

Bank-Owned Transactions Help Revitalize Market Activity

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in Contra Costa County During the 2nd Quarter

—As reported by Prudential California Realty

Contra Costa County experienced a dramatic surge in the market activity (+24%) for single-family detached homes during the second quarter of 2008, largely due to a steady decline in median prices (-34%), year-over-year, according to a report by the research division of Prudential California Realty based on an analysis of MLS data.

During the second quarter, motivated buyers and savvy investors-increasingly aware of optimal buying conditions-helped revive the county's residential housing market. More importantly, the burst of activity indicates an impending market equilibrium, as strong buyer demand helped to reduce the existing oversupply of housing inventory.

Home to communities with multiple price points and purchasing options, Contra Costa County continued to exhibit a wide range of housing market activity during the second quarter. Large, urban entry-level communities experienced rare, triple-digit growth in year-over-year market activity (Antioch +122%; Brentwood +125%; Oakley +186%; and Pittsburg +127%). Meanwhile, market activity in Bay Point soared by 286 percent due to intense demand for well-priced bank-owned properties. Accordingly, interest from first-time homebuyers in these communities often resulted in multiple offers. Conversely, the county's high-end communities appeared to have missed out on the quarter's foreclosure-driven market activity. Most notably, the million-dollar markets of Alamo, Lafayette, Moraga and Orinda all experienced moderate decreases in both market activity and median prices for single-family detached homes.

Bargain-hunter and investor activity became increasingly evident during the second quarter. Some first-time homebuyers even chose to buy multi-units as their first home, in order to lease space to foreclosure-displaced renters and help cover portions of their mortgage payments. Leading the Bay Area in terms of inventory uptake this quarter, Contra Costa County appears poised for a market recovery in the third and fourth quarter.

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