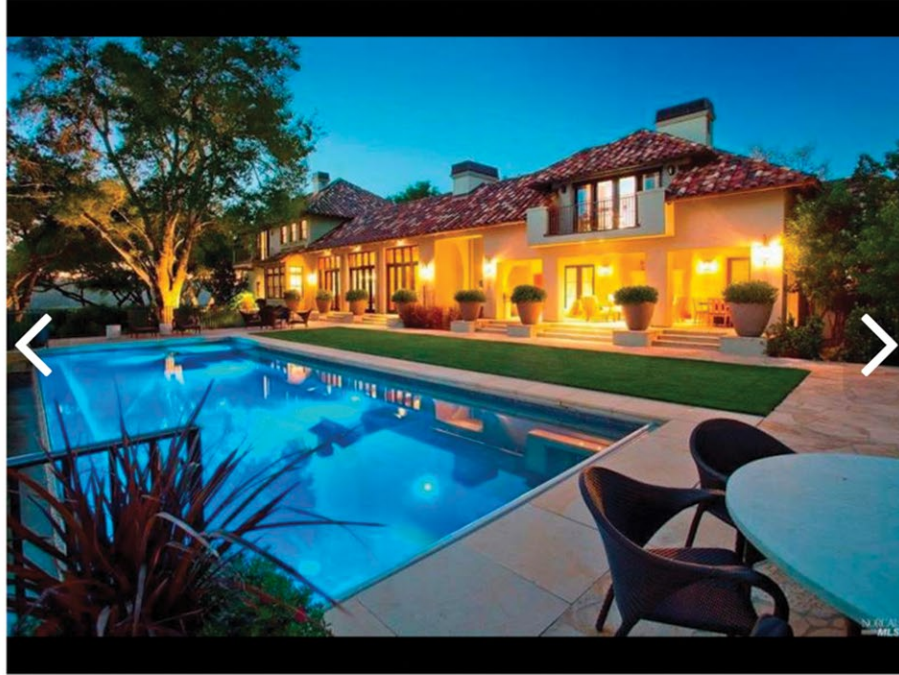


Sonoma County's \$1 million-plus home sales soar



(1 of 20) 6255 Dry Creek Rd, Healdsburg: 3 beds 5 baths 6,067 sqft., listed at \$15,900,000. (ZILLOW)

ROBERT DIGITALE

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Sonoma County's housing market continues to sputter amid lower sales, but one category of homes remains a striking exception: those fetching prices of \$1 million or more.

The number of single-family homes selling for \$1 million or more has increased 45 percent during the first four months of the year, according to The Press Democrat's monthly housing report, compiled by Pacific Union International senior vice president Rick Laws. Over the same period, homes selling for \$999,999 or less declined 13 percent.

The increased sales at the upper end of the market aren't a one-year fluke. A review of available data reveals that sales in the million-plus segment have tripled in the past five years, even as they plunged 35 percent in the rest of the market.

Sales are increasing in the upper end of the market in part because rising home values have pushed many properties into the million dollar segment, brokers said. That fact may help explain why the segment also has enjoyed an increase in new listings, in contrast to the overall market where new listings are at their lowest level in at least eight years.

But brokers said the county's luxury market also is benefiting from its regional proximity to communities with much higher housing costs.

"I think there's a lot of buyers that are coming out of Marin and the Bay Area that see Sonoma County as a deal," said Laws.

In Santa Clara, Marin, San Francisco, and San Mateo counties, the median home price in April ranged from \$1.2 million to \$1.5 million, according to the California Association of Realtors.

The Press Democrat

From those four counties came buyers who purchased one-fifth of county homes sold by Pacific Union International from January 2016 through March 2017, according to a report provided by Laws. The results, which showed about a third of the company's total sales here were made to out-of-county buyers, were based on 320 completed surveys.

For the entire county market, buyers in April purchased 344 single-family homes, the lowest figure for the month in nine years. Similarly, sales for the first four months of 2017 are off to their slowest start since 2008.

The county's median sales price last month slipped to \$615,000. The April median declined 3 percent from a record high set in March, which was revised down slightly to \$635,000. However, last month's median price still increased 9 percent from a year earlier.

The previous record for median price here was \$619,000 and had been set in August 2005, roughly two years before home values began an unprecedented plunge amidst a national housing crisis and Great Recession. In the upheaval that followed, the county's median price hit a low of \$305,000 in February 2009.

However, in the last five years the median has nearly doubled, as the rest of the economy also improved.

Homes sales haven't slowed from a lack of demand but from a lack of properties for sale, brokers insist, which puts upward pressure on prices. And the inventory remains skewed toward the luxury market.

Pam Bradford, a broker associate with Praxis Realty in Santa Rosa, noted the county has only about a month's worth of inventory for homes priced under \$1 million.

"We're really tight up to that million-plus range," she said.

In some communities, the problem is even more pronounced. Gerrett Snedaker, a partner in Better Homes and Gardens/Wine Country Group in Sonoma, pointed to the town of Windsor, which ended April with only 16 homes for sale at all price levels. Last month buyers and sellers there signed preliminary sales contracts for 33 homes, meaning that the town's remaining inventory represented a supply of only half a month at the current pace of transactions.

But inventory loosens among homes listed above \$1 million and especially so at the upper end of the luxury market.

In April, buyers signed preliminary contracts for 16 homes priced at \$2 million or more. That left the county with 126 homes available in that price range at month's end, or nearly an eight-month supply at the current pace of transactions.

The inventory of luxury homes has kept increasing, Snedaker said, which could push prices lower.

"That's why I'm looking to see if we get some price reductions," he said. He noted owners of three Sonoma Valley homes listed above \$2.5 million recently dropped prices an average of about 7 percent.

The increasing number of homes in the million-dollar-plus segment is the result in part of significant rises in home values, Snedaker said. A house priced at \$700,000 in 2012 likely would now be worth more than \$1 million, he said.

To quantify the differences in the market, The Press Democrat examined January-through-April home sales over the past five years.

In the first four months of 2012, the county reported 59 sales at \$1 million or more. For the same period this year, sales jumped to 181 homes, a 207 percent increase.

In contrast, sales below \$1 million declined 35 percent in the same period. The total fell from 1,538 houses for the first four months of 2012 to 1,004 for the start of this year.

Increasing sales in the million dollar segment are partly because of an increase in the number of Bay Area buyers who have come here to purchase second homes and retirement properties.

"Now there's more (sales) because there's more influx of wealth," said Bill Facendini, president and broker of Terra Firma Global Partners in Santa Rosa.

In explaining the factors affecting the various price segments, brokers noted that buyers at the lower end of the market are seeking a primary residence for their family. In contrast, those in the luxury segment typically own a principal residence and have discretion whether or not to purchase another property.

"It's the folks who have to get up and go to work," said Facendini, "versus the folks who look at life a little bit differently."

You can reach Staff Writer Robert Digitale at 707-521-5285 or robert.digitale@pressdemocrat.com. On Twitter @rdigit.