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Home prices level off: Neighborhoods vary widely; sellers cite competition

By: CHRIS BAGLEY - Staff Writer

February 2007 became the month when Riverside County's skyrocketing real-estate values finally paused, at least by one measure.

The median-priced home sold in the county last month went for \$410,000 -- the same price as the median home sold for in February 2006, according to a monthly survey by DataQuick Information Systems, a research firm.

This was the first month without a year-over-year increase in this decade. Median prices -- which represent the midpoint of the market -- have fallen since last year in most areas of Southwest County, with double-digit falls in Temecula and Wildomar, according to numbers DataQuick released Wednesday.

For homeowners in some neighborhoods, the recent numbers may be altogether unsurprising. Sales prices have been edging downward in a few areas of Southwest County since 2005.

John Bowman listed his house on Hunter Road in eastern Murrieta through most of last year without success. He said he cut the price



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Is that the sound of a bubble bursting?

It has been said that if one hangs around long enough, every prediction one makes eventually will come true. That appears to be the case in the housing market, where those who have been predicting a major price decline since the late 1990s finally can strut around and say "Told ya so." 59 Comment(s)

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slightly when he put it back on the market this year.

"You've got to stay with the market, competitively speaking," Bowman said.

And the market has become more competitive for sellers. Around the corner, on Masters Drive and Pinehurst Drive, signs propped in windows advertise bank-owned houses, typically the result of a foreclosure.

Elsewhere along the fairways of a golf course in that neighborhood, owners bought multiple houses through an investment company that they're now suing for alleged fraud. Mortgage loans on at least a dozen of the houses are delinquent, and appear likely to be auctioned or seized by the lenders. Agents have planted their signs in front of those and other houses in the neighborhood.

The median price of resale houses in the 92563 ZIP code, which includes Murrieta Hot Springs and parts of French Valley, fell to \$457,500 last month from \$470,000 a year earlier, according to DataQuick. The median is the price at which half of the houses in an area sold for more, and half for less. Nine of 12 ZIP codes in Southwest County had similar or larger declines, according to DataQuick.

That doesn't mean individual houses are depreciating. Most sellers who have owned for more than two years are still walking away with at least modest gains in equity, homeowners and agents said. Bowman, who bought his house in early 2004, said he expects a significant gain, even if he cuts his price again.

But it has become a buyer's market, local real estate agents acknowledged.

"It's very difficult, especially with people who bought within the last two years," said Lourdes Escandon, an agent with Century 21 Wright.

The same trends have played out through most of Southern California. The median home price for the region last month was \$495,000, up 5.3 percent from \$470,000 in February 2006, according to DataQuick. San Diego County saw the region's greatest annual decline, a drop of 5.9 percent to \$480,000. The median home price edged down 0.4 percent in Orange County to \$620,000.

Across the region, 17,680 new and resale homes were sold in the region last month, down 19.8 percent from February 2006, DataQuick said. That total was the lowest for any February since 1997, the firm said.

In Riverside County, that number fell 36 percent to 3,057, its lowest level in more than three years. Escrow closed on sales of 404 existing houses in Southwest County last month, down 19 percent from February 2006.

Numbers of homes on the market have been rising since late 2005, a reason that sellers and real estate professionals cited for ebbing appreciation. The median sale price in the county rose by 36 percent between December 2003 and December 2004 and has slackened steadily since then.

Escandon pointed to Yukon Road in Temecula, where she sold a house last month. She listed

it at \$384,000 last fall, and it didn't sell. Her clients were unenthusiastic when she suggested a lower price, but relented when she pointed out several similar houses nearby that were listed for less than \$370,000. The clients cut their asking price and closed the sale at \$368,000 a few weeks later, she said.

One longtime agent said the numbers of listings in most neighborhoods seem to have leveled off. It may be a buyer's market, but it's a perfectly normal one, said the agent, Marsha Swanson, even if it's a surprise for someone who last sold a house in 2003, when it took just a week or two. Looking back over her 30-year career, Swanson said most houses have remained on the market for more than two months; even six months has been a common duration, she said.

