

The State of the San Mateo County Real Estate Market

On Saturday, April 12th, at its 39th annual Progress Seminar, the San Mateo-Redwood City Chamber of Commerce hosted a panel discussion regarding the state of the San Mateo County real estate market.

Panelists included Jim Harrison, President and CEO of MLSListings, Inc., Sue Walsh, President of the San Mateo County Association of REALTORS®, Ben Paul, Partner, NAIBT Commercial, and Steve Herbert, Sr. Loan Consultant for Washington Mutual.

Jim Harrison started the discussion with an overview of the County's real estate market's productivity. In drawing a comparison between the County and state, he noted that the state has seen a 6.7% decline in home prices. However, contrary to many reports in the media, San Mateo County's market has remained relatively stable. There is an ample supply of inventory and sales are strong.

Echoing Mr. Harrison's view of the market, SAMCAR President Sue Walsh noted that she is seeing a steady, moving market, where homes are receiving multiple offers. These homes, she said, are generally either in the \$500,000 or below range, or in the \$1 million or more ranges. Homes that fall between those ranges are moving, but remain on the market longer. She also described what she referred to as the "rhythm" of the market, stating that we are currently in an active period, with a slight slowdown in the late summer months, followed by another period of robust activity through the Fall.

On the commercial front, Mr. Paul stated that asking rents will retreat modestly, the push for new entitlements and new construction will slow down slightly, and the deal cycle will lengthen. However, despite this trend, the Bay Area office and research and development leasing markets will outperform the national average. Additionally, Mr. Paul discussed the emerging demand for green building. Seventy percent of corporate users view sustainability as "significantly important" and 77% are willing to pay a premium. Accordingly, this market is likely to see acceleration in the demand for green buildings.

As to lending, Mr. Herbert noted that we will likely see a return to the days when there were fewer banks extending home loans, and a tightening of the lending guidelines. It is unlikely that interest only, stated income and no down payment loans will exist. Rather, borrowers will be more closely scrutinized in terms of their credit worthiness and will be required to come up with 10-20% as a down payment.

The Real Estate panel was well-attended and initiated a robust discussion about the current and future strength of the County's market. Overall, panelists and attendees seemed to agree that San Mateo County remains a healthy and steady market, with the potential to grow even stronger in the coming months. For additional, about current County housing statistics, please visit: http://www.samcar.org/index.cfm/sales_statistics.htm.

The San Mateo County Association of REALTORS® (SAMCAR) is a professional trade organization representing over 3,800 REALTORS® and Affiliate members engaged in the real estate business on the

Peninsula. SAMCAR promotes the highest ethical standards of real estate practice, serves as an advocate for homeownership and homeowners, and represents the interests of property owners in San Mateo County. For more information, please contact Michon Coleman, Director of Public Affairs at 650.696.8200.