

# \$550K becomes \$650K in just one year's time

## Big year for real estate

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1-12-05  
Housing 2000  
✓ The median price of a single-family home in the county skyrocketed in 2004, climbing \$100,000 from the previous year.

High demand and low supply pushed the county's median price for a single-family home in December to \$650,000, up from \$550,000 in December 2003.

The median price for townhouses and condominiums also shot up in 2004, peaking at \$452,000 in October. The median condo price finished the year at \$440,000.

"The people who bought at the end of 2003 have been very pleased with the amount of equity they've earned in one year's time," said Linda Haines, associate real estate broker at Oliver Realty in Watsonville.

Despite the strong figures, the year actually ended on a slight down note with the November

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## Median

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and December highs down slightly from the record \$659,000 median price reached in October. The November's median rang in at \$629,000.

Demand continues to be solid, according to Gary Gangnes of Real Options Realty in Santa Cruz. More than 200 single-family homes and 52 condominiums and townhouses sold in December. Driving demand in large measure, he said, are continuing low interest rates.

Buyers qualify for a monthly payment, not the price of a home, and the biggest piece of the payment is interest, Gangnes said. The \$1,800 monthly interest at the current 4 or 4.5 percent starting rate for an adjustable loan is more like \$3,600 at 8 percent, he said.

"If interest rates rise significantly, if they get to 8 or 9 percent,

which is even low by historical standards, it will have a strong effect on demand," Gangnes said.

Of the 391 county listings Tuesday, 124 were in escrow, and only 58 were priced below the \$650,000 median. The escalating prices worry real estate professionals and potential buyers alike, Haines said.

"It's a natural reaction," she said. "(Low interest rates) are keeping homes affordable to a certain degree, but (mortgages) still have to be paid off in 30 years."

Nevertheless, as long as supply remains low, Haines expects prices to continue to rise.

The hundreds of new homes built in Watsonville during the past two years haven't made a dent in the market, she said.

"None of them are sitting empty," Haines said. "We can't see an end. Whenever we predict an end to an escalating market, we've been wrong."

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## Santa Cruz County median sale prices

Figures, in thousands of dollars, are for single-family homes

<b>2001</b>		<b>2003</b>	
January	467,000	January	515,000
February	485,000	February	525,000
March	499,000	March	522,500
April	530,000	April	541,000
May	505,000	May	535,000
June	470,000	June	550,000
July	525,000	July	543,500
August	470,000	August	549,000
September	470,000	September	550,000
October	475,000	October	544,000
November	490,000	November	541,500
December	470,809	December	550,000
<b>2002</b>		<b>2004</b>	
January	475,000	January	580,000
February	480,100	February	560,000
March	496,000	March	603,125
April	494,000	April	619,000
May	532,000	May	637,000
June	522,500	June	599,250
July	540,000	July	635,000
August	539,500	August	639,000
September	529,250	September	645,000
October	520,000	October	659,000
November	510,000	November	629,000
December	515,000	December	650,000

Sources: Santa Cruz Association of Realtors and Real Options Realty