

Southland home sales fall; median price edges up again

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La Jolla, CA---Home sales dipped in Southern California last month, the result of a thinning inventory of foreclosure properties and financial uncertainty among potential home buyers. The median sale price edged up for the fourth month in a row, a real estate information service reported.

A total of 21,502 new and resale homes sold in Los Angeles, Riverside, San Diego, Ventura, San Bernardino and Orange counties in August. That was down 10.8 percent from 24,104 in July, and up 11.0 percent from 19,366 in August 2008, according to MDA DataQuick of San Diego.

Last month was the 14th in a row with a year-over-year sales increase. The decline from July to August was unusual, given an increase is normal for the season. August sales in DataQuick's statistics, which go back to 1988, range from a low of 16,379 in 1992 to a high of 39,562 in 2003. The average is 27,458.

"There's still a lot of uncertainty out there about prices, interest rates and the availability of mortgage money. Additionally, we don't know if this drop in foreclosure resales is temporary. We're hearing from public agencies and the banking industry that there's still a lot of financial distress in the pipeline," said John Walsh, MDA DataQuick president.

Foreclosure resales accounted for 38.8 percent of August's resales activity, down from 40.7 percent in July and down from 45.5 percent in August 2008. In February this year it peaked at 56.7 percent. Most of the relative decline is due to an increase in non-foreclosure resales.

The median price paid for a Southland home was \$275,000 last month, up 2.6 percent from \$268,000 in July, and down 16.7 percent from \$330,000 in August 2008. The month-to-month increase was the fourth in a row after the median fell to a more-than 7-year low of \$247,000 in April. The median peaked at \$505,000 in mid 2007.

Changes in the median do not necessarily correspond to changes in home values in the current, atypical sales environment. Adjusting for shifts in market mix, it now appears that over the past two years homes in older, more costly neighborhoods have come down in value by about half as much as homes in newer, more affordable neighborhoods. Prices also fell sharply in some lower-cost, older communities where the use of risky subprime loans was high, triggering relatively high foreclosure rates.

The median price is likely to rise as "jumbo" and adjustable-rate (ARM) financing become more available again, given that those loan types fuel sales of homes priced above the Southland's mid-point.

Loans above \$417,000 – formerly the definition of a jumbo loan – accounted for nearly 40 percent of all home purchases before the credit crunch hit two years ago. Last month they accounted for 15.6 percent, up from a low of 9.3 percent in January 2009.

Adjustable-rate mortgages, which have accounted for 39.8 percent of all home purchase loans over the last 20 years, accounted for 3.9 percent last month, up from 1.9 percent in April this year.

At the same time, a common form of financing used by first-time home buyers in more affordable neighborhoods remains near record levels. Government-insured, FHA mortgages made up 37.4 percent of all purchase loans in August, up from 37.0 percent in July and 27.1 percent in August last year.

MDA DataQuick, a subsidiary of Vancouver-based MacDonald Dettwiler and Associates, monitors real estate activity nationwide and provides information to consumers, educational institutions, public agencies, lending institutions, title companies and industry analysts.

The typical monthly mortgage payment that Southland buyers committed themselves to paying was \$1,207 last month, up from \$1,184 for July, and down from \$1,642 for August a year ago. Adjusted for inflation, current payments were 45.5 percent below typical payments in the spring of 1989, the peak of the prior real estate cycle. They were 55.4 percent below the current cycle's peak in July 2007.

Indicators of market distress continue to move in different directions. Foreclosure activity remains near record levels. Financing with multiple mortgages is low, down payment sizes are stable, and non-owner occupied buying is above-average in some markets, MDA DataQuick reported.

All homes	Sales Volume			Median Price		
	Aug-08	Aug-09	%Chng	Aug-08	Aug-09	%Chng
Los Angeles	6,138	7,189	17.1%	\$380,000	\$329,500	-13.3%

Orange	2,713	2,790	2.8%	\$440,000	\$427,750	-2.8%
Riverside	4,078	4,145	1.6%	\$247,450	\$190,000	-23.2%
San Bernardino	2,439	3,276	34.3%	\$215,000	\$145,000	-32.6%
San Diego	3,148	3,306	5.0%	\$350,000	\$325,000	-7.1%
Ventura	850	796	-6.4%	\$400,000	\$375,500	-6.1%
SoCal	19,366	21,502	11.0%	\$330,000	\$275,000	-16.7%

Source: DQNews.com Media calls: Andrew LePage (916) 456-7157 or John Karevoll (909) 867-9534
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