

'Exceptionally strong' home sales predicted

Low mortgage rates fueled April increase

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SANTA CRUZ — The life expectancy of a "for sale" sign is getting shorter and shorter these days, with home sales heating up so quickly that some agents predict prices will begin to rise again.

The number of local home sales surged in April, mirroring a Bay Area trend that's pushed real estate transactions to a pace not seen since 1999.

"April was the strongest sales month in the history of our company," said David Lyng of David Lyng & Associates in Capitola.

While the median price of a home has remained steady at about \$430,000 for several months, homes are being snatched up more quickly and the inventory is nearly half what it was a year ago.

The smaller supply tends to push prices up,

said Gary Gangnes of Real Options Realty in Santa Cruz.

"We're back to a four-month inventory, which puts upward pressure on prices," said Gangnes, who compiles local real estate statistics monthly.

Three hundred and seven local single-family homes and condominiums were sold in April, up 36 percent from the year before, according to figures from DataQuick Information Systems of La Jolla.

The sales have been fueled by historically low mortgage rates of 6.6 percent for 30-year fixed loans.

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Housing market

Santa Cruz County's median home price stayed steady at about \$430,000 in April. But shrinking inventories and surging sales may be a sign the prices will rise this year.

NUMBER OF HOMES SOLD

	April '01	April '02	Change	Median
Santa Cruz	225	307	36%	\$430,000
Santa Clara Co.	1,400	2,533	80.9 %	\$458,999
San Francisco	353	621	75.9%	\$526,000
Bay Area	7,193	10,768	49.7%	\$402,000

Home sales

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"An awful lot of people are out there buying right now," said John Karevoll, an analyst at DataQuick, which monitors real estate transactions nationwide. "Though the price may appear to be very, very high, if you sit down and do the math, a lot of people can afford to buy right now."

Lyng said the jury's still out on how the rest of the year will unfold, but he expects mortgage rates to remain relatively low. Still, concerns about terrorism and fear that rates may go up even slightly has pushed some buyers into the market.

"It's enough to get people off the fence and make a decision when there is still a decent inventory," he said.

According to Real Options, 207 single-family homes were sold in April, compared to 133 in April 2001. About 250 homes were sold in April 1999.

In the Bay Area, the increase was even more dramatic, with 10,768 single-family homes and condominiums being sold in April, up nearly 50 percent from the year before. It was the strongest April since 1999.

"I expect sales to be exceptionally strong this summer," Karevoll said.

Changes in the Santa Cruz real estate market typically lag six to eight months behind Santa Clara Valley, Gangnes said.

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