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February 22, 2006

# Median home price drops to \$729,500

**By JONDI GUMZ**  
Sentinel staff writer

SANTA CRUZ — The home-buying frenzy of 2005 appears to be over, with the number of single-family homes sold in January — 107 — setting a 10-year low for Santa Cruz County.

The median price dropped for the third straight month to \$729,500, That's a significant fall from where it was last summer but still far out of reach for some buyers. The median price is that price where an equal number of sales occurred at a higher price and a lower price than the median.

"Sadly, this price is still way too high for faculty and staff at UC Santa Cruz," said Ted Holman, associate professor of chemistry. "Oh well, I hope this is a trend that continues. Lord knows this whole community needs lower housing costs."

According to Gary Gangnes of Real Options Realty, who compiles the figures, "the market has calmed down."

As for which way the market will go, he said, "It's hard to predict."

One indicator, the Unsold Inventory Index, is at a five-year high but in the normal range for a stable market. The index stands at 7.3 months, representing the number of months it would take to sell all houses for sale at current rates. Normally this is six to seven months.

By way of contrast, in December 2004, it stood at 1.8 months, heralding a period of rising prices.

The seller's market that existed in 2005, where owners received multiple offers on a property, bidding up the price, is rare now, Gangnes said.

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One example: a rental put on the market in August needed improvements and was upgraded but the market had cooled to the point where it sold for the asking price, not more.

Before, Gangnes said, properties were selling for \$20,000 or \$30,000 above the asking price.

The median price for condominiums and townhouses rose in January from \$478,000 to \$565,000.

Gangnes said that 10 of the 37 sales were for expensive ocean-front

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**condominiums, which raised the median.**

The Unsold Inventory Index stands at five months, a three-year high, while the number of listings is up 152 percent from the same time one year ago.

If the appreciation seen in 2005 does not continue, it will have an impact on local governments, which have seen property tax revenues climb due to increased assessments, making up the difference for sluggish sales tax revenues.

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## Median price drops

Where the median has gone

he past eight months.

June 2005: \$785,000

July 2005: \$755,000

August 2005: \$780,000

September 2005: \$749,950

October 2005: \$767,000

November 2005: \$789,250

December 2005: \$739,000

January 2006: \$729,500

Sources: Santa Cruz Association of Realtors and Real Options Realty

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