

Los Angeles Times | BUSINESS

LOCAL U.S. & WORLD BUSINESS SPORTS ENTERTAINMENT HEALTH LIVING TRAVEL OPINION MORE

MONEY & CO. TECHNOLOGY PERSONAL FINANCE SMALL BUSINESS COMPANY TOWN JOBS REAL ESTATE AUTOS

IN THE NEWS: HAITI AFTERSHOCK | SOUTHLAND STORMS | ERROLL SOUTHERS | MASS. SENATE RACE | STROLLER RECALL

LEARN MORE >

Visit us for a free financial check up.

CITY NATIONAL BANK
The way up.SM

MEMBER FDIC

Southern California housing market strengthens in December

In a typically sluggish month, the median sale price rises 4% over the same period a year earlier, and sales jump 12.1%. The pace of sales is the best since 2006, aided by tax credits that end soon.



A house in Long Beach has a buyer. One driver of sales is the April 30 expiration of tax credits for home buyers. Low mortgage rates are also a factor. (Nick Ut / Associated Press / December 17, 2009)

as of 04:02PM ET 1/20/2010

DJIA	10603.15 -122.28
NASDAQ	2291.25 -29.15
S&P500	1138.04 -12.19

QUOTE:

advertisement

The City National
Financial Check Up

VISIT US FOR A FREE CONSULTATION.

LEARN MORE >

MEMBER FDIC **CITY NATIONAL BANK**
The way up.SM

The Latest | NEWS AS IT HAPPENS

- Blake Griffin's knee surgery successful, Clippers say - *The Fabulous Forum* 01/20/2010, 12:50 p.m.
- Two planes bound for Burbank struck by lightning - *L.A. Times - California | Local News* 01/20/2010, 12:45 p.m.
- Thousands of residents without power as storm batters L.A. region - *L.A. Now* 01/20/2010, 12:44 p.m.
- Mortgages getting cheaper again - *Money & Company* 01/20/2010, 12:42 p.m.
- 'Caprica' countdown: David Eick and the history of Caprica - *Show Tracker* 01/20/2010, 12:34 p.m.

RELATED



Chart: Southern California home sales and prices



New FHA measures may cost home buyers

By Alejandro Lazo
January 20, 2010

E-mail Print Share

Rock-bottom interest rates and stronger sales in higher-priced neighborhoods helped Southern California's housing market post robust gains in the typically sleepy month of December, new data show, and experts say the momentum is continuing -

- ushering in an early start to the spring home-buying season.

The median price paid for a Southland home rose 4% to \$289,000 last month from December 2008, the first time the closely watched figure has posted a year-over-year gain since the region's real estate market took a nose dive 2 1/2 years ago, according to data released Tuesday by MDA DataQuick, a San Diego real estate research firm.

Rebounding home prices could help the Southern California economy recover from its slump, as a stronger housing market could lead to hiring on construction sites and in real estate sales, title and escrow offices, said Esmael Adibi, director of Chapman University's A. Gary Anderson Center for Economic Research.

MOST VIEWED | MOST E-MAILED

- Russian journalist dies after beating by police officer
- L.A. airport official named by Obama to run TSA

An error occurred while processing your request.

Reference

#102.1d7608d1.1264033071.21

"The worst is behind us for sure," he said. "For the economy, the implication is, at least on the residential side, we don't expect more layoffs, and you might actually see some pickup in employment."

But Adibi noted that those gains could be tempered by continued weakness in the commercial real estate market, which includes office buildings, retail centers and hotels.

The increase in December home prices follows a dismal 2008. Even with the rise, the median price was still 42.8% lower than its \$505,000 peak during several months in 2007, underscoring the steep decline in the latter part of the last decade. The median is the point at which half the homes sold for more and half for less.

Still, December's sales pace was the best since 2006, capping a year in which strong government support of the housing market helped stabilize prices for most of the last year and brought more buyers back into the market.

"It's time for me to move," said Soosan Saedi, 43, who is looking to sell her three-bedroom, 1,300-square-foot Woodland Hills house and trade up to something bigger. "I need the space, the mortgage rates are low, and fortunately I am not having trouble with loans, so it is time for me to buy."

