

Better-Than-Expected Sales Bode Well for Home Prices

By DANIEL MILLER
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Christmas came right on time for the bruised Los Angeles housing market, as sales in December were better than expected, beating a traditional holiday season slump.

Though sales were off by 15 percent compared to a year ago, December was a stronger month than November – 6,237 homes were sold in December compared to 5,884 homes sold in the prior month – bucking a trend experienced at least since 2004.

In both 2004 and 2005, about 2,300 fewer homes were sold in December than November, according to data provided to the Business Journal by HomeData Corp., a Melville, N.Y. company that tracks housing prices nationwide.

Real estate industry professionals say this news could indicate that housing prices will continue to hold in 2007, staving off a more serious decline that some analysts have predicted.

"This December wasn't as bad as others," said Betty Graham, president and chief operating officer of **Coldwell Banker Residential Brokerage** of Greater Los Angeles and Orange County. "It has picked up, and after an odd year it felt really good."

Still, the solid month did not erase the setbacks of the year, when double-digit volume declines were a regular occurrence each month.

The median home price in the county was \$550,000 in December, the same as November. In fact, prices have sat in the \$545,000 to \$555,000 range since April.

"Moving forward, I don't think there will be a dramatic price decline," said Raphael Bostic, economist with the USC Lusk Center for Real Estate. "I think that we are much closer to equilibrium in the market place, which I think is good for everyone."

However, some areas experienced significant price declines.

Market Highlights

MOST EXPENSIVE HOMES

Community	ZIP Code	12/06 Home Sales	12/06 Median Price	12/05 Median Price	Change
Santa Monica	90402	8	\$2,801	\$3,216	-12.9%
L.A./Bel-Air	90077	5	2,395	1,250	91.6%
L.A./W.Hollywood	90038	3	2,200	756	191.0%
Beverly Hills	90212	3	1,800	1,735	3.7%
Beverly Hills	90210	11	1,700	2,395	-29.0%
L.A./Brentwood	90049	9	1,686	1,550	8.8%
Pacific Palisades	90272	17	1,655	1,355	22.1%
Manhattan Beach	90266	27	1,490	1,617	-7.9%
P.V. Estates	90274	16	1,485	1,525	-2.6%
L.A./Westwood	90024	6	1,451	2,162	-32.9%

HOME PRICE LOSSES

Community	ZIP Code	12/06 Home Sales	12/06 Price	12/05 Median Price	Change
L.A./Westwood	90024	6	\$1,451	\$2,162	-32.9%
San Marino	91108	5	925	1,378	-32.9%
Beverly Hills	90210	11	1,700	2,395	-29.0%
Calabasas	91302	30	985	1,322	-25.5%
L.A./Hancock Park	90004	12	910	1,200	-24.2%
L.A./S.Robertson	90035	17	1,058	1,350	-21.6%
Redondo Beach	90277	23	850	1,075	-20.9%
L.A./South L.A.	90248	6	522	658	-20.7%
Tarzana	91356	16	855	1,050	-18.6%
Lennox	90304	5	440	529	-16.8%

Note: ZIP codes with substantial sales included.
Sale price in thousands

cant price declines.

Syd Leibovitch, president of Los Angeles-based Rodeo Realty, a high-end brokerage, said prices have dropped by 7 to 10 percent from their recent highs.

"But they have stabilized at that and the last several months have been better," he said.

In areas where Rodeo Realty does business – such as Beverly Hills – prices are down. In the tony 90210 ZIP code, the median price dropped in December to \$1.7 million, down 29 percent.

MOST EXPENSIVE CONDOS

Community	ZIP Code	12/06 Condo Sales	12/06 Median Price	12/05 Median Price	Change
Marina del Rey	90292	23	\$948	\$684	38.6%
L.A./W.Hollywood	90048	7	845	775	9.0%
Santa Monica	90403	12	816	945	-13.7%
L.A./South Park	90015	8	790	696	13.5%
L.A./Playa Vista	90094	5	741	785	-5.6%
L.A./West L.A.	90025	17	700	678	3.2%
L.A./Hollywood	90028	5	700	300	133.3%
L.A./Hancock Park	90004	8	685	382	79.3%
Redondo Beach	90277	16	676	788	-14.2%
L.A./S. Robertson	90035	11	675	645	4.7%

CONDO PRICE LOSSES

Community	ZIP Code	12/06 Condo Sales	12/06 Median Price	12/05 Median Price	Change
Northridge	91326	3	\$290	\$572	-49.3%
L.A./Rancho Park	90064	4	529	880	-39.9%
Torrance	90503	14	480	710	-32.4%
Lancaster	93535	7	190	260	-26.9%
Northridge	91325	4	368	495	-25.7%
San Pedro	90731	8	388	518	-25.1%
Woodland Hills	91367	33	290	382	-24.1%
La Mirada	90638	4	292	382	-23.6%
L.A./Los Feliz	90027	4	358	465	-23.0%
El Segundo	90245	3	516	662	-22.1%

Source: HomeData Corp., www.homedata.com

And though prices in many other areas appear to be holding, most experts agree that sales volume will continue to remain lower than it was during the boom period of a few years ago, when home flippers made up a considerable chunk of the market and buyers took advantage of adjustable rate mortgages.

"Volume isn't going to go up," said Jason Squire, a Coldwell Banker realtor who closed three deals in December.

In one of Squire's December deals, the real-

tor was able to convince the seller of a Santa Monica condominium to reduce the asking price after it sat on the market for about three weeks. The condo sold in the low \$400,000s.

Three of the four Santa Monica ZIP codes experienced median price declines in December – the 90404 Santa Monica ZIP code was the only gainer – as the median price there increased by 2.4 percent to \$775,000.

In the 90405 Santa Monica ZIP code, sales were down 33 percent, with 10 homes sold for a median price of \$1.03 million, off 12 percent.

There were, however, 34 ZIP codes in the county in which the median price was \$1 million or more in December, up from 33 in November.

December may have been a stronger month than in recent years because sellers are now more willing to lower their asking price.

"If you let property sit too long, you stand to leave some money on the table," Squire said.

Despite a shift in at least some sellers' mindsets, homes are still sitting on the market longer than they were a year ago.

The California Association of Realtors reports that the time it would take to sell all the homes on the market was 8.3 months in November, down from 8.9 months in October. But, the figure was just 4.1 months a year ago. Experts say a healthy market in equilibrium generally has about a six-month supply of homes. Also, homes are sitting on the market an average of 72.3 days, compared to 28.3 days a year ago.

"We are getting to the place where we are tapping out the number of people who can afford homes because people have gotten in, gotten the low interest rates and they are going to be where they are for a while," said Bostic.

On the condo side of the market, sales volume was down 19 percent to 1,414 units sold, with the median price up 3.8 percent to \$415,000.