

Bay Area home sales drop 21 percent in December

“Would-be buyers remain priced out”

By [Adam Brinklow](#) Feb 1, 2019, 12:59pm PST



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Orange County-based data firm Core Logic made yet another startling announcement about the state of the Bay Area’s real estate market Friday, reporting that December 2018 home sales figures dropped more than 21 percent year over year in the region and down nearly 19 percent in San Francisco. While the results are not necessarily a surprise—Core Logic’s monthly Bay Area home sales’ reports have indicated a decline in home sales year over year [for most of 2018](#)—December represented the single biggest drop yet.

Here are some of the highlights:

December’s dip was particularly dramatic. Across all nine counties, Core Logic records 5,431 sales in December, down from 6,154 the same time the previous year. That’s a 21.6 percent decline, the largest all year.

The month-to-month sales gap was notably large too. Between November and December of last year, sales dropped 13.2 percent across all nine counties. It's normal for fewer homes to sell in December, but "since 1988, the average change in San Francisco Bay Area home sales between November and December is a gain of 7.8 percent."

Most of 2018 saw year-over-year declines in sales. This was the seventh straight month that Core Logic reported a drop between 2017 and 2018 sales. During that period the decline in July was just 0.5 percent, a very narrow gap compared to other months, which saw drops of anywhere from 8.6 to 21.6—but still a drop nevertheless.

Prices remain up compared to last year. The latest report estimates that "the median price paid for all homes sold in the San Francisco Bay Area in December 2018 was \$785,000." That's up from \$750,500 the previous year. Note that this figure includes both condos and houses.

San Francisco's dip was one of the smallest regionally, but still gasp-inducing. Compared to the same period in 2017, San Francisco sales were down 18.8 percent, from 447 homes sold to 363. That's almost modest compared to, say, the 27.7 percent decline in San Mateo County, or 27.3 percent in Solano County. But only three counties had a smaller decline than SF, and two of those—Alameda and Napa—barely beat out SF with 18.6 percent drops. Regionally, Sonoma took the smallest year-over-year hit, down 7.4 percent. There were no gains.

Core Logic analyst Andrew LePage said in a press release that "the nearly 22 percent year-over-year drop in activity was the largest for any month in more than eight years." LePage suggested a variety of potential explanations, including a seven-year high in mortgage rates and a bum stock market making some potential buyers anxious. Most significant of all is the suggestion that "some would-be buyers remain priced out or unwilling to buy amid concerns prices have overshot a sustainable level." Imagine that.

As with past month's reports, the California Association of Realtor's (CAR) [most recent report](#) mostly corroborates Core Logic's analysis.

Though CAR reports "only" a 17.5 percent drop across the region, both sources agree that for the most part sales were down consistently year over year for most of 2018. The big discrepancy between the two reports is in San Francisco, where CAR reports that sales actually increased 11.3 percent in December, the only county to record any net gain.

The disagreement stems from the fact that CAR records only single-family-home sales, while Core Logic also factors in condos—meaning that December's dip in condo sales proved great enough to overwhelm an apparent (and singular) surge in the sale of larger homes.