

## Here are 10 Bay Area ZIP codes where home values went down last month

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You've probably been reading about the latest round of record home prices in the Bay Area.

A report issued last week by the CoreLogic real estate information service showed that single-family homes in the nine-county region reached yet another all-time peak in May: \$818,000, up 8.9 percent from a year earlier. A separate survey by the Pacific Union real estate company set the May median price of all homes across the region at \$860,000, up 7 percent year-over-year.

What caught our eye about the Pacific Union survey was that it got down into the weeds in an unusual way. Specifically, it showed that certain ZIP codes throughout the region seemed to be defying the relentless upward rise in prices — in fact, homes in these ZIP codes had depreciated in value over the last year.

Intrigued, we asked Pacific Union to crunch the numbers further, focusing on four key counties: Santa Clara, San Mateo, Alameda and Contra Costa. Given the chronically tight housing supply and the steady — some would call it frenetic — demand from prospective buyers, home prices have been sailing upward in each of those counties when values are computed on a countywide basis.

However, Selma Hepp, Pacific Union's chief economist, had no trouble isolating 10 ZIP codes in those counties where single-family home values had actually dipped year-over-year, appreciably in some cases. Comparing sales for the first four months of January 2016 to the same portion of the calendar in 2017, she found that values tanked 20 percent in Santa Clara's 95054 ZIP code, while Berkeley's 94705 dropped 18 percent and Los Gatos's 95030 fell 11 percent. Even in super-wealthy Atherton, values fell 2.0 percent in the exclusive 94027 ZIP.

What gives?

We wondered if hidden trends were afoot — if homebuyers (assuming they could handle the still stratospheric prices) might find some relative bargains in these areas. They could then sit back and watch as values rebound in the coming years.

But the more Hepp zoomed in with her microscope, the more it seemed as if these downward turns were anomalies, caused by temporary changes in the housing mix and hard-to-pin-down whims of the market. These suspicions were bolstered by conversations with several agents in the field. And underlying the overall discussion of depreciating ZIPs was this message: One set of statistics does not necessarily indicate a trend.

A few examples:

Hepp pointed out that Santa Clara's 95054 ZIP is one where condos make up half of the housing stock. This year, between January and April, single-family homes that listed for under \$900,000 tended to sell for above asking price, while houses listing at higher prices were simply going at list — as if buyers had collectively put a cap on what they were willing to spend in a neighborhood dominated by condos. Year-over-year, the median single-family price here fell from \$1,240,000 to \$990,000. But again, don't get too excited; this is a snapshot, not necessarily a trend.

Berkeley's 94705 ZIP, which includes the Claremont district, fell 18 percent from \$1,800,000 to \$1,485,000. But Pacific Union agent Carla Buffington pointed out that the sample size was small — 18 sales in the first four months of 2017, 21 during the same time frame in 2016. Moreover, the overall numbers were likely skewed by the fact that several larger and more expensive homes hit the market between January and April 2016, while 2017 sales have included several condos and a fixer-upper. So take that dip in the median value with a grain of salt.

Los Gatos's 95030 ZIP dropped 11 percent year-over-year, from \$2,750,000 to \$2,450,000. But Sereno Group agent Kevin Swartz pointed out that median-price calculations do not reflect the sizes of homes sold. Most likely, 2017 sales were for smaller homes in the neighborhood, he said. In any event, Swartz noted that the cost of homes by-the-square-foot has been rising steadily in this ZIP: from \$899 in 2015 to \$938 in 2016 and \$954 year-to-date in 2017.

The list goes on.

Atherton's 94027 dropped 2.0 percent from its January-through-April 2016 level, but Hepp said the 2016 numbers skewed upward because of the sale of two big homes for more than \$10 million.

Over in Menlo Park's 94025, the median dropped 6.0 percent, but Pacific Union's Adam Touni said that's probably because inventory in this desirable neighborhood is always notoriously tight and only a few of its older, less updated homes came to market this year.

As for Walnut Creek's 94595, where the median fell 5 percent, Hepp said this is another condo-heavy area where condo prices have been appreciating. Perhaps, as with Santa Clara's 95054, this is a ZIP code where single-family homebuyers have at least momentarily put a limit on what they're willing to spend.

Here is Pacific Union's "Top 10" list for depreciating ZIP codes in the four counties:

Zip Code	City	Median Sales Price, January-April 2017	Median Sales Price, January-April 2016	% Change Year Over Year
95054	Santa Clara	\$ 990,000	\$1,240,000	-20%
94705	Berkeley	\$1,485,000	\$1,800,000	-18%
94525	Crockett	\$ 429,000	\$ 483,500	-11%
95030	Los Gatos	\$2,450,000	\$2,750,000	-11%
94027	Atherton	\$4,925,000	\$5,000,000	-2%
94507	Alamo	\$1,635,000	\$1,762,500	-7%
94019	Half Moon Bay	\$ 941,050	\$ 998,000	-6%
94025	Menlo Park	\$2,200,000	\$2,329,500	-6%
94595	Walnut Creek	\$1,030,000	\$1,085,000	-5%
94040	Mountain View	\$1,999,000	\$2,099,500	-5%