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# Buying a Home in the Bay Area: The Unattainable Dream?

Owning a home in the Bay Area is difficult for many buyers thanks to soaring home prices and high cost of living. Luckily with a little creative thinking, owning a home can still be just within reach.

By Megan Lynch  
Contributor

The Bay Area is one of the nation's most desirable places to live—and why not, its great weather, laid back atmosphere and beautiful setting make it the ideal place to call home. Unfortunately, its desirability also makes it extremely expensive.

According to a recent survey released by CNN.com, 11 of the nation's most expensive cities for home buying are in the San Francisco Bay Area. Two of the top five, Palo Alto (ranked four with a median home price of \$929,000) and Cupertino (ranked five with a median price of \$880,000), are also in the area.

Although residents of the Bay Area also have higher incomes, owning a home seems just out of reach. The good news: with a little extra work and some creative thinking, buyers can break into the market. By working with family members, friends and tapping into first-time homebuyer assistance programs, buyers can find their dream home and affordably finance it.

Economists have been predicting for months now that the market will cool down, but home prices continue to rise across the Bay Area. According to Reuters, the median price paid for a house in the area rose to a record \$631,000, a 0.5

percent increase from April. This is especially evident in places like Marin County where a mid-priced home sells for around \$775,000.

This trend is not unique to the Bay Area, California has experienced record-breaking home prices and is now one of the most expensive states in the nation. According to the CNN's report, 23 out of the 25 cities with the highest median home price are in California.

How has this affected the real estate market? For one, a combination of higher interest rates and home prices has forced home sales to slow down. According to Reuters, sales sank approximately 20 percent in May from 2005. This marks the 14th consecutive month of slowing sales—a problem for many local home sellers.

Economists are also predicting that this will affect the real estate industry. According to the UCLA Anderson Forecast, this could lead to job losses within the real estate industry, such as lenders and agents.

The good news is that although the market is slumping, experts are predicting that it will not crash. In addition, they do not foresee an overall recession. "We do not predict a recession, nor do we predict a substantial decline in average nominal home prices," said Ryan Ratcliff of the UCLA Anderson Forecast.

But despite the slow in real estate sales, prices continue to soar and experts aren't expecting this to change any time soon.

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# Living the homeowner dream

Continued from page 8B

This is great for homeowners since record home prices mean more equity in the long run. But for first-time homebuyers, the news is bleak. Prohibitive home prices mean that buying is out of the question for the time being.

But, with a little creativity, the dream can still become a reality. One easy solution is to move further away from San Francisco and to consider suburbs on the outer edge of the area. People who work in San Francisco are looking as far away as Tracy, Fairfield and even Stockton. Buyers in these areas get more bang for their buck, which means bigger homes on larger lots. The downside: arduous commutes and being further away from friends and family.

Buyers are also forced to think twice about how much space they actually need. Trading down to a smaller home or condominium can make a big difference in the final price.

One popular choice among young people is to buy with the help of friends or parents. This gives them the opportunity to buy homes that were previously out of reach and receive a share of the equity when reselling the home.

First-time homebuyers should also consider doing research on special programs that help newcomers break into the market. Many government agencies and non profit organizations offer special financing programs that will loan or grant the consumer up to 100% of the down payment.

For example, the City of Belmont will give down payment assistance in the form

of long-term, low interest loans to qualified home buyers. The City will loan up to \$75,000 toward the down payment at a low 3% interest rate—which can make buying a home easier than ever.

When all is said and done, sky-rocketing home prices have made buying a home in the Bay Area a challenge. For those who are just within reach, it means working a little harder and thinking creatively to buy that dream home.

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- Woodburning fireplace
- Two laundry rooms
- Pantry, extra storage

**Offered at \$2.95 million**



**64 Ensenada Road**

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