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19 Years of experience in Tri Valley Real Estate



The Lyons Tri Valley Real Estate Report
2009 Year in Review
Year / Volume #3—Issue #26

We thought it a good idea to summarize the entire year of 2009 then follow that with some ideas and predictions what 2010 holds for us in the Tri Valley real estate market. I hope that you find the information helpful.

Winter 2009—The year started out slow for real estate. Most Tri-Valley cities had a lot of house inventory. On average there was a 6-8 month supply of homes across all cities, all price ranges. The Obama administration had just taken over, the entire country was waiting to see what the new president would do to help the housing market. Sales on existing homes in Jan—March 2009 was sluggish. Sales on new homes were almost non-existent.

Spring 2009—Once the new government announced information on the housing bailout, and once the \$8,000.00 tax credit for first time homebuyers, and the \$10,000 tax credit for buyers of new homes in California were in approved A buying frenzy began to take place, especially in the lower price ranges throughout the valley. Prices on homes, and foreclosures, had dropped to a point where it made more sense, financially, for people to own homes than to rent. Coupled with historically low interest rates (again helped by the government) first time homebuyers and investors started to purchase homes and eat up house inventory.

Summer 2009— The buying frenzy, in the lower price ranges, continues. (Lower price ranges in our area are defined as \$200K- \$400K in Livermore, \$300-\$600K in Pleasanton, San Ramon, and Danville, \$250K—\$450K in Dublin) Available house inventory plummeted to approx. a 1.5 month supply of houses Which is a figure that normally suggests that house prices are appreciating. With regards to bank owned REO's and short sales, which made up approx. 60% of the sales on resale houses, it was not uncommon for each house to receive 8-10 concurrent offers within a couple of days of being on the market. There were so many buyers out there, and so few available homes in the lower price ranges, that buyers could not find houses to buy. New home sales continued to stagnate as builders could not compete with the resale foreclosure homes. Sales on resale homes in the middle price ranges did well. Sales on resale homes in the upper price ranges

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(Upper price ranges generally being \$1M+) continued to be slow. Market value on houses in the lower price ranges actually started to appreciate. Market value on houses in the upper price ranges continued to deteriorate.

Fall 2009— The same trend continued into the fall of 2009. House sales in the lower price ranges continued to be strong. Very little available inventory. House sales in the upper price ranges continued to be slow. New home sales continue to be slow. Prices appreciate, slightly, in the lower end and continue to depreciate in the upper end. Weird market.

As usual, our real estate definitions are of great value here

Houses sell for current market value which is described as what buyers have paid recently for similar homes. The prices of houses go up and down strictly based on current supply and demand statistics; supply being how many houses are available for sale, demand being how many houses have sold in a given period of time. All other economic factors ... such as interest rate changes, economic conditions in the area, job creation, unemployment, etc., directly affect supply and demand. By looking at supply and demand statistics you can determine where houses prices currently are at.... and where they will be going in the future.

The Elephant in the room continues to be

Foreclosures!! A record number of homes continue to be in foreclosure. Many of the recent sales have been short sales as banks, not wanting to foreclose, are now more open to short sales and loan modifications. Many of the homes currently in foreclosure do not hit the market as bank owned REO's. Instead, the banks approve short sales and loan modifications. So the number of foreclosures that hit the market are being reduced. The moratorium, in California, on foreclosures, is over ... so expect more foreclosures to get to the market. As of November 2009 there were approx. 1500 homes, in some stage of foreclosure, in the Tri Valley area. **“Elephant in the Room”** being a euphemism of how the foreclosure market will continue to dominate (in 2010) what happens to our local real estate market.

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2010 and beyond...

What is in store for our local real estate market for 2010?? This is not hard to predict. House prices, especially for entry level homes, will remain affordable. Interest rates will continue to be low as the government continues to help the housing market. Tax credits remain for first time homebuyers. What this means is that the real estate recovery began in 2009 and will continue in 2010. Our local real estate market is recovering! Especially in the lower to mid price ranges.

Info on the real estate recovery for 2009.

http://news.yahoo.com/s/ap/us_home_sales; ylt=AheMh78cbLxqXIUo8zj6JUas0NUE; ylu=X3oDMTJyNXVxZTBnBGFzc2V0A2FwLzIwMDkxMDIzL3VzX2hvbWVfc2FsZXMEY3BvcwMyBHBvcwM3BHB0A2hvbWVfY29rZQRzZWMDDeW5fdG9wX3N0b3J5BHNsawNob21lc2FsZXNvaXM-

More info on house prices starting to appreciate!

For 2010 prices on our lower to mid range homes will appreciate.

http://news.yahoo.com/s/ap/20091027/ap_on_bi_ge/us_home_prices; ylt=AuGBOAb4_apGgXcA_XzKbMes0NUE; ylu=X3oDMTJzNm41ZTlwBGFzc2V0A2FwLzIwMDkxMDI3L3VzX2hvbWVfcHJpY2VzBGNwb3MDMgRwb3MDNgrRwdANob21lX2Nva2UEc2VjA3luX3RvcF9zdG9yeQRzbGsDaG9tZXBvaWNlc3Jp

Our blog info on the recent success stories on short sales.

<http://www.dqnews.com/Articles/2009/News/California/Bay-Area/RRBay090716.aspx>

Buyer information on how to purchase a home.

http://news.yahoo.com/s/ibd/20090709/bs_ibd_ibd/20090709realestate

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Information on Bay Area home sales improving in 4th quarter of 2009.

<http://www.dqnews.com/Articles/2009/News/California/Bay-Area/RRBay091015.aspx>

More information on home sales increasing in 4th quarter 2009.

http://news.yahoo.com/s/ap/20091102/ap_on_bi_ge/us_pending_home_sales

First time buyer tax credit extended and more!!

Info on the \$8,000.00 first time homebuyers tax credit. This income tax credit has been extended through June 2010. In addition, an additional Federal tax credit was added for buyers who already own a home. This is great news for our local housing market.

http://news.yahoo.com/s/ap/20091029/ap_on_bi_ge/us_homebuyer_tax_credits

http://news.yahoo.com/s/ap/20091105/ap_on_bi_ge/us_homebuyers_tax_credit

<http://www.federalhousingtaxcredit.com/2009/home.html>

For all of your real estate needs and questions please check out our websites

<http://tomlyons.yourkwagent.com/atj/user/HomePageGetAction.do>

<http://www.tomlyons.com/index.cfm>

The Lyons Real Estate Report is distributed monthly to approx. 950 households in the Tri Valley area. If you'd like to receive this report monthly, or if you'd like to unsubscribe, please send me an email at realestate@tomlyons.com

Tom