

Southern California Home Sales, Median Price Edge Above Year-Ago Level

The median price paid for Southern California homes rose above the year-ago level for the second consecutive month, but fell 6 percent from December as foreclosures and lower-cost inland markets claimed a higher share of sales. A decline in sales between December and January is normal for the season. On average, sales have fallen 28.4 percent between those two months since 1988, when DataQuick's statistics begin.

January's 15,361 sales mark the highest total for that month since 18,128 sales in January 2007. However, last month's tally was 14.4 percent below the average number of sales for a January – 17,938 – since 1988.

Last month the sales pattern shifted a bit, with a greater portion of transactions involving distressed properties and lower-cost inland homes. Meanwhile, sales in many pricier areas lost some of the steam they had built in recent months, though high-end sales still outpaced the year-ago level.

Foreclosure resales – houses and condos sold in January that had been foreclosed on in the prior 12 months – made up 42.1 percent of all Southern California resales, up from 39.6 percent in December but down from 56.4 percent in January 2009. Foreclosure resales hit a high of 56.7 percent last February, then tapered or leveled off month-to-month until they rose slightly in December, then again last month.

The rise in foreclosure resales helped push sales of homes priced below \$300,000 up to 55 percent of all transactions last month, compared with 51.3 percent in December and 60 percent a year earlier. In the mid- to high-end, \$500,000-plus home sales fell to 18.5 percent of all transactions, down from 20.6 percent in December but up from 13.6 percent in January 2009.

Over the last decade, \$500,000-plus sales made up an average of 26 percent of monthly sales. Just before the credit crunch hit in August 2007, making larger “jumbo” mortgages more expensive and harder to obtain, \$500,000-plus sales represented just over half of Southern California transactions.

“The January stats underscore just how atypical this market remains. A huge chunk of what's selling is still distressed. Investors and first-time buyers continue to dominate many areas, while the move-up market has yet to kick in. For many, the financing to buy high-end homes remains difficult, if not impossible, to obtain,” said John Walsh, MDA DataQuick president.

“High-end sales aren't nearly as sluggish as a year ago, but they lost traction over the holidays, which can be seen in the January closing data,” he said. “Whether significant new patterns are emerging in the market is unclear. We try not to over-analyze one month's data, and historically January and February haven't been the best indicators for the year ahead.”

Last month offered no signs of improvement in the jumbo mortgage market, which fuels sales in the higher-cost coastal areas. Mortgages above \$417,000 – formerly the definition of a jumbo loan – accounted for 14.2 percent of all home purchase loans, down from a 13-month high of 16.7 percent in December 2009. Such jumbo loans made up nearly 40 percent of purchase loans before the August 2007 credit crunch.

Another gauge on the state of financing for high-end sales showed no change last month from December: 4.4 percent of purchase loans had an adjustable rate, the same as in December but up from 2.2 percent a year earlier. Use of adjustable-rate mortgages (ARMs) remains extremely low in an historical context. Over the last decade, ARMs averaged 40 percent of monthly purchase loans.

Government-insured FHA loans, a popular choice among first-time buyers, accounted for 36.9 percent of all home purchase mortgages in January. That's down from 42.2 percent a year ago but up from 5.7 percent two years ago and up from 0.4 percent three years ago.

Absentee buyers – mostly investors and some second-home purchasers – bought 22.3 percent of the homes sold in January. That was up from 19.8 percent in December and up from 16.6 percent a year earlier. It was the highest for any month since at least 2000. San Bernardino County saw the highest percentage – 30.2 percent – sold to absentee buyers last month.

	Sales Volume			Median Price		
	Jan '09	Jan '10	%Chng	Jan '09	Jan '10	%Chng
All homes						
Los Angeles	4,532	5,228	15.4%	\$300,000	\$325,000	8.30%
Orange	1,806	1,867	3.40%	\$370,000	\$425,000	14.90%
Riverside	3,320	3,162	-4.80%	\$195,000	\$195,000	0.00%
San Bernardino	2,532	2,252	-11.10%	\$162,000	\$150,000	-7.40%
San Diego	2,459	2,322	-5.60%	\$280,000	\$305,000	8.90%
Ventura	578	530	-8.30%	\$335,000	\$360,000	7.50%
SoCalif. Total	15,227	15,361	0.90%	\$250,000	\$271,500	8.6%

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.

Buyers who appeared to have paid all cash – meaning there was no indication of a corresponding purchase loan being recorded – accounted for 28.9 percent of January sales, based on an analysis of public records. That's up from 25.7 percent in December and up from 22 percent in January 2009. January's figure was the highest since at least 1988. The 22-year monthly average for Southland homes purchased with cash is 13.9 percent.

Indicators of market distress continue to move in different directions. Foreclosure activity remains high by historical standards, although mortgage default notices have flattened out or trended lower in many areas. Financing with multiple mortgages is low, and down payment sizes are stable, MDA DataQuick reported.