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March 11, 2006

Median home price retreats to \$709,000

By JONDI GUMZ
Sentinel staff writer

The median price for single-family homes dipped in February to \$709,000, the fourth straight decline and a 10-percent drop from the high of \$789,250 in November.

"We've seen some significant changes in the market," said Gary Gangnes of Real Options Realty, who compiles the figures.

Sales are seasonally low in February, but this year, only 107 homes were sold during the month, a 10-year low.

The number of listings stands at 856, up 91 percent compared to a year ago. Comparing listings to sales produces an Unsold Inventory Index of eight months, the highest in nine years.

A little over a year ago, in January 2005, that index was at 1.8 months, when listings totaled 391 and 215 homes sold the previous month. It was definitely a seller's market.

Similar changes are seen in sales of condos and townhouses. Only 35 sold in February, compared to 36 a year ago. The number of listings stands at 206, compared to 67 a year ago, putting the Unsold Inventory Index at 5.9 months.

Is this a buyer's market?

Gangnes said no, not until the Unsold Inventory Index reaches 12 months. Advertisement

He expects the market to rebound in March, given that sales in February are seasonally low. But he doesn't have a crystal ball.

"It depends on what happens with the number of listings and number of sales," he said.

The small number of sales means intense competition among the 1,600 real estate agents in Santa Cruz County.

The decline in median price doesn't bother Amba Jane Kumar, who is with Coldwell Banker.

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"I see it as a good thing," she said. "Perhaps these numbers are more realistic."

The trend since 1969 has been that homes appreciate in value, she added, pointing out that in that time, appreciation has declined only three years — '92, '93 and '94.

Rick Campbell, a mortgage consultant with Wells Fargo, predicts that the drop in prices will motivate buyers.

Marrin Forst, who moved to Santa Cruz County from Europe, was among those house-hunting in January and February.

"It's not quite so rushed," she said. "Sellers are more understanding of the process."

Forst, an agent with Network Alliance Real Estate, found the home she wanted in Felton for \$799,000 and is in escrow.

That may help push up the median for March.

"When you see a home you like, you don't think about the median price," she said.

Contact Jondi Gumz at jgumz@santacruzsentinel.com.

Median home price drops

The median sales price for single-family homes dropped to its lowest point in 13 months.

The price rose from about \$550,000 to about \$650,000 in 2004 and topped \$700,000 in 2005.

January 2005: \$713,500

February 2005: \$727,500

March 2005: \$723,129

April 2005: \$715,000

May 2005: \$756,600

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

February 2006: \$709,000

Sources: Santa Cruz Association

of Realtors and [Real Options Realty.](#)

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