

Southern California Home Sales Up Again, Drop in Median Price Smallest in 2 years

Southern California home sales rose in October as prices showed more signs of firming. The median sale price fell by the smallest amount in two years, the result of a shrinking inventory of homes for sale and government and industry efforts to stoke demand and curtail foreclosures, a real estate information service reported.

Two counties – Orange and San Diego – posted modest year-over-year increases in their overall median sale price last month. It was the second consecutive gain for Orange County and the first in more than three years for San Diego. Both counties also posted small annual gains the past two months in their median price paid for resale single-family detached houses.

Sales increases over the last two months can be partially attributed to the recent increase in short sales, which take longer to close escrow. The result is that some summer deals that might normally have closed earlier instead closed in September and October.

Other factors driving home sales higher of late: A rush by some to take advantage of the federal tax credit for first-time buyers, which was initially set to expire at the end of this month but was recently extended and expanded. Also, mortgage rates remain extremely attractive and, combined with home price declines, have boosted housing affordability.

In October, the median price paid for a Southern California home was \$280,000, up 1.8 percent from \$275,000 in September but down 6.7 percent from \$300,000 in October 2008.

The region's overall median sale price has risen or held steady on a month-to-month basis ever since it dropped to a more-than 7-year low of \$247,000 in April. Last month San Diego County saw a 0.5 percent annual increase in its overall median price and a 2.9 percent gain in its median for resale houses.

Recent month-to-month and year-over-year gains in the median sale price reflect, in large part, a shift of late toward foreclosures representing a lower percentage of sales. It's mainly the result of lenders and loan servicers increasingly steering distressed borrowers into either an attempted short sale or loan modification. This reduction in foreclosures is key because over the past two years foreclosed properties were often the most aggressively priced on the market.

Last month, foreclosure resales – houses and condos sold in October that had been foreclosed on in the prior 12 months – made up 40.6 percent of all Southern California resales. That was up insignificantly from 40.4 percent in September and down from a high of 56.7 percent in February this year.

As sales of lower-cost foreclosures began to wane earlier this year, sales in higher-cost neighborhoods picked up. High-end homes began to account for a greater share of all sales and helped reverse the steep slide in the median price. Over the past few months, however, the high-end's share of total sales has flattened out.

In October, sales of homes priced \$500,000 and above fell to 18.5 percent of all sales, up from a low this year in April of 13.4 percent but down from 20.2 percent in September and 19.6 percent a year earlier. In October 2007, \$500,000-plus sales were 41.1 percent of all sales.

	Sales Volume			Median Price		
	Oct '08	Oct '09	%Chng	Oct '08	Oct '09	%Chng
All homes						
Los Angeles	6,824	7,409	8.60%	\$355,000	\$325,000	-8.50%
Orange	2,833	2,800	-1.20%	\$420,000	\$436,500	3.90%
Riverside	4,619	4,197	-9.10%	\$230,000	\$190,000	-17.40%
San Bernardino	2,856	3,176	11.20%	\$200,000	\$150,000	-25.00%
San Diego	3,598	3,671	2.00%	\$323,500	\$325,000	0.50%
Ventura	802	879	9.60%	\$375,000	\$365,000	-2.70%
SoCalif. Total	21,532	22,132	2.80%	\$300,000	\$280,000	-6.70%

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.

Mortgages above \$417,000 – formerly the definition of a jumbo loan – made up nearly 40 percent of purchases before the August 2007 credit crunch hit. Last month they accounted for 15.1 percent, the same as in September but up from 13.3 percent a year ago and a 2009 low of 9.3 percent in January.

The typical monthly mortgage payment that Southland buyers committed themselves to paying was \$1,196 last month, up from \$1,189 for September, and down from \$1,470 in October a year ago. Adjusted for inflation, current payments were 46.0 percent below typical payments in the spring of 1989, the peak of the prior real estate cycle. They were 55.8 percent below the current cycle's peak in July 2007.

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 lately. 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.