

Southern California Housing Update

*Home Price Index(HPI)**

- 2006Q2 saw the U.S. HPI rise by an annualized rate of 4.68%, which represents a significant slowdown from the 8.78% appreciation seen in 2006Q1.
- Locally, L.A. County saw the fastest growth in its HPI from 2006Q1 to 2006Q2 (9.1%), with Orange County and the Inland Empire growing only slightly slower (7% and 7.2% respectively). San Diego continues to see flat prices, with only 0.6% appreciation.

Housing Transactions

All Homes	# Sold, 2005			# Sold, 2006			Median Price (2005, \$1k)			Median Price (2006, \$1k)		
	Jun	Jul	Aug	Jun	Jul	Aug	Jun	Jul	Aug	Jun	Jul	Aug
Los Angeles	12,001	10,711	11,653	10,248	8,040	9,193	\$475	\$488	\$494	\$517	\$520	\$517
Orange County	4,898	4,341	4,708	3,608	2,779	3,203	\$603	\$601	\$617	\$646	\$639	\$633
San Diego	5,663	4,765	5,379	4,301	3,370	3,666	\$493	\$496	\$493	\$488	\$487	\$482
Riverside	6,485	5,762	6,452	5,927	4,420	4,879	\$393	\$385	\$388	\$422	\$414	\$415
San Bernardino	4,700	4,084	4,522	3,998	3,216	3,611	\$322	\$328	\$344	\$367	\$366	\$365
Ventura	1,707	1,406	1,578	1,155	887	1,076	\$584	\$579	\$592	\$627	\$634	\$598
So. California	35,454	31,069	25,628	29,237	22,712	25,628	\$465	\$469	\$476	\$493	\$492	\$489

All Homes	# Sold			Median Price		
	% Chg from prev. yr.			% Chg from prev. yr.		
	Jun	Jul	Aug	Jun	Jul	Aug
Los Angeles	-14.6%	-24.9%	-21.1%	8.8%	6.6%	4.7%
Orange County	-26.3%	-36.0%	-32.0%	7.1%	6.3%	2.6%
San Diego	-24.1%	-29.3%	-31.8%	-1.0%	-1.8%	-2.2%
Riverside	-8.6%	-23.3%	-24.4%	7.4%	7.5%	7.0%
San Bernardino	-14.9%	-21.3%	-20.1%	14.0%	11.6%	6.1%
Ventura	-32.3%	-36.9%	-31.8%	7.4%	9.5%	1.0%
So. California	-17.5%	-26.9%	-25.3%	6.0%	4.9%	2.7%

Source: DataQuick (www.DQNews.com)

- August has seen another substantial drop in sales from last summer's levels. Sales volumes are down 30-40% from their peaks in most Southern California markets – at or slightly below sales levels in 2000.
- Single digit year-over-year appreciation is the rule throughout Southern California. San Diego's negative year-over-year appreciation has received a lot of media attention, but the number is a little bit deceptive: after hitting a plateau of just under \$500,000 last summer, median transactions prices jumped at the end of summer, and have come back down to the levels seen in early 2005. Whether this is the beginning of more substantial depreciation, or just back to flat prices after an anomalous couple of months last summer remains to be seen.

* OFHEO's Home Price Index tracks multiple sales of the same property in an effort to control for the biases that quality differences can introduce into calculating appreciation based on median prices. This makes it the preferred housing index among most academics who study real estate. Find out more at www.ofheo.gov