The housing market's recovery began last year as first-time buyers and investors competed for steeply discounted foreclosed homes. Now foreclosure properties are making up a smaller part of the mix. The gains in December also reflect a more diverse market, experts said, as prices were bolstered by increased sales in many mid- to high-priced communities.

Part of that trend shows the increased affordability of high-end properties as more are taken back by banks or are sold "short," for less than what is owed on their mortgages, real estate professionals said.

"They have come down a lot," said Syd Leibovitch, president of Rodeo Realty in Bel-Air. "I think the sellers dug in for a while, and now they are accepting the reality that prices have dropped, and they are being a lot more flexible."

Beverly Hills, Santa Monica and Newport Beach were among the affluent areas notching healthy sales gains, according to DataQuick. Conversely, areas hard hit by foreclosures -- including Moreno Valley, Lake Elsinore and Palmdale -- saw a drop-off.

Christopher Cortazzo, a Coldwell Banker agent in Malibu, said he sold a home for \$12 million in December, roughly \$3 million below its listing price, and closed out the month with \$26.5 million in sales, one of his best months of the year. Cash-rich buyers looking to capitalize on lower prices have rushed into the market in recent weeks, he said, and the sales pace has continued through January.

"Spring season is going to start early," Cortazzo said. "We are having a lot of cash deals, so there is a lot of money out there, and there is amazing opportunity and great deals to be had."

One thing driving sales is the April 30 expiration of tax credits for home buyers. First-time home buyers can get up to \$8,000 in credit on their federal income taxes, and current homeowners can qualify for up to \$6,500.

Low mortgage rates are also a factor. Thirty-year fixed-rate loans were below 5% through most of December and haven't risen much.

The role of the federal government in the housing market remains key. Some experts worry that once certain policies and programs wind down -- among them low interest rates, tax incentives for buyers and an increased accessibility of mortgages backed by the Federal Housing Administration -- the housing market could falter.

Christopher Thornberg, principal of Beacon Economics, predicts home prices will drop once those policies and programs expire.

"The bounce in the housing market is due to government policy, not due to fundamentals," he said. "None of these programs fix the underlying problem. They only delay the solution -- they only delay the healing process."

withdraws

Fingertip amputations prompt Graco stroller recall

Gates says India might abandon restraint if terrorists strike again

Gunman suspected of killing 8 surrenders in Virginia

6.1 aftershock rocks Haitians out of their sleep

Restaurant Review: Bouchon in Beverly Hills

Mad for crazy cake

The festival's eternal conflicts: commerce vs. art

The lesson of Massachusetts? Anger



Hermosa Beach - Mom Lost 46lbs Following 1 Rule

I cut down 46lbs of stomach fat in a month by obeying this 1 rule

[Read More](#)



Acai Berry Exposed (Official Test)

Want to use Acai berry? Do not use. Read this warning now. [Read More](#)



Hermosa Beach: Local Mom Makes \$77/hr Online!

Unemployed mom makes \$6,495/month working online. Read how she did it. [Read More](#)

Haiti: How to Help »



Humanitarian groups ask for resources, donations

Restaurant Review »



The Times' food critic calls Bouchon in Beverly

The percentage of Southern California homes that sold for more than \$500,000 rose to 20.2% of all sales in December from 16.5% a year earlier, DataQuick said. That is well off the 52% level reached before the credit crunch hit in 2007, which made large mortgages difficult to obtain.

Richard Green, director of the USC Lusk Center for Real Estate, said buyers have sensed more security in Southern California's real estate market in recent months and have begun to get off the fence.

"We are getting a little bit of what we had six or seven years ago, where people are worried if they don't get in now they are going to miss out on an opportunity," Green said. "In a decent neighborhood, in the half-a-million-dollar range, we are back to lots of offers."

A total of 22,328 new and resale homes sold last month in Los Angeles, Riverside, San Diego, Ventura, San Bernardino and Orange counties, up 16.4% from November and 12.1% from December 2008, DataQuick said.

Still, uncertainty lingers. Unemployment and a potential wave of homes headed for sale because of foreclosure or delinquency loom over the U.S. housing market. Both could slow Southern California's progress toward recovery should the Obama administration fail in its efforts to aid struggling borrowers. California's budget woes could also bode poorly for the state.

"The fiscal picture is still really bleak, and that makes me worry," Green said.

