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## The Real Estate Quarter in Review

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The second quarter of 2023 remained strong on the residential side of Lamorinda real estate. The total number of sales was down everywhere and the average price was steady in Lafayette but lower in Moraga and Orinda. The closings that occurred were those that mostly went under contract from mid-February to late May in a period of relatively higher interest rates than a year ago.

Per Contra Costa Association of Realtors statistics reported from April 1 through June 30, 71 single family homes closed in Lafayette. This was a decrease from the 115 single family homes closed in the same period one year ago. Sales prices ranged from \$947,000 to \$12.45 million and the average number of days on market was 17. In the year ago second quarter it was nine days. The average sales price was \$2,499,679, just above the \$2,479,025 one year ago. It was \$2,180,240 in 2Q2021 and \$1,794,912 in 2Q2020. In 2Q2019 it was

\$1,779,112.

In Moraga, the number of single-family closings was 43 - the same amount as from April through June a year ago. In 2Q2021 it was 57. Prices ranged from \$1.365 million to \$4 million. The average sales price was \$2,121,393, a drop from a year ago when it was \$2,376,836. It was \$1,936,316 in 2Q2021 and 2Q2020 it was \$1,548,585. In 2019 it was \$1,542,888. The average marketing time was 12 days where a year ago it was seven.

In Orinda, the number of single-family closings was 61 - a drop from the 97 in the year ago span and substantially lower than 2Q2021 when there were 136. Sales prices ranged from \$835,000 to \$3.45 million with an average price of \$2,135,898 which was slightly below the 2Q2022 average of \$2,198,041. This was lower than the \$2,317,982 in the same quarter in 2021, but still well above 2Q2020 when it was \$1,808,271, and from \$1,623,995 in this quarter in 2019. It took an average of 20 days to have a house go pending - similar to the 14 days in the same period a year ago.

There were only two single family sales below \$1 million in the three communities combined.

In the quarter ending June 30, on an average price per square foot basis, Lafayette detached single-family homes sold at \$882.95 - a significant drop from \$1,029.97 a year ago. In Moraga homes sold for \$872.32 a square foot, which was below the \$935.79 last second quarter. Orinda was \$833.29 - down from \$915.40 a year ago.

The drop in all of these averages can be attributed to a smaller number of sales in general and in the average sales prices.

In Lafayette, the average sales price was just over 100% of the final asking price. A year ago, the average was over 113% of final asking. In Moraga it was 104% versus 115.3% in the year ago period and in Orinda it was also about 104% versus a year ago when it was 111.8%. The reason for this can be attributed to agents using more transparent and realistic pricing than they had recently been doing.

In the condominium/town home category, Lafayette had nine closings versus the year ago quarter when there were 10. They sold between \$851,000 and \$2.045 million. Moraga had 14 when a year ago there were 36. Sale prices ranged from \$622,000 to \$1.6 million. Orinda had two that were \$515,000 to \$1.25 million.

As of July 1, there were 52 homes under contract in the MLS in the three communities combined. One year ago, there were 70! The current pending homes have asking prices of with asking prices of \$415,000 to \$4.75 million.

Inventory has decreased. There are 89 properties on the market and a year ago there were 109 available properties in the three communities combined.

There are 48 properties on the market in Lafayette - an increase from the 52 at this same time a year ago. Asking prices in Lafayette currently range from \$581,784 to \$8.995 million. In Moraga, buyers have their choice of 12 homes or condominiums listed between \$385,000 and \$3.65 million. A year ago, there were 22.

In Orinda there are 25 - again a decrease from 35 on the market at the same time a year ago. The list prices range from \$899,000 to \$5.6 million.

There is only one bank-owned or short sale currently in the MLS available in the three communities.

It is interesting to note that of the 89 dwellings on the market, 13 have lowered their asking prices in the last seven days.

Interest rates have continued to rise and this has affected the market. We are still seeing many buyers come to the area from across the Bay and Oakland because they feel they will likely not be commuting every day and feel that to live further distances from San Francisco or Silicon Valley is manageable.

Lastly, it is important to look at what homes are selling for versus their list prices. Often homes come on the market at unrealistic prices, and they do not sell, but in the second quarter of this year most homes have had multiple offers and have sold at or above the list price.

Of the 115 single family sales that closed in Lafayette in the second quarter of 2023, 42 of the 71 closings sold at or above the asking prices.

In Moraga, only 11 of the 43 sales was below the asking price and in Orinda, only 21 of the 61 sold below the final listing price.

We are still seeing many buyers having to make offers without the traditional contingencies of obtaining financing or having a home appraise or even having the home inspected. Many sellers continue to obtain pre-sale inspections in order to understand the condition of their homes and to also prevent a buyer from trying to renegotiate a lower price or repairs.

The combination of higher interest rates and higher supply will affect the numbers in the third quarter in Lamorinda. There are a lot of potential sellers who have refinanced in the past few years who are reluctant to give up their mortgage rates of under three percent and to go out and buy a home and pay what is now around seven percent.

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