



Business

Inland home sales, prices take another dip



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The Press-Enterprise

It was the worst October for home sales since 1996 in Riverside County and the worst October since a tracking service started for San Bernardino County. In Riverside County the median home price fell to a three-year low.

News was also bad for foreclosure activity with the Inland region ranking No. 3 in the nation. The lower demand and depressed prices caused by foreclosures are depressing prices median prices locally.

Once one of the hottest housing markets in the nation, the Inland region is suffering record foreclosures fueled by risky mortgages, a tightening of credit requirements and a lack of consumer confidence.

Home sales plummeted almost 55 percent in San Bernardino County last month, compared with October 2006. It was a steeper decline than for the rest of Southern California, which averaged a 45 percent drop. Sales in Riverside County were off 44 percent, making it the slowest October since 1996.

Andrew LePage, an analyst for DataQuick Information Systems, which on Wednesday released the October housing statistics, said in the past two years, buyer psychology has reversed.

"People were rushing to buy before they got priced out, and now we believe a lot of people have concluded it pays to wait," LePage said.

Falling prices and mounting foreclosures have scared off buyers, he added.

Median Prices Also Dip

The median price of homes sold in Riverside County in October slipped to \$350,000. That was down 15 percent from a year earlier and the biggest year-over-year drop in Southern California. It was also the lowest median home price Riverside County had seen since November 2004.

In San Bernardino County the median price of homes sold in October was \$330,000, down almost 10 percent from a year earlier.

Chapman University economist Esmael Adibi said because the Inland counties had a bigger run-up in housing prices and sales, the correction is more severe. "The hottest markets are cooling the fastest," he observed.

Adibi also noted that Riverside and San Bernardino counties were the focus of home construction at a time when adjustable mortgages, particularly those that started at low "teaser rates," became prevalent and financing became more available to homebuyers with shaky credit. As the rates on those mortgages rise, some borrowers are being forced to sell or let their homes go to foreclosure.

"Foreclosures are helping to push down the prices," Adibi said. "When a foreclosure occurs in a neighborhood, it depresses all the home prices in the area."

Foreclosures No. 3 in Nation

In the third quarter of 2007, the Riverside-San Bernardino counties area had the third- highest rate of foreclosure activity in the nation, behind Stockton and Detroit, according to a report released Wednesday by RealtyTrac.com, an online marketer of foreclosure properties.

The two-county area recorded 31,661 foreclosure-related filings in the third quarter, including defaults, foreclosure auctions and lender repossessions. That was one filing for every 43 households. The national average was one filing in 196 households.

The total number of houses in some stage of foreclosure was 39 percent higher in the third quarter than in the second quarter and up 268 percent from a year earlier.

Builders and economists said the already-reeling Southern California housing market was dealt a staggering blow this summer when investors in mortgage-backed securities stopped investing in response to foreclosure losses.

Mortgages, starting with those for first-time buyers and spreading to the so-called jumbo loans -- the over-\$417,000 variety sought by move-up buyers -- became more expensive and harder to get.

One Bright Spot

Robert Kleinhenz, deputy chief economist for the California Association of Realtors, said he sees a possible "silver lining" in that sales throughout Southern California were slightly higher in October than in September, bucking the historic seasonal trend.

"It may be an indication we are seeing some improvement in the credit crunch that enabled sales to improve ever so slightly," he said, although Southern California home sales remain at their lowest level in more than 20 years.

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