

REAL ESTATE

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INSIDE

Real Estate
Sound OffK2
Home Trends.....K3
Cover Story.....K4
Home Sales.....K6

Home Guide
GetawayL1
Price PointL3
Market InsightsL4
Just Approved.....L5

Home sales fell in July, but some buyers see silver lining

By Alex Veiga
AP BUSINESS WRITER

LOS ANGELES — The housing market's comedown from its high-flying days early this year is deepening, with home sales in July falling for the sixth straight month.

Sharply higher mortgage rates, surging inflation and prices that remain near all-time highs are making homes less affordable. Sales fell 20.2% from July last year, reaching the slowest pace since May 2020, near the start of the pandemic.

But the slowdown has begun to tip the home-buying equation, if ever so slightly, in favor of house hunters who can afford to stay in the market and away from sellers, who'd previously been able to offload their homes at prices they may have never dreamed of.

Homes are still selling

lightning fast, on average, and many continue to fetch multiple offers. But many sellers have had to become more flexible on their asking price and find they no longer can demand would-be buyers waive important safeguards like a home inspection before closing the deal.

The shift doesn't mean it's a buyer's market now — it'll take a sharp increase in the number of homes on the market before that happens. Still, it is a notable reversal after a housing shortage, rock-bottom mortgage rates and soaring home prices skewed the housing market strongly in sellers' favor in recent years.

New data show somewhat of a mixed picture of the housing market, with sales continuing to decline while the tight inventory of properties for sale keep prices climbing.

SOUND OFF

Do you recommend homebuyers invest in a home warranty?



A: The last thing you want to deal with as a new homeowner is if the heater goes out, or the dishwasher stops working.

Having a dedicated home warranty with a support line and service vendors is reassuring and important. We feel it's so important, in fact, that we will buy almost every one of our buyers a comprehensive one-year warranty for their new home, as we know that despite the most diligent of diligence efforts, things will and do come up with any home.

The only time when we don't get a home warranty for our clients is when they're getting a fixer and replacing everything, or with brand-new construction, as developers are mandated to provide a one-year fit-and-finish warranty by law.

We view a home warranty as an extension of the support and counsel we've been providing our buyers throughout the purchase process. Years of experience tells us that the relatively modest premium is far outweighed by the cost just one (covered) service call and the appreciation a client has in knowing that we were still supporting them after closing, and this is what's most important to us.

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A: Buyers and sellers have the option of including a home warranty into the contract when a home is being sold and purchased.

Typically, when my buyers purchase a home, I give them the gift of a one-year home warranty policy as a gesture of goodwill and to help them deal with unforeseen challenges in that first year of ownership.

Every policy and set of coverages is different, and so much depends on the assessment of the service provider — typically a third-party repair person — on each particular service call. Based on the policy coverage, and for a relatively reasonable, flat service fee, a technician will diagnose and/or address the problem at hand, which may cost less than hiring a stand-alone company to help.

My buyers have utilized their home warranty policy to re-key their locks, address plumbing issues, and repair or replace appliances. Some investors use home warranty services to maintain their investment properties. Sometimes buyers don't use the policy at all and don't renew the policy. It's like a health insurance policy: sometimes you use it a little, and sometimes a lot.

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A: Deciding to invest in a home warranty will depend on several factors, including the home's age, how much work you're willing to do yourself, and whether you have reserves for unexpected repairs.

A home warranty may be a good idea if inspections show your appliances or home systems may be near the end of their lifespan, if you're not a DIY-er, or don't have a handyman on speedial. Also, if you don't have a reserve fund set up, a home warranty could help.

You may not need a home warranty if you're already experienced with home improvements, or if you're buying new construction (most builders provide a warranty covering workmanship and materials).

Home warranties vary wildly in their coverage, terms and limitations, so if you do consider purchasing a warranty to protect your home investment and for peace of mind, always read the fine print.

» Insider tip: If you're a seller, offering a home warranty can give you an edge over the competition in today's market.

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Want to contribute to Sound Off?

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