

# Real Estate

## Housing market stabilizing, but prices holding

First quarter results show buyers became more cautious

by Jeb Bing

The Pleasanton housing market softened in the first three months of the year as mortgage interest rates and housing inventory both rose.

Although home prices are stabilizing, they're not dropping as in other parts of the country, but they're appreciating slowly, if at all, according to Douglas Buenz, a real estate broker whose 680 Team is affiliated with Alain Pinel Realtors.

"The real estate market in Pleasanton is moving at a very deliberate pace right now," Buenz said. "The number of houses on the market at the end of March was 150 single family homes, compared to 120 at the end of February, so we can see that inventory is trending up."

What's really changed in recent weeks, said Buenz, is the buyer's frame of mind. Last year at this time, buyers were outbidding each other for the same house and making offers quickly before another buyer came along and snatched up the home they wanted.

"It's different today," Buenz explained. "Buyers are more cautious and they have the time now to make their decision. They don't have to rush in with an offer for fear they might lose out. That just isn't happening anymore."

Although home sales are significantly slower, houses are selling. A typical house may be on the market for

20-30 days, much less if it's priced right, in excellent shape and appeals to the buyer. Homes that need new carpets, a coat of paint or a kitchen update are taking longer to sell and buyers often want a discount because of the remodeling they'll have to do.

Buenz also blames negative stories in the national media for lowering the expectations of would-be buyers. Buyers and sellers have a sense that they should wait to make a move due to reports that actions of the Federal Reserve could cause a real estate bubble where home prices might tumble or buyers experience extraordinarily high home mortgage interest rates.

"That may be true for first-time home buyers who are finding that they are being priced out of the market, but it's really not a concern for most," Buenz said. "Fixed rate mortgages have risen, but not nearly to the degree that the consumer perceives they have risen. Some confuse short term rates, which are now actually higher than long-term mortgage rates, with the kind of rates they'll encounter. The rate increases by the Fed hasn't dramatically impacted the long-term mortgage market."

Buenz also pointed to the strong job market in the Bay Area as an indicator that real estate sales will also continue to grow. Detroit, with its massive job layoffs and



Doug Buenz

employment uncertainties, may face a bursting bubble in housing prices, similar to what happened in Los Angeles in the early 1980s when there were large layoffs in the defense and aerospace industries.

"That's not the case here," Buenz emphasized. "The job situation in Pleasanton and the region is very strong. In the Bay Area, they are expecting a 50,000-plus increase in jobs this year. So as long as the job situation remains good, I don't see any conditions for a real estate bubble bursting."

As for the current second quarter and the rest of 2006?

Buenz sees a continuation of what's happened in the first quarter with a stabilized market and little change in pricing.

Buenz, who has been a Realtor in Pleasanton since 1989, can be reached at 463-2000, by email at request@680homes.com or through his Web site at www.680homes.com. ■

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