"It threw the market off for people to think that it's just going to sell in 30 or 60 days," said Swanson, who manages the Wildomar office of Coldwell Banker Residential Brokerage.

-- Contact staff writer Chris Bagley at (951) 676-4315, Ext. 2615, or cbagley@californian.com.

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Comments On This Story

Note: Comments reflect the views of readers and not necessarily those of the North County Times or its staff.

jack wrote on March 15, 2007 7:32 AM:"If you are trying to sell your house you'd better be ready to cut your price. With the elimination of sub prime mortgages most first time buyers won't be buyers, and move-up buyers who need to sell their house to first time buyers won't be moving on up. The house of cards is ready to collapse, and nowhere more dramatically than the Inland Empire. "

Cal wrote on March 15, 2007 10:55 AM:"This housing bubble has been the biggest sucker scam in the history of mankind. I went to an open house in Temecula to check out the newer two story homes off the 79 and couldn't believe how stupid people are to be buying into these scam properties. I jumped up and down on the second floor - the whole second floor was moving. These homes are garbage, constructed the same as the depression homes of the 30's. You pay HALF A MILLION dollars for a tiny unusable lot, shotty construction, high tax area, crowded neighborhoods, real bad traffic, and a city with virtually no real attraction other than wineries who bring 60% to 100% of their grapes in from Napa Valley due to a local persistent fungus. I need to log into Wikipedia and place Temecula into the entry for "SUCKER". "

TemeculaFan wrote on March 15, 2007 12:52 PM:"Temecula has excellent schools, a low crime rate, numerous free entertainment activities, and great schools. I moved here from San Diego where my home was graffitied, a police officer was shot nearby, and there were numerous rapes. For the sake of my family I will never go back."

temecula fan wrote on March 15, 2007 3:57 PM:"well, maybe you should have bought in a nicer area down here. We live in a great neighborhood where none of these things have happened. (and the school is better than most of the schools up there!) I know first hand. I lived up there for five years and wouldn't go back. To far away for me...I need to be closer to the beach and san diego. It's boring up there."

Cal wrote on March 15, 2007 4:07 PM:"T-Fan, Your lucky, your able to sell in the highest priced area around."

With liberal San Diego who cares more about illegals and criminals then good citizens, Temecula would be an upgrade."

Liberal wrote on March 15, 2007 4:29 PM:"We just need more porn in Temecula...too conservative for me :)"

Back to the Subject of Real Estate wrote on March 15, 2007 4:33 PM:"Jack is right. Housing prices have and will need to adjust especially in light of the recent lending issues. Keep in mind, though, that March through September are the best selling months for real estate. We've just come through the usual toughest months. Even with all of its faults, you won't find a better family community in Southern California than Temecula/Murrieta. That has always been the draw for Temecula, and because of this we still draw buyers daily. Cal, you're just grumpy and I'm sure you'll be better off elsewhere. The quality of homes vary from builder to builder and not just in Temecula! I recommend doing your homework or work with an agent that specializes in new homes... Here's to a great '07!"

Bill wrote on March 15, 2007 4:35 PM:"Thats is way funny Liberal!!! LOL"

there are other wrote on March 15, 2007 4:36 PM:"problems in temecula and murrieta area. There is alot of white low class trash. I was very disappointed moving to murrieta. Most of the women up there were lonely because their husbands weren't home (too busy commuting) and so there were alot of divorces and plastic surgery. The kids up there are very spoiled because the parents mortgage is lower and they are trying to keep up with the people next door. There are problems here in San Diego too, but people are more relaxed and seem to be much friendlier. Plus there are lots of beautiful trees and great things to do. The only thing I could find to do up there was swim in a pool, and that gets old."

