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April 8, 2006

County home sales at 10-year low for third straight month

By JONDI GUMZ
Sentinel staff writer

Leilani Barnett, who's been selling homes for nine years, feels the slowdown in the real estate market. Barnett, 30, who owns Bridge Real Estate in Soquel and Watsonville, didn't make any sales in March, but she still has bills to pay — insurance, association fees and utilities.

"Unlike other folks who get a paycheck, that's one of the drawbacks," said Barnett.

To attract sellers, she's willing to lower her commission rate. She even offers complimentary packing services or home "staging," rearranging furniture and reducing clutter to create a good first impression. She might give buyers a rebate in order to close the deal.

"I own my own firm so I can be very flexible," she said.

Barnett is reacting to a cooling real estate market. For the third consecutive month, the number of county home sales is at a 10-year low, according to statistics kept by Gary Gangnes of Real Options Realty.

He noted 159 single-family home sales. That's up from 107 each in January and February, but the number of sales remains small compared to the 1,500 real estate agents in the county competing for business.

Over the past decade, March has been a lot busier, with more than 200 sales in boom years.

The slowdown also is seen Advertisement in sales of condos and townhomes, with 37 sold in March, which is near the 10-year low of 35 in March 2001.

Meanwhile, there are more homes than ever on the market — 910 single-family homes, up 67 percent from a year ago, and 210 condos and townhomes, more than any month since July 1997, according to Gangnes.

Barnett contends that inventory is so high, buyers may be able to negotiate the sales price down.

However, the median price rebounded to \$730,000 in March from \$709,000 in February. It was the first increase after three months of

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declines.

The time it would take to sell all the homes up for sale at current rates, known as the Unsold Inventory Index, dropped to 5.7 months from eight months in February. Prices are usually stable when there is a six- to eight-month supply of houses on the market. When that index drops, prices usually rise. Conversely, if the index rises, prices fall.

Gangnes describes the current market at "normal." He's not sure the rainy weather in March had any impact on sales numbers.

"These are closings, so contracts were signed before March," he said.

While Barnett feels the pinch of the slowdown, larger firms report they are more immune.

"The market has tapered off from where it was but it is showing strength," said Robert Bailey, partner in Bailey Properties, which opened 32 years ago and has grown to 141 agents.

Among the positive signs: Pending sales rising, higher traffic at open houses, more calls, and bookings for Bailey's 110 vacation properties comparable to last year.

"There's no need for all of us to be headed toward a cliff," Bailey said.

At David Lyng Real Estate, which has 106 agents, team leader Terry Ballantyne reported March was a record sales month for her firm.

"The pie's only so big, and we had two pieces," she said. "In January and February, people were hesitant about interest rates. Now people are buying again."

The Santa Cruz market is attractive enough that Intero Real Estate Services, a three-year-old franchise specializing in homes selling for more than \$1 million, has announced plans to open two more offices in the county.

Contact Jondi Gumz at jgumz@santacruzsentinel.com.

March home sales

Single-family Condos/

residences Townhomes

Price \$730,000 \$518,000

Sales 159 37

Days on market 47 42

Source: Real Options Realty

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