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July 8, 2005

Housing prices smash record, again

Fewer county residents are able to afford soaring cost of homes

Santa Cruz County median home prices

Numbers are in U.S. dollars for single-family homes.

JUNE 2001 470,000

JUNE 2002 522,500

JUNE 2003 550,000

JUNE 2004 599,250

JUNE 2005 785,000

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

By GWEN MICKELSON
Sentinel staff writer

Even real estate agents Advertisement register a certain amount of shock at the latest price figures to emerge from the county's blazing-hot housing market.

June's numbers shattered another record — the median price for single-family homes hit \$785,000 — and other benchmark figures remained near the elevated levels they've hovered at over the past few months, according to price-tracker Gary Gangnes of Real Options Realty in Santa Cruz.

That median differs sharply from the nation's median for existing homes, which was \$207,000 in May, according to the National Association of Realtors.

Tight inventory coupled with vigorous demand fueled by sustained low interest rates and new mortgage products continued to drive the numbers up.

The 30-year, fixed-rate mortgage averaged 5.62 percent, for the week ending Thursday, according to Freddie Mac. Last year it averaged 6.01 percent.

In addition, the county's desirable climate, sense of community and

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proximity to Santa Clara Valley's jobs have attracted buyers willing to pay the kind of prices for inland homes previously commanded by oceanview properties.

"I've got two inland properties in escrow for over \$2 million for the first time ever," said Datta Khalsa, broker and owner of Main Street Realtors in Soquel. "The buyers for both of those are coming from the Bay Area."

Here are June's numbers:

- The median single-family home was a record-setting \$785,000, up from May's record of \$756,500.
- The average price of a single-family home was \$880,829, down from May's record of \$891,052.
- The median for condominiums and townhouses was \$536,000, down from March's record \$540,000.
- The average price for condos and townhouses in June was \$566,752, down from March's record \$568,316.

The median is midway between the least and most expensive homes sold. In that period, half the buyers bought homes that cost more than the median price and half bought homes for less.

The median days on the market for single-family homes was 15 days in June; for condos and townhouses, 10 days. The normal was two to three months.

"It's a small county with limited growth, and most of the growth in the future is probably going to be in the South County," said Ellen McGibben, real estate agent and residential manager of Sherman & Boone Associates in Watsonville.

The housing market in South County "does have the ability to grow, evidenced by the new housing developments that are going in and commanding prices in the \$700,000 range and sold out almost as soon as they're offered on the market," said McGibben.

Some analysts have expressed concern over a so-called housing bubble, saying the state's housing market is overheated.

"I don't see it stopping on a dime," said Khalsa. "Not with the kind of low levels of inventory we've got."

The percentage of households in Santa Cruz County able to afford a median-price home stood at 11 percent in May, dropping from 12 percent in April and 14 percent in May 2004, according to the May Housing Affordability Index from the California Association of Realtors.

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