Depending on wrote on March 15, 2007 4:45 PM:"where you live in San Diego, Temecula is not a better place to live. No way would I sit in traffic 40 hours a week to live in Temecula.(sometimes longer) We dont have any problems in our neighborhood and so nice to be closer to so many different things to do. When I lived in Murrieta (briefly), it would take over an hour to get to the beach. Actually it would take at least an hour to get to anywhere decent to do anything fun. Glad to be back in San Diego where I belong. And yes..my house cost alot more down here, but it was WORTH IT 100%."

uhhhh I meant wrote on March 15, 2007 4:50 PM:"40 hours a MONTH sitting in traffic."

Sold in '05 wrote on March 15, 2007 5:47 PM:"I knew this was coming for quite some time. When people making \$15/hour were buying \$550,000 homes, I knew armageddon was just around the corner. At work, I told everyone this housing implosion was going to happen, but they chose to listen to the lies and "happy talk" from all of the realtors and lenders. Now, as the mortgage corruption is exposed and financial panic spreads, everyone has stunned and worried looks on their faces and think I'm some sort of genius. I sold at the peak, socked my equity into FDIC insured CDs and will have enough money for a lifetime of basic necessities when the Great Depression hits. "

Sam wrote on March 15, 2007 7:20 PM:"Sold in '05", I fear you might be correct although the process will take time and the Feds will prop up the current bubbles until they are ready to shift wealth into the next bubble."

Dave wrote on March 15, 2007 7:38 PM:"Sold in '05, I did the exact same thing as you; saw the crash coming 3 years ago and sold before the bottom fell out. The only thing I would add is that I diversified a little bit and put some of my money into a gold fund (GLD) as a hedge against inflation. I may also put some money into a Japan ETF as a further hedge against inflation eating away at my paper dollars. Other than that, our stories are amazingly similar. The bailout from the upcoming recession / depression will likely involve the Fed lowering interest rates and printing dollars like there's no tomorrow. This will devalue the dollar (inflation), possibly to the point that you are actually losing money even at 5% interest. It would be a good idea to have at least 20% of your cash in something that can hedge against inflation so that you're covered whether we have a deflationary depression or hyperinflation or one then the other. We live in VERY uncertain times! "

Life Long Resident wrote on March 15, 2007 8:12 PM:"People!!!! What GOES UP, MUST COME DOWN!!! It did it in the early 1990's too. I saw it first hand back then also... I worked for a gentleman who owned a business in the valley. Kept turning down every Million dollar offer that was placed on the table. When he finally was able to

unload his property, he received about \$250,000. These houses are not worth that much money. It's the same amount of concrete, lumber, nails, man hours, that it took to build the first set of homes in Murrieta around 1985. Those homes sold for about \$80,000. Inflation has not gone up that much over the last 20 years. Gas is up, maybe 3x what it was then... 80,000 x 3, gives you \$240,000 MAX. for a house. Not a penny more. I agree with Sold in 05. HOW can any bank issue credit to anyone for a half a million dollars, when they make a whopping \$15 an hour???? HOW? Then the same bank also gives you another \$80,000 for you to go out and buy a couple of SUV's!!! The ones who need to go to prison are the bankers who approve these loans. The market is ready to settle. I hope the ones that get stuck holding the bag are the builders and banks, who hold the notes on all the unsold properties."

Sam wrote on March 15, 2007 9:01 PM:"Roach in private predicted the chances of the US escaping a financial Armageddon were less than 10%." Stephen S. Roach is not a light weight in financial markets. Personally I can not wait for home prices to fall 40%-80% and see the smirk fall off the faces of the typical pick up driving jerk of So Cal. "

Eddie wrote on March 18, 2007 9:03 AM:"Hey guys, After living in San Diego & then having to move to Dallas for family reasons, All I can say is that ANYWHERE out there is better than this cesspool of crime & stupidity!!!!"

Add Your Comments or Letter to the Editor

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