



# Home prices still flat as sales rocket 43%



## Signs of stabilizing seen in lower end of market

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2:00 a.m. April 16, 2009

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MARCH HOUSING PRICES FOR SAN DIEGO COUNTY				Change
	March '08	Feb. '09	March '09	'08-'09
Median prices				
Resale houses	\$417,000	\$320,000	\$319,000	-23.5%
Resale condos	\$290,000	\$195,000	\$180,000	-37.9%
New homes/condos*	\$450,000	\$452,000	\$436,000	-3.1%
<b>All combined</b>	<b>\$395,000</b>	<b>\$285,000</b>	<b>\$285,000</b>	<b>-27.8%</b>
Sales				
Resale houses	1,197	1,577	1,928	+61.1%
Resale condos	592	725	888	+50.0%
New homes/condos*	319	168	204	-36.1%
<b>All combined</b>	<b>2,108</b>	<b>2,470</b>	<b>3,020</b>	<b>+43.3%</b>

\*Excludes condo conversions  
SOURCE: MDA DataQuick      UNION-TRIBUNE

San Diego County home prices remained virtually flat in March for the third straight month, with sales of entry-level homes the strongest, in the clearest sign yet that at least the market's bottom rung may have stabilized.

The county's median price was \$285,000, unchanged from February and up \$5,000 from January, MDA DataQuick reported yesterday. Sales skyrocketed to 3,020, up 43 percent from a year ago; it was the biggest increase for any March in five years.

“The sales are the first thing that has to improve to bring stability into the housing market, and there's a good reason why the sales are improving, and that's affordability,” said Esmael Adibi, director of Chapman University's Anderson Center for Economic Research.

“For all of Southern California, prices on the low end are probably near the bottom, if not there already. But at the high end, expect further price declines,” Adibi said.

DataQuick reported that for all of Southern California, sales were up 52.1 percent from March 2008, prices were down 35.1 percent, and the median price of \$250,000 was unchanged from February.

Still, industry analysts cautioned against declaring an end to the four-year housing slump, in which the local median price has fallen 45 percent from the peak and 28 percent in the past year.

“Mainly it is a faint sign, at least for now, of prices stabilizing,” DataQuick analyst Andrew LePage said. “But again, it's too early to say.”

LePage and other observers said they remain concerned about rising unemployment, an expected surge in

foreclosures, weakness in the move-up market and unavailability of credit despite near-record low mortgage rates – 4.87 percent in last week's Freddie Mac mortgage survey.

For those who could get a loan, the average payment on March purchases throughout Southern California was \$1,074, down from \$1,841 in March 2008.

Norm Miller, a real estate professor at the University of San Diego, said he expects May and June to be “troubled months” if foreclosures increase after a period of moratoriums imposed by many banks. But he said the low rates argue for buying now.

“Prices may or may not go down more, but interest rates a year from now are likely to go up some,” Miller said.

Miller himself is searching for a home to buy and is encountering problems noticed by local agents: Not much is for sale, and there are few bargains in the middle-priced category between \$500,000 and \$800,000.

San Diego Association of Realtors data underscore that finding: The inventory yesterday of resale homes stood at 13,895, down 26 percent from year-ago levels and the lowest since early 2006.

At current sales rates, it would take 4.9 months to sell all homes on the market, less than the five-or six-month supply that is considered a healthy balance for buyers and sellers.

Some agents believe the current inventory is overstated because it includes short-sale homes – those being sold for less than their loan value – whose buyers are waiting for bank approval to buy.

On the other hand, it might be understated because some would-be sellers are waiting to list their homes after failing to get acceptable offers last year.

“It's a terrible problem,” downtown broker Jim Abbott said of the few desirable homes available for sale. “There's a lot of paralysis in that part of the market. There are people heading in both directions, up and down, who'd like to do something but can't.”

Local buying has been dominated by low-priced foreclosure homes, which represented 51.1 percent of all resales last month, DataQuick said. It was the fourth month in a row that more than half of resales were foreclosure properties.

Prices on those discounted properties are clearly attracting heightened interest from first-time buyers and investors.

Agents such as Calvin Goad report multiple bids, often above the asking price. He recently drew nine offers on a \$384,000 home in two days, with some over the \$400,000 mark.

“Most of those buyers have been hanging on, trying to get the incredible deal, and the incredible deal is gone now – it was a couple months ago,” Goad said.

Meanwhile, sales of higher-priced properties remain sluggish, in part because owners have been generally unwilling to price their homes realistically, real estate agents said.

Agent Jim Klinge pointed to upscale Rancho Santa Fe, where he said 330 homes were listed for sale in March and just 10 closed escrow. By comparison, in the 92057 ZIP code in Oceanside, 41 detached homes sold for less than \$200,000 during the first quarter of 2009, and two-thirds of those sold for more than their asking price.

“There could be lots of sales (in higher-end communities) if sellers would get off their high horse and lower their prices,” Klinge said. “But they won't, so it's a stalemate.”

Anne Von Dyl and her husband, Lance, might be something of an aberration in today's market. They recently sold their 1926 Spanish-style, three-bedroom home above Balboa Park for \$810,000 within three days of putting it on the market.

Nearly three months earlier, they purchased a new four-bedroom home in the Del Sur community west of Rancho Peñasquitos for \$760,000 – more than \$100,000 less than the asking price two years ago.

“We absolutely felt like we got more house than what we paid for,” said Von Dyl, a sales director for a publishing company and mother of two. “We looked at this particular house two years ago, but then it didn't make financial sense for us.”

Luxury builder Bill Davidson, whose five new-home communities include Del Sur, said that sales in recent months have been slower than what he anticipated but that activity has picked up this month.

“We have buyers who have been watching the market closely for almost a year and are now making purchase decisions,” said Davidson, whose company recently decided to build 20 new homes in two of their projects because of a diminishing new-home supply. “I believe there's a feeling the bottom is here, and with the low interest rates, people are deciding it's time to buy.”

Still, loan availability and refinancing remain more difficult with tougher underwriting standards and fewer loan officers available to handle the rising demand.

“I think we've come back to what is prudent,” said Steve Hops at Guild Mortgage. “I will say we've got severe industry capacity issues to handle all the refis and purchases that are coming through . . . .” Roger M. Showley: (619) 293-1286; [roger.showley@uniontrib.com](mailto:roger.showley@uniontrib.com)

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