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October 18, 2006

## Median home price dips to \$743,000

**By JONDI GUMZ**  
Sentinel staff writer

What goes up must come down, according to Isaac Newton's law of gravity, and that may tell the story of the Santa Cruz County housing market, too.

The median price for single family homes in September was \$743,000, the second consecutive decline from this year's peak of \$775,000, but still in the \$700,000 range where it's been for the past 18 months.

The figures come from Gary Gangnes of Real Options Realty, who tracks trends in Santa Cruz County.

In fact, home prices declined in September from the same month last year in eight of the state's major markets. Six of those were counties in the San Francisco Bay Area. The others are San Diego and Ventura counties, according to DataQuick Information Systems.

"We're going to see every county go a little bit negative within the next

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three or four months," predicted analyst John Karevoll.

The median is the price where an equal number of sales occurred at a higher price and a lower price than the median. Gangnes describes the market as "on the borderline between a 'normal market' and a 'buyer's market.'"

Others in the business see it differently.

"It is definitely a buyer's market," said Advertisement  
Dave Mann at Coldwell Banker in  
Aptos, pointing out the record number  
of listings.

There are 1,361 homes listed for sale, 49 percent more than a year ago and the highest in 10 years. That's partly due to the decline in sales.

The 132 homes sold in September represent an 11-year low. Sales were down 41 percent from one year ago at this time, and down 51 percent from two years ago.

Meanwhile, the Unsold Inventory Index rose to 9.8 months, the highest in more than a decade. A statistic used to predict price trends, it is created by dividing the number of listings by number of sales.

The index is considerably higher compared to last month's, which was 7.6, but Gangnes pointed out the index was 9.3 two months ago. By either comparison, the index is increasing and that signals a decline in prices.

When there is more than an 8-month supply of homes, prices can decrease, Gangnes explained, and the further the index is from the normal 6-8 month range, the faster the price changes.

With buyers taking their time and appreciation not as automatic as it was, some sellers are taking their homes off the market.

A few "home for rent" ads have popped up in Scotts Valley, which is unusual in a city where 75 percent of the households are homeowners. Consider this recent listing: Four bedroom, three bath house in the Vineyards, a subdivision popular with families, \$3,200 per month.

Mann, in Aptos, knows two owners looking at the option of renting instead of selling.

"If sellers don't have to sell, I think they're rethinking their plans and will wait out the market and maybe re-list when it returns back to a seller's market," he said.

Reading the trends for condos is difficult because the small number of sales can skew the statistics. But there are some similarities to the single-family home market.

The median sales price for condominiums and townhouses in September was \$542,000, a dip from \$550,000 in August. There were 31 sales in September, down 44 percent from this time a year ago and an 11-year low for the month.

Listings dropped from 310 to 295 in October, but the number of listings is 86 percent more than a year ago and the highest in 10 years for the month.

The Unsold Inventory Index jumped to 9.5 months, in the above normal

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range, indicating a potential for prices to drop.

However, Gangnes noted the index has been between 7 and 8 for the last several months, so the increase could be merely "a spike" before falling back to normal.

The Associated Press contributed to this report.

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## Home-sellers wonder: Has the market peaked?

Here are statistics on homes sold, and median price, in Santa Cruz County in 2006.

### CONDOS SINGLE FAMILY HOMES

Month Sold Median Sold Median

Jan. 37 \$572,500 106 \$729,500

Feb. 35 \$525,000 107 \$712,000

March 37 \$528,000 164 \$740,000

April 43 \$519,000 181 \$744,000

May 42 \$550,000 193 \$755,000

June 41 \$510,000 210 \$760,000

July 44 \$467,025 147 \$775,000

Aug. 43 \$550,000 185 \$765,000

Sept. 31 \$542,000 132 \$743,000

Source: Real Options Realty, [www.ror.com](http://www.ror.com)

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