

From the WSJ Real Estate Archives

House-Hunting Advice For Bay Area Hopefuls

by Pui-Wing Tam

It was a nine-month saga which started in a one-bedroom apartment in San Francisco and finally ended with us owning a house of our own.

Buying a home isn't easy in the best of circumstances -- the experience drains you of time and money. But in the San Francisco Bay Area, where my husband and I live, the hassle quotient goes up exponentially. For one, there's plenty of competition, with constant demand for homes in and around the city's lovely environs. And while a major economic slump hit the Bay Area in 2000, sending unemployment rates skyrocketing above the national average, you wouldn't know it from the housing prices.

Indeed, home prices here continue to jump, with many houses still attracting multiple offers. The average price of a house in the San Francisco Bay Area was \$427,000 in May, up from \$413,000 a year ago, according to DataQuick Information Systems, a San Diego, Calif., real-estate-tracking firm.

"For single-family homes below \$1.375 million, it's still a very competitive market," says David Parry, a San Francisco real-estate broker and a director at the San Francisco Association of Realtors. "I've had people looking for three years for a house here, and they've been outbid every time." He says single-family homes in San Francisco priced under \$1 million are still getting six to 10 offers each.

That was the backdrop my husband and I faced when we began searching for a house of our own last July, after living in a one-bedroom rental in San Francisco for more than two years. Along the journey, we discovered some valuable lessons: Namely, use the Internet and find a great realtor. (We worked with Mavis Delacroix, an agent at Grubb Co., whom I call the "eighth wonder of the world.") Ultimately, after trudging to more than 30 open houses and viewing a total of around 50 homes, we landed a home we can grow into in our first choice of neighborhoods. Despite the challenges that lay ahead, we knew we held a couple of advantages at the start. We already knew the neighborhood we wanted to look in. We knew we could afford a down payment. And my husband and I liked the same types of homes -- older structures with character, and nothing prefab or contemporary.

We also lucked out. My boss recommended Mavis, who specialized in the neighborhood we were interested in.

When we contacted her, we found out she'd lived in the area for more than a decade. She knew the various property inspectors and other agents who were listing homes, so she sometimes heard weeks in advance when there would be an open house. Mavis wasn't pushy, and she listened.

And so it began. Every Saturday, Mavis would drive us around to look at a variety of homes so she could get a better feel for what we wanted. On Sundays, we would go to two or three other open houses to get a sense of what else was available; Mavis often told us which homes to skip and which to seriously look at. During the week, we surfed the Internet, which these days features photo tours of homes and keeps a full log of what is on the market. We kept a particular eye on the Internet on Thursdays, when open homes for the coming weekend were listed.

Many of the homes we saw lacked a crucial feature, like a yard or a garage. For many months, we also secretly hoped prices would fall. But to no avail: Prices kept rising instead. Realtors say one reason the market here continues to be so hot is that mortgage rates have declined so precipitously over the last year. Last October, the interest rate on a 30-year fixed mortgage was around 6.3%. By July 2003, it has dropped to 5.24%, according to consumer-finance site Bankrate.com.

In September, we found a house in our desired neighborhood. It was a Cape Cod-style home with three bedrooms and one-and-a-half baths. The house seemed reasonably priced, until we went through the property's disclosure packet with Mavis. She pointed out that the house's porch needed to be torn down and completely rebuilt -- to the tune of some \$25,000 -- and that other things needed fixing, including windows and parts of the roof. Though we decided to put in a low-ball bid anyway, we were promptly outbid by someone else. It was no surprise -- on average, home-buyers here make three or four offers before finally netting a house.

As we progressed with our hunt, we saw some places that were truly horrifying. One house, advertised as a giant four-bedroom-two-bath jewel, was covered in grime and dust from top to bottom. The kitchen lacked any appliances, and the bathrooms were filthy. What's more, the floor plan was nonsensical -- the staircase to the second floor, for example, started out in the bathroom on the ground floor. (Mavis later told us that the house was snapped

up, only to be completely torn down to make way for a new home.) We learned some code words: Houses needing "tender loving care," for instance, meant they usually needed to be gutted.

Often, the open houses were mobbed, mostly with nosy neighbors who had no intention of buying but simply wanted to poke around. (I confess I'm sometimes guilty of this, too.) One weekend we visited a lovely traditional-style house that was crawling with people. Later, we found out the house's refinished basement hadn't been renovated with the necessary city permits and that the foundation needed work. Though that made our hair stand on end, the house nonetheless received multiple offers and quickly sold at above asking. Was there any justice in the world?

By the end of last year, we were exhausted with house-hunting and decided to take a break. In January, I began scrolling Internet listings again. Mavis even started a letter-writing campaign on our behalf asking certain homeowners if they were moving and whether they would consider selling to a young couple. One of the letters yielded a concrete response, but the house we saw in connection to the letter was too tiny.

In late January, though, things started looking up. Mavis heard of an old house that was coming onto the market; we did a drive-by and liked its look, with its brown-shingled facade and charming front porch. She got us into the house the first day buyers were allowed to view it. Inside, it was roomy, with a kitchen and bathrooms that were in good shape and a wonderful garden in the back. Although much of the house needed work, the main problems were cosmetic -- we thought a new coat of paint on the walls and a new coat of varnish on the floors would do the trick. We decided to go for it. Guided by Mavis, we asked a property inspector to take a look at the house even before offers were due. Fortunately, the inspector found no major flaws. That enabled us to put in a no-contingency offer, which told the buyer that we wouldn't pull out of the deal if our bid was accepted. Then we gritted our teeth and awaited the outcome.

The following day, Mavis called my husband. "You got the house," she exclaimed. "Congratulations!" It was a narrow victory -- it turns out we had outbid six other bidders.

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