

# San Diego Market Focus



## CONTINUED SLOWDOWN FOR SOUTHERN CALIFORNIA HOME SALES

October 12, 2006

Southern California homes continued to sell at their slowest pace in nine years in September, the result of buyer reticence and a rebalancing of supply and demand. Prices are leveling off, a real estate information service reported.

A total of 22,654 new and resale homes sold in Los Angeles, Riverside, San Diego, Ventura, San Bernardino and Orange counties last month. That was down 11.6 percent from 25,628 in August, and down 28.6 percent from 31,740 for September a year ago, according to DataQuick Information Systems.

A decline from August to September is normal for the season. Last month's sales count was the lowest for any September since 1997 when 21,320 homes were sold. Since 1988 September sales have ranged from 12,838 in 1992 to 34,653 in 1988. The September average is 23,341, slightly above last month's sales.

"Now is when things get interesting. The vast majority of home buyers have done very well for themselves the past few years. As things level off, though, we should be able to quantify how many buyers overpaid during the frenzy, and by how much. And more importantly, how they manage any financial challenges they encounter. Historically most homeowners in that situation tough it out and wait for the market to go up again," said Marshall Prentice, DataQuick president.

The median price paid for a Southern California home was \$484,000 last month. That was down 1.0 percent

from \$489,000 in August, and up 1.9 percent from \$475,000 in September last year. Last month's increase was the smallest since February 1997, when the \$160,000 median rose 1.3 percent from \$158,000 a year earlier.

A slight decline in median from August to September is normal for the season as purchase patterns shift. The median price per square-foot for resale houses, which analysts often use to adjust for seasonal shifts in market mix, actually increased slightly from August to September, from \$343.53 to \$343.95. That number peaked in June at \$345.72.

All Homes	No Sold Sep-05	No Sold Sep-06	Pct. Chg	Median Sep-05	Median Sep-06	Pct. Chg
Los Angeles	10,988	7,917	-27.9%	\$494K	\$509K	3.0%
Orange County	4,072	2,664	-34.6%	\$610K	\$626K	2.6%
San Diego	4,935	3,207	-35.0%	\$498K	\$476K	-4.4%
Riverside	6,001	4,533	-24.5%	\$391K	\$423K	8.2%
San Bernardino	4,364	3,236	-25.8%	\$352K	\$365K	3.7%
Ventura	1,380	1,097	-20.5%	\$604K	\$584K	-3.3%
So. California	31,740	22,654	-28.6%	\$475K	\$484K	1.9%

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 Southern California buyers committed themselves to paying was \$2,309 last month, down from \$2,339 the previous month and up from \$2,092 a year ago. Adjusted for inflation, current payments are about 2.3 percent above typical payments in the spring of 1989, the peak of the prior real estate cycle.

Indicators of market distress are still at a moderate level. Financing with adjustable-rate mortgages has trended lower over the past year. Foreclosure activity is rising but is still low in a historical context. Down payment sizes are stable, as are flipping rates and non-owner occupied buying activity.



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