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Home sales, prices dip again in September

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October 16, 2007

San Diego County, as well as the rest of Southern California, experienced plunging home sales in September as lenders temporarily pulled the plug on jumbo loans for high-priced homes, DataQuick Information Services reported Tuesday.

Prices also dipped substantially in nearly all areas as lower-priced homes closed escrow while higher-priced properties either were delayed or fell out of escrow, pushing down the overall median.

San Diego County's overall home price median last month was \$470,000, down \$5,000 from August and off \$15,000, or 3.1 percent, from September 2006. Had it not been for the lending pullback, analyst John Karevoll said, San Diego's September prices probably would have been about the same as in August.

Sales counts for San Diego were at their lowest monthly levels since January 1996, when the region was nearing the end of a long real estate recession.

The total last month was 2,152, down 35.5 percent from September 2006, but that represented the lowest decline of sales among all six Southern California counties. Overall, the six counties experienced a 48.5 percent decline year over year. The overall monthly total of 12,455 sales for the region was the lowest one-month count since DataQuick began record keeping in 1988.

Karevoll said the typical sales counts drop 10 percent from August to September – last year in San Diego, the difference was 13.4 percent – so that the impact of fewer jumbo loans recorded clearly reduced transaction activity.

Jumbo loans involve funds exceeding the \$417,000 conforming loan limit ceiling set by Fannie Mae and Freddie Mac, the main secondary mortgage market lenders that buy loans from lenders and resell them to investors on Wall Street.

Around Aug. 17, many lenders briefly stopped or severely cut back on jumbo loan financing as they reassessed the impact of the credit crunch caused by rapidly rising defaults and foreclosures nationwide.

Buyers have since had to delay closing escrow for several weeks or backed out of their purchases for lack of financing. New-home builders have reported large numbers of cancellations at tracts in the wake of these funding problems.

Karevoll said that since higher-priced counties, such as Los Angeles, Orange and Ventura, require proportionately more jumbo loans to fund home purchases, they experienced a higher falloff of sales activity than more moderately priced San Diego.

However, low-priced Riverside and San Bernardino counties saw the biggest drop in sales last month

throughout Southern California, down 53.3 and 56.1 percent, respectively. These Inland Empire counties have been seeing fewer sales as the sub-prime market has dried up for buyers who lack stellar credit and high down payments to buy.

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