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## REAL ESTATE

### Southern California home prices rise 10% in February

Led by double-digit jumps in coastal areas, the median sales price for the region reaches \$275,000. The number of homes sold was nearly flat, up only 0.8%.



Mark and Carrie Rackow decided the time was finally right to put their renovated Agoura Hills home -- replete with solar panels and a yoga studio -- on the market for \$1,185,000. "People are out there a little more, looking," Carrie said. "I think people are maybe a little bit more hopeful." (Anne Cusack / Los Angeles Times / March 16, 2010)

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By Alejandro Lazo  
March 17, 2010

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Southland home prices jumped 10% in February compared with the same month last year as foreclosure sales dropped significantly. San Diego and Orange counties made particularly strong gains.

The increase in prices indicates that foreclosure sales are not dominating the market as much as they were a year ago. And

it could signal that more traditional buyers -- those with equity in their homes looking to trade up -- are getting back into the game.

But the number of homes sold throughout the region was nearly flat, up only 0.8%. That was the lowest year-over-year increase since home sales began to rise in July 2008, according to San Diego firm MDA DataQuick.

A more normal market isn't likely to emerge until the financing necessary to fuel larger purchases

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becomes more readily available, experts say.

"You still have people out there who historically would be considered very creditworthy but they can't get a jumbo loan," said Andrew LePage, an analyst with DataQuick.

"The jumbo loan market remains dysfunctional because the people who could revive the jumbo loan market -- the investors who would have to buy the loans -- still see a lot of risk in housing."

Even so, Mark and Carrie Rackow believe the time is finally right to put their renovated Agoura Hills home, replete with solar panels and yoga studio, on the market for \$1,185,000.

"People are out there a little more, looking," Carrie Rackow said. "I think people are maybe a little bit more hopeful."

According to DataQuick, the median price paid for Southland homes in February was \$275,000, marking the third consecutive month of year-over-year increases.

The median -- the price at which half the sales are higher and half lower -- increased 1.3% from January.

The 10% year-over-year rise in the region's median sale price came as little surprise to economists because the comparison is with a time when repossessed homes dominated the market. In February 2009, foreclosures made up 56.7% of the resale market. This year it was 42.3%.

The foreclosure factor will likely remain strong in the housing market and experts have long feared that a new wave of them is coming. Working against that, at least for now, are the Obama administration's efforts to help troubled homeowners and a general reluctance by lenders to flood the market with cheap properties again.

With sales of cheap foreclosure properties becoming increasingly competitive, real estate agents said inventory on the low end has grown tight, even as many homeowners in California continue to fall behind on their house payments.

Regions where homes typically cost more saw some of the strongest gains. San Diego County's median climbed 13% while Orange County's was up 11.2%. L.A. County's median rose 5.4%. San Bernardino County's, meanwhile, fell 2%.

Last month, 15,359 homes sold in Los Angeles, Riverside, San Diego, Ventura, San Bernardino and Orange counties last month. That was nearly the same as the 15,361 in January, and only slightly higher than the 15,231 in February 2009.

At the higher end, the number of jumbo loans, which DataQuick defines as mortgages of more than \$417,000, accounted for 14.8% of last month's lending. Before the credit crisis struck in the fall of 2007, loans above this price accounted for 40% of the market.

Adjustable rate mortgages made up only 4% of purchases in February, compared to 44.8% of all purchases since 2000, according to DataQuick.

Southern California's market is not likely to return to full health until both adjustable rate mortgages and jumbo loans make up a larger share of the market, experts said.

"We need to have a mortgage market that looks sort of like it did in 1997-1998," said Richard Green, director of the USC Lusk Center for Real Estate. "A healthy market demand for jumbo loans, but being well underwritten."

The gains in Southern California come amid a backdrop of pessimistic national housing news.

In a separate report Tuesday, the Commerce Department reported that construction of new housing units fell 5.9% in February, with poor weather in the East and South partially to blame. Starts gained 7.9% in the West.

Glenn Kelman, chief executive of online brokerage Redfin, said he was "bullish" on California's prospects.

"California, right now, is its own market," he said. "It started improving ahead of everyone else last

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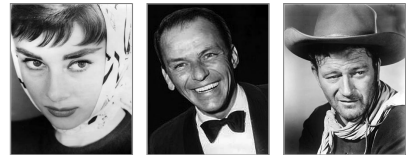
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montyhead (03/17/2010, 6:49 AM)

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montyhead (03/17/2010, 6:47 AM)

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Emmaco has it right: Median sales does not represent an increase in property values, rather it indicates that foreclosures/short sales have moved up the food chain. It is not good news. It is bad news!

bjarnejensen (03/17/2010, 6:29 AM)

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