The home-buyer tax credit motivated Jennifer Scholte, 31, to close on a Lakewood home in December. The teacher said she and husband Eric, 34, saved up for a 20% deposit on the \$361,000 property.

"We are first-time home buyers, and with that credit, that was a big push," she said.

To take advantage of similarly minded buyers, Leibovitch of Rodeo Realty said he has hired 40 to 50 people in the last three months, including secretarial, marketing and administrative staff, to prepare for what he predicts will be one of the strongest sales years on record. Escrow of the West, a Beverly Hills company, said it would open a Sherman Oaks branch Thursday, creating 25 jobs.

alejandro.lazo@latimes.com

Copyright © 2010, The Los Angeles Times

An error occurred while processing your request.

Reference #102.4f7a84ce.1264033071.0

RELATED STORIES

POWERED BY **sphere**

From other L.A. sources

- Data: DataQuick's Latest: Median Home Price Chugging Upward | la.curbed.com
- Firm: SoCal median home price rises in December | pasadenastarnews.com

Around the Web

- House prices 'rose by 1.1% in 2009' | guardian.co.uk

In Case You Missed It...

Ads by Pulse 360

[Get listed here](#)

A Mom's White Teeth Trick

The dentists don't want you to know about THIS teeth whitening...
ConsumerNewsReporter.com/WhiteTeeth

E-mail Print Digg Twitter Facebook StumbleUpon [Share](#)

COMMENTS (4) | Add Comment

I think the author is underwater on his house! Sorry but your story is not reality. Majority are stating unemployment will rise in 2010 and remain endemic throughout 2013. Housing has fallen nationally 30% but thats because bubble states like Arizona, Nevada and Florida took the hit. California is still over priced by 25%! Even RealtyTrac and Shiller Home Price Index forecast prices to fall another 10% in 2010. They even mention California in there reports. What about the 3 MILLION foreclosures due to hit the market, California got a break from foreclosures because of a moratorium. Foreclosures are being held back! Trying to make the perception housing is on the mend is an dream even a 2 year old knows is false. ARM's ue to reset and the next2 years will be extremely ba fo housing in California. According to RealtyTrac the majority of foreclosures occurred in California. \$8K tax credit doesnt offset 10% decline in prices and if Gov will get its hands out of the market finally sanity will previal and 25% drop and real home buyers will return.

Dave6565 (01/20/2010, 8:00 AM)

[Report Comment](#)

The author, Alejandro Lazo, is writing about something he understands very little about. A uptick in median home prices does not indicate a strengthening housing market, it merely reflects a change in the mix of higher end homes being sold on the market vs starter homes last year.

tuningin (01/19/2010, 1:54 PM)

[Report Comment](#)

Until the government removes it's hand it's a false market...

SB45 (01/19/2010, 1:22 PM)

[Report Comment](#)

[See All comments](#)

If you are under 13 years of age you may read this message board, but you may not participate. Here are the full legal terms you agree to by using this comment form. Comments are filtered for language and registration is required. Web and/or e-mail addresses are not permitted. Note: Comments are moderated and will not appear until they have been reviewed by Los Angeles Times staff.



Common name sets off a not-so-common search



Photos: Top 100 travel photos from Times readers



Ethan Hawke is always in development



A new Disney Channel niche: adults



Opinion: America's can't-do list

News

- Local
- U.S. & World
- Business
- Technology
- Sports
- Opinion
- Columnists
- Obituaries

Entertainment

- Television
- Movies
- Music
- Arts & Culture
- Celebrity
- The Envelope
- Calendar
- Company Town
- TV Listings
- Movie Listings
- Tickets

Living

- Travel
- Health
- Food
- Home
- Image
- Magazine
- Books
- Autos
- Hot List
- Horoscopes
- Crosswords

Multimedia

- Video
- Photos
- Data Desk
- Your Scene
- Times on Twitter
- RSS
- Newsletters
- Kindle
- E-edition

Top Blogs

- L. A. Now
- Fabulous Forum
- Politics
- TV Show Tracker
- Music
- Technology
- Ministry of Gossip
- Company Town
- Lakers
- Travel & Deals

More

- Corrections
- Readers' Rep
- Contact Us | Help
- About Us
- Events
- LATMG Media Kit
- Print Edition
- Subscribe
- Manage My Account
- Site Map**

