

Home Inventory Better, But Still Favors Sellers

HOUSING: Price Increases Lessen; Sales Pace Quickens

By **MIKE ALLEN**

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The number of houses listed for sale in San Diego County passed 8,000 last month, an increase of about 1,000 in late April, signaling a continued trudge toward a more balanced market.

The most recent inventory of single-family and condos in the county hit 8,362 as of May 26, up from a little more than 7,000 in late April, according to HousingTracker.net.

“What I’m seeing now is that inventories are not that bad,” said Mark Goldman, a local mortgage broker and lecturer at San Diego State University.

Still, while it showed a slight uptick, the number of for-sale houses is well below a 10-year average of about 10,000 units and a peak of above 20,000 units in late 2007, when the housing bubble was in the early stages of bursting.

Given the sales rate, the county has about two months of available inventory, which provides sellers with a distinct advantage. A balanced market where there are an equal number of buyers and sellers usually has five to six months of housing inventory, Goldman said.

“We still do not have enough inventory, especially at the price points where most buyers are,” said Leslie Kilpatrick,

president of the Greater San Diego Association of Realtors, although recent data may show an increase.

Prices have continued to rise this year, albeit by much smaller rates than the double-digit increases evident for most of 2013 and 2012. In April, the median sale price for single-family house — excluding condo sales — in the county was \$491,000, up only \$1,000 from the median price in March, according to the SDAR.

The median in San Diego as measured by Dataquick, which includes condo sales, in April was \$435,000, up 1.8 percent from March, and up 8.7 percent from April 2013.

Like much of the nation, April home sales in San Diego declined year-over-year. In April, sales hit 3,664, down 3.4 percent from April 2013. In March, total sales in the county declined nearly 19 percent over the year.

And the relative lack of inventory may be self-perpetuating in one respect.

While the rising median price has resulted in more homeowners being lifted from their “under water” status, or owing more than what the sale could fetch, many remain hesitant to put their homes on the market because they fear not being able to find a replacement home, at least not in this area, Kilpatrick said.

“A lot of people are frightened to sell because they may not be able to find something else,” she said.

Meanwhile, for houses that are put up for sale and priced fairly, sales happen quickly, several real estate agents said.

Rick Ungar, an agent with Casa Bella Realty Services, recently listed a canyon rim house in Carlsbad for about \$800,000 that drew seven offers in the first week and is now in escrow.

Houses Selling Faster

According to a recent report from Redfin, a Seattle-based real estate brokerage, in March the median number of days a house was on market in 20 cities dropped to 32 days from 40 in January. In San Diego, the median days a house was on the market before it went into escrow fell from 24 days to 19 days in March.

A separate Redfin report showed a trend of more houses receiving multiple bids. In San Diego, 66 percent of the house sales in March involved multiple bids, slightly higher than the national average, which was 63 percent for that month. Still, San Diego was not as competitive among buyers as it was in March 2013, when 89 percent of the houses sold here involved multiple bids, the report said.

Meanwhile, the local market isn't seeing as many cash buyers, Ungar said. Lower-priced houses — less than \$300,000 — are rare, and investors realize that the profit margins on sales of "fix and flip" houses are too slim, he said.

Another positive sign that should continue to stoke the market is a small drop in the average mortgage rate. The average rate on a 30-year fixed loan recently dipped to 4.31 percent, the lowest it's been since June 2013.

Goldman said he's been seeing some easing in the credit standards that have thwarted many potential buyers. Some borrowers have been able to qualify for a mortgage with credit scores in the 620-to-640 range, and they included former owners who did short sales — sales for less than what was owed on the mortgage — several years ago, he said.

A big impediment for many younger buyers has been excessive debt they owe on student loans, which disqualified them from a mortgage, several housing sources said.

"It's the failure-to-launch phenomenon," Kilpatrick said. "Their student loan debt is so high, it's keeping them from even thinking of buying a home."