

San Diego Market Focus

Southern California Real Estate Market Eases Back

June 15, 2005

The sales pace of homes in Southern California eased back a notch in May as prices continued to climb to record levels, the result of steady demand and affordable mortgage financing, a real estate information service reported.

A total of 30,886 new and resale homes were sold in Los Angeles, Riverside, San Diego, Ventura, San Bernardino and Orange counties in May. That was down 1.7 percent from 31,431 in April, and down 0.9 percent from 31,151 for May last year, according to DataQuick Information Systems.

The number of homes sold a year ago was the strongest for any May in DataQuick's statistics, which go back to 1988.

"Experts nationwide are carefully watching to see just how this real estate cycle plays out in Southern California. Today's market trends were supposed to happen a year or more ago. The big question now is whether the cycle will play itself out with a so-called "soft landing", or if there'll be a period of price declines. No one knows," said Marshall Prentice, DataQuick president.

The median price paid for a Southern California home was \$456,000 last month, a new record. That was up 2.5 percent from \$445,000 in April, and up 15.2 percent from \$396,000 for May 2004. Year-over-year price increases peaked one year ago at 26.9 percent.

Last month's year-over-year price increases were in the single-digits for the first time in over five years in San Diego County, and for the first time in more than three-and-a-half years in Orange County.

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.

All Homes	No Sold May-04	No Sold May-05	Pct. Chg	Median May- 04	Median May- 05	Pct. Chg
Los Angeles	10,530	10,128	-3.8%	\$394K	\$459K	16.5%
Orange County	4,386	4,548	3.7%	\$543K	\$590K	8.7%
San Diego	5,448	5,141	-5.6%	\$454K	\$488K	7.5%
Riverside	5,516	5,985	8.5%	\$317K	\$381K	20.2%
San Bernardino	3,921	3,660	-6.7%	\$236K	\$308K	30.5%
Ventura	1,350	1,424	5.5%	\$492K	\$569K	15.7%
So. California	31,151	30,886	-0.9%	\$396K	\$456K	15.2%

The typical monthly mortgage payment that Southern California buyers committed themselves to paying was \$2,028 last month, up from \$2,019 for the previous month, and up from \$1,884 for May a year ago. Adjusted for inflation, current payments are about 5 percent below their peak in the spring 1989.

Indicators of market distress are still largely absent. Foreclosure activity has bottomed out, but is still low. Down payment sizes are stable, as are flipping rates and non-owner occupied buying activity, DataQuick reported.

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