its own record, at \$692,191, beating March's record high of \$685,186.
- The average condominium price set a record at \$461,575, beating the previous month's high of \$443,599.

The only price statistic that didn't set a record was the median price for condominiums, which was \$20,000 less than the record set in April.

Gangnes said a large part of the price craze comes from simple market forces: Sales are up 22 percent compared to the same month last year, while 17 percent fewer homes were on the market in May than the year before. In fact, listings hit a four-year low for that month.

That, combined with a slow, upward inching of interest rates, is intensifying the push to purchase.

Tuesday, the rate for a 30-year, fixed-rate jumbo loan — that is, a loan for \$333,000 or more — was 6.14 percent, up from 6.08 percent last week. Meanwhile, a 30-year, fixed-rate mortgage was at 5.98 percent Tuesday, compared to 5.9 percent last week.

At the same time, real estate agent Datta Khalsa of Main Street Realtors in Soquel has found a new market driver: Instead of the preponderance of out-of-county buyers coming from Silicon Valley, Khalsa said he's seeing a lot of buyers in South County moving from areas in Monterey County where home values have skyrocketed. Now they can afford to get into the Santa Cruz County market, he said. At a house showing in Corralitos recently, he said one-third of the buyers were from North Monterey County.

And it means that he and other real estate agents are changing their approach.

"There are a lot of Spanish-speaking people coming in," he said. "I've had to dust off my college Spanish. In fact, I may take a refresher course in Spanish soon."

Another market force is a trend toward sellers spending time fixing up their homes.

"I know several sellers who are doing quite a bit of work," Gangnes said. "I had one decide to sell a house that had been a rental for two years after the tenant moved out, and he's putting \$45,000 into it. Part of that is that a number of buyers don't have the money after getting a mortgage to fix things up. So they are looking for something that doesn't need a lot of work."

Khalsa said he's seeing the same thing, but he attributes the home improvements to a desire to see a return on their investment.

"A lot of people are looking at selling their home as an enterprise," he said. "They're looking at it economically."

"There's an exodus out of the county that's been going on for a long time. Plus, I think a lot of people who are making \$300,000 on their home want to sell their home in good faith."

Contact Heather Boerner at [hboerner@santacruzsentinel.com](mailto:hboerner@santacruzsentinel.com).

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