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Lamorinda Avoids Foreclosure Spike

By Cathy Tyson

Given the current financial meltdown, it's surprising that Lamorinda is actually in a better situation than the majority of other Contra Costa communities with regard to the number of home foreclosures in the area and the relative stability of home prices.

While it's not uncommon to hear of the shocking number of foreclosed homes in Antioch, Brentwood and Pittsburgh, it's still a rarity in Lamorinda.

A recent report produced by Paragon, a real estate solution software company, documented the percentage of short sales - homes that sold for less than their previous price and REO - bank owned/foreclosed homes of all pending properties on October 6 of this year.

Antioch with 622 pending sales has the highest percentage of short sales and REO properties at 557 or 89.55% of the total on that date. Brentwood was a close second at 239 homes pending and 208 or 87.3% either foreclosed or selling short. Lafayette had 27 pending sales, only 3 of which were REO and another 3 were short sales giving it a combined percentage of 22.22%. Orinda has 24 pending sales with just one in foreclosure and two short sales for 12.5% - the lowest of any of the 21 cities in this analysis covering Newark to Richmond to San Ramon. Moraga was not included in the available data.

There are a number of reasons why this foreclosure trend has not hit Lamorinda according to Prudential Realtor, Maria Eberle, who lives in Orinda. In fact she sees it as, "an incredible opportunity."

One of the key distinctions she cited between Lamorinda and other Contra Costa neighborhoods is the fixed number of homes in this community; in most cases the price tag requires a jumbo loan with tougher qualifying restrictions, unlike the subprime markets. Most families buying a home in Lamorinda can generally afford it.

Rather than speculators hoping to buy a home and rent it out, the majority of buyers in Lamorinda intend to live in these residences because of the desirability of the area - great schools, proximity to San Francisco and relatively little crime. Less than 1% of the market is new construction. Areas that have foreclosures and price declines have a substantial amount of new construction. Home builders gave liberal financing terms in order to move inventory, according to Eberle.

According to DataQuick.com median home prices here compared to other nearby communities are holding fairly steady. The median price of a home sold in Lafayette this August is only 0.6% lower than it was last August. Their September numbers haven't been released as of press time.

In fact, North American Title Company just came out with their September price report, analyzing average home sale prices from the same month last year. Amid a sea of negatives for other communities, the average sale price actually increased in Moraga 18.08% from September 2007 to September 2008; from \$996,000 to \$1,176,000.

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