

Buyers emerging for East Bay condos

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After months of stagnant sales, buyers are starting to snatch up East Bay condos.

A boost in sales activity comes after developers converted hundreds of units into rentals or chopped prices. That along with low interest rates and tax incentives for homebuyers have helped bump up sales.

The Oakland-Emergencyville market had about 665 units available in August at about a dozen projects, according to Polaris Group, a real estate marketing and research firm. Projects such as BayRock Residential's Eight Orchids, which has been on the market since early 2007, is down to its last 30 units out of 157. Other projects such as the Ellington in Jack London Square and Adeline Place in Emergencyville began selling units earlier this year.

"Sometime in May or June, consumers got tired of waiting, developers dropped prices and sales started happening," said Miles Garber, director of research at Polaris. "There's a huge surge of first-time homebuyers for projects where you have condos in the \$200,000s."

This year, the number of new products coming on the market is dramatically lower than in years past, when dozens of developers delivered projects. In 2007 alone, close to 2,000 units came online. In 2010, just over 250 units are expected to hit the market.

The result is that existing inventory can move faster, Garber said.

"It's not like 2008 where you would have months go by without any sales going on," he said. "Now there's new velocity at the projects that have inventory."

Even condo resales are seeing increased activity. The median price for a condo resale during the three month period from May to July was \$298,000, a 14 percent reduction from the same period the year prior. Sales, however, have jumped by 60 percent.

If condo sales continue, developers could begin converting repositioned units back into for-sale units. Demand will depend on job growth and real estate prices over the next several years, Garber said.

Still sales are moving a glacial pace compared with developers' original projections. Rick Holliday of Holliday Development said his 163-unit Pacific Cannery Lofts will take at least a year longer to sell out than he anticipated. The West Oakland project went on the market a year ago, but the collapse of the financial markets dried up credit markets. The first buyers signed contracts starting in January. The project now has 65 units in contract and is selling about 5 to 10 units per month.

"We're happy with where we are," Holliday said. "Our traffic, the quality of it, is increasing and improving, and we think that a lot of that is because our development is becoming a community."



